5
Highly Recommended

Direct Assets Review
Cromwell Direct Property Fund

ISSUE DATE: 19-01-2018

January 2018

Fund financial Position	As at 31 Dec. 2017
TOTAL INVESTMENTS	$167.9M
DIRECT ASSETS	$116.1M
INDIRECT ASSETS	$51.8M
DEBT	$11.0M
GEARING - FUND	9.3%
GEARING - LOOK-THRU	17.3% (TARGET 25-35%)
NTA/UNIT	$1.18
UNIT PRICE	$1.23

Portfolio Summary	
NO. OF PROPERTIES	8 (4 INDIRECTLY)
PROPERTY TYPE	OFFICE 64%; RETAIL 33%; INDUSTRIAL 3%
PROPERTY LOCATION	QLD 49%; SA 36%; ACT 10%; VIC 5%
WTD AVG LEASE EXPIRY	10.1 YRS

Fund Returns	Lonsec Estimates
EST. FUND 10-YEAR IRR PRE-TAX	8.9% (HURDLE: 8.0%)
IRR (AFTER TAX @ 47%/15%)	6.5% / 8.2%
YEAR END JUNE	**FY18**
DISTRIBUTION PER UNIT	7.0C
PRE-TAX YIELD	5.7%
TAX DEFERRED ASSUMPTION	60%

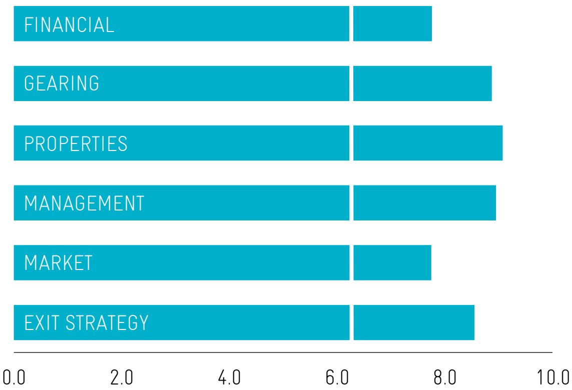
Other Fund Details	
RESPONSIBLE ENTITY	CROMWELL FUNDS MANAGEMENT LIMITED
APIR CODE	CRM0018AU
DISTRIBUTION PAID	MONTHLY
MINIMUM INVESTMENT	$10,000 (THEREAFTER $1,000 LOTS)
INVESTMENT TERM	INITIAL TERM OF FUND EXPIRES 1 JULY 2020
REDEMPTIONS	LIMITED MONTHLY
MANAGER FUND HOLDING	NIL (LONG-TERM)

Manager Fees & Expenses	
ACQUISITION FEE	2.0% OF GROSS VALUE OF DIRECT ASSETS*
ANNUAL FEES & EXPENSES	0.80% (GROSS); 1.00% (NET)[1]
DISPOSAL FEE	1.0% OF SALE PRICE
PERFORMANCE FEE	20% OF OUTPERFORMANCE ABOVE BENCHMARK (PCA/IPD UNLISTED RETAIL PROPERTY FUND CORE INDEX)
BUY / SELL SPREAD	NIL
R.E. REMOVAL FEE	NIL

*An Acquisition Fee of 2.0% may also charged when the Fund purchases units in a syndicate which has recovered its initial acquisition costs.

1: Management fees plus expenses and indirect costs. Net basis assumes gearing of 20%.

Lonsec Rating of Critical Determinants



Conclusion and Ratings Rationale

A **'Highly Recommended'** rating has been assigned to the Cromwell Direct Property Fund ('Cromwell DPF', 'CDPF', or 'the Fund') following Lonsec's most recent review.

The Cromwell DPF has an interest in eight properties totalling $167.9m, with four assets held directly by the Fund totalling $116.1m, and partial ownership of four sites via three Cromwell unlisted property syndicates totalling $51.8m. The Fund's holding represents between 8%-19% of the total units in each syndicate.

Cromwell Funds Management Limited ('CFM', or 'the Manager') has a **tight investment mandate** to continue to build a portfolio of direct assets for the Fund, specifically targeting smaller direct assets that meet the requirements of Cromwell DPF rather than other Cromwell entities.

In comparison to its peers, the Fund rates well on the following criteria:

- The portfolio has a **weighted average lease expiry (WALE) of 10.1yrs** which is longer than most funds in the Lonsec direct property peer group. CDPF's long WALE **reduces the lease expiry risk** and **helps to provide greater income certainty** for investors.
- The direct property portfolio consists of **four good quality properties** that are likely to **require minimal immediate capital expenditure**.
- Investors also gain an exposure to **high quality assets** via investments in three Cromwell property syndicates. These properties have market values in excess of $50m and are viewed as having **better defensive characteristics** than smaller properties. The investments in the underlying syndicates also **improves the sector and regional diversification** of the Fund.
- The fund has **conservative gearing targets** compared to most other direct property syndicates reviewed by Lonsec and has **significant headroom to the Bank covenant**. Low levels of debt are

considered an attractive feature at this point of the commercial property cycle. Furthermore, the underlying syndicate investments have separate debt funding arrangements, with varying maturities and attractive / flexible funding terms.
- **Cromwell's experienced team of property professionals** have demonstrated an ability to make sound strategic decisions and form strong relationships with industry participants for the benefit of investors.

The Fund is considered to be in line with peers on the following facets:
- The Fund's estimated distributions (both in absolute and yield terms) are **below the average** of the Lonsec peer group but considered reasonable given the lower the levels of gearing employed.
- Estimated pre-tax total returns (Lonsec ten-year IRR calculation) of the Fund is 8.9% p.a**.; above the Lonsec hurdle rate** of 8.0% p.a. **and broadly consistent with the peer group average** of 9.0% p.a.
- The annual fees and expenses of the Fund are **mid-range (on a gross asset basis)** compared to the Lonsec peer group. However, investors in this Fund benefit from **CFM not charging a Management Fee on the cash holding**.
- The **Performance Fee of 20% above the Benchmark is at the high end** of Lonsec's sample of unlisted property funds and Lonsec would prefer to see a **performance fee be payable only if the Fund achieved a positive return**. There could also be some double charging if performance fees at the underlying syndicate level (20% share above 10% p.a. return) are triggered.
- The Fund has a mix of **high quality tenants**. However, the Spring Hill acquisition in December 2017 (mostly leased to not-for-profit educational services provider, International Education Services Limited) has led to the percentage of the Fund's income coming from government organisations and ASX-listed businesses **to fall from 97% to 72%.**
- With fund establishment costs mostly absorbed, the CDPF **unit price is close to NTA** and new investors can expect their capital value break-even in 1-2 years compared to 3-4 for a typical new closed-end property trust.
- The Manager offers investors a **limited monthly redemption facility** (up to 0.5% of the Fund's net asset value per month or higher if the Fund's cash exceeds 6% of assets). Similar to many peers, the facility can be withdrawn at the discretion of the Responsible Entity.
- CFM is a subsidiary of the ASX-listed Cromwell Property Group (CMW). Over the past six months, CMW has participated in **significant corporate activity,** underscored by the Singapore-listing of the Cromwell European REIT (CEREIT), attempted takeover of the ASX-listed Investa Office Fund (IOF), and most recently, a $170m equity placement to SingHaiyi Group and Haiyi Holdings (entities associated with Gordon and Celine Tang). So far, Lonsec has observed **no material impact to the operation of this Fund**.

The aspects of the Fund that are less attractive include:
- The Canberra office asset currently has a **low WALE (2.9yrs)** and it is unclear whether a major tenant (CIC) will re-sign before the lease expiry in November 2018. CIC recently handed back part of their tenancy, which was **re-leased to Knight Frank at $134/sqm less (reversion to market rate rents)**. However, CIC will pay a surrender fee on the difference. The Jacobs Australia (49% of income) lease expires in July 2021, but they have an **early surrender clause (August 2019)**.
- The now defunct Masters Hardware was to be the anchor tenant of the Parafield Complex. The rent on this tenancy is now paid by Home Consortium but remains **guaranteed by Woolworths**. However, the **space is currently empty, reducing the overall foot traffic and appeal of the site**.
- The Fund's most recent direct property acquisitions has **skewed exposure towards Brisbane and Adelaide (85%)**, which are considered by Lonsec to be more cyclical and less defensive markets than Melbourne and Sydney.
- While the individual properties should easily be sold, it has been shown with similar fund-of-funds during financial market crises, **disposing of investments in unlisted funds may not be readily completed**.
- Lonsec would like to see Cromwell Property Group commit to a **permanent unit-holding in the Fund** (some Directors and other senior management have holdings in the Fund).

Changes Since Previous Lonsec Review

- The Fund acquired a **three-level office building on 433 Boundary Street, Spring Hill (Qld) for $42.0m on the 19th December 2017**. The sale transacted on a 6.25% capitalisation rate. The property is located 1km north of the Brisbane CBD in a mixed services precinct including healthcare and education. The property is fully leased with the ground and first floors occupied by not-for-profit educational services provider, International Education Services (IES). The second floor is currently leased to infrastructure consultancy firm Opus, while the car parking areas within the two basement levels are leased to Wilson Parking. Upon the expiry of the Opus lease in August 2019, IES have agreed to enter into a new 10-year lease over all three office floors. The Manager drew down $11.0m of debt but otherwise used equity inflows to fund the purchase.
- The Masters Parafield site has been rebranded the Parafield Retail Complex. No anchor tenant has yet been contracted to replace Masters (87% of NLA). Woolworths continues to act as the overarching guarantee on the lease. However, privately owned Home Consortium, which bought the property division of Masters from Woolworths in October 2017, is now paying the rent.
- CIC, previously a major tenant of the Allara St Canberra office building, surrendered their level four space and have been replaced by Knight Frank, signed on a new lease to 2023 at current market rent rates (circa $134/sqm less compared to CIC).
- The Bunnings Munno Para West began trading in mid-2016 and is performing within expectations.

Cromwell Direct Property Fund

- At the Riverpark property, the Manager has reconfigured some of the office space on the lower levels to increase density.
- At the end of the initial term of the Fund in July 2020, the Fund may be extended for a further five-year period (and every five years thereafter). Previously, the Fund renewal period (coinciding with a full withdrawal opportunity for investors) was to be at three-year intervals.

Using This Fund

This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page.

- Cromwell Direct Property Fund is an unlisted property trust which invests in a portfolio of property assets with a small cash reserve.
- The Fund aims to provide investors with a monthly tax advantaged income, along with the potential for some capital growth.
- While the returns of the Fund are expected to be less volatile than equities and listed property securities investments, investors should be aware that the Fund may experience periods of negative returns and that there is a risk of incurring capital loss on the Fund.
- As such, Lonsec considers the Fund suitable for medium to high-risk profile investors with a five+ year investment-time horizon and it will generally sit within the growth component of a balanced portfolio.
- Due to the Fund's significant exposure to illiquid assets (direct property) and the fact that the redemption facility is limited and at the discretion of the RE, liquidity risk in the Fund is deemed to be high.
- Forward looking estimates of returns are either sourced from the PDS forecasts or Lonsec estimates based on data supplied by the Manager, external valuation reports or other third party data sources deemed to be reliable, but are not a guarantee of future performance.

Risk Assessment

Lonsec rates the **key risk factors** associated with the Cromwell DPF in the following table, which are assessed in the overall context of both competing unlisted property funds and relative to other asset classes.

Taking all these factors into consideration, Lonsec considers an investment in the Fund to be of **low to medium risk**.

The main improvement over previous Cromwell unlisted trusts is that this Fund is more diversified, both by location, tenant, lease expiry and to a smaller extent sector exposure.

Level of Assessed Risk	Low	Med	High
OPERATIONAL EARNINGS			
BUSINESS	●		
LEASING	●		
CAPITAL GAIN VS. INCOME		●	
DIVERSIFICATION	●		
MARKET VOLATILITY		●	
FINANCIAL			
LEVERAGE (GEARING)		●	
REFINANCING	●		
INTEREST COST / HEDGING	●		
CURRENCY	●		
COUNTERPARTY	●		
SUPPORT TO DISTRIBUTIONS		●	
MANAGEMENT & OTHERS			
EXPERIENCE	●		
INDEPENDENCE	●		
RELATED PARTY TRANSACTIONS		●	
LIQUIDITY			●

Capital Gain vs. Income is deemed medium given that property funds have a higher element of capital risk than some other asset classes (e.g. cash or bonds).

Gearing Risk is considered medium, given the Fund's maximum gearing level of 50%. However, the gearing of the Fund (look-through basis) is currently much lower at 19% and has historically been managed well below the 50% threshold. Lonsec's unlisted peer group average is 40%.

The risk of **Related Party Transactions** is deemed medium as some of the Fund's property and leasing services are provided by other CMW entities. The Manager will also utilise Cromwell's internal resources. This said, the Manager has clearly defined protocols for managing conflicts of interest.

While the **liquidity** of separate interests in other unlisted property trusts in theory may be more liquid than ownership of units in a single unlisted property trust, liquidity risk in the unlisted property sector is regarded as high.

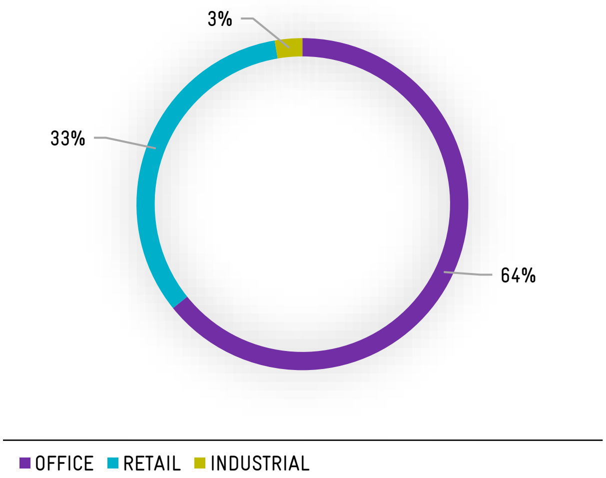
Cromwell Direct Property Fund

1. Properties

1.1 Portfolio Overview

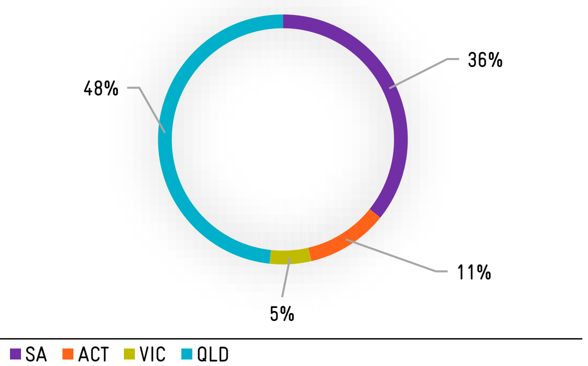
The portfolio consists of investments in eight properties; 100% ownership of four direct properties constituting 69% of the Fund, and four properties via syndicates which account for 31%.

Assets by sector



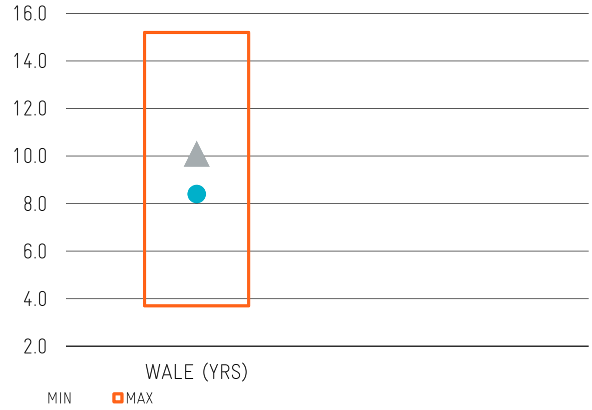
The Fund is predominately invested in the office and retail sector, with the industrial sector only accounting for a 3% allocation. The Fund's industrial exposure is via its investment in the CPT12 syndicate.

Assets by location



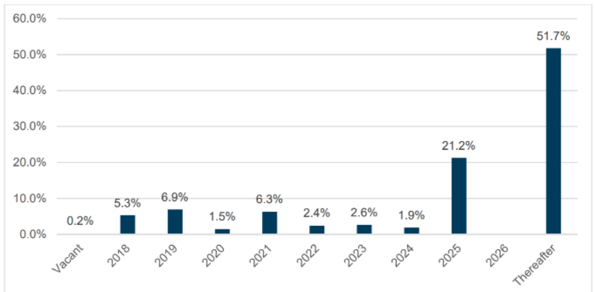
Owing to the recent acquisition of the Spring Hill office property, the Fund's geographic exposure is now most heavily weighted to Queensland (49%). Three of the Fund's properties (two direct, one indirect) are in Adelaide, culminating in 36% of the total portfolio.

Weighted Average Lease Expiry (WALE)



The Fund's Weighted Average Lease Expiry (WALE) is presently 10.1yrs which is above the Lonsec peer group average.

Lease Expiry



*By gross income. As of 19 December 2017. Source: Cromwell.

Tenant Mix

Tenant	% of Gross Income
Energex Limited	21.2%
Woolworths Limited	13.7%
Bunnings Group Limited	13.0%
International Education Services (IES)	11.6%
Opus	6.6%

*As of 19 December 2017. Source: Cromwell.

Capital Expenditure

The majority of the properties were recently constructed and are of a high standard and require little immediate capital expenditure (capex). The portfolio is further improved by high quality environmental ratings for many of the office properties.

Cromwell Direct Property Fund

1.2 Overview of Fund investments

PROPERTY	STATE	PROP. TYPE	U/LYING PROP. VALUE $M	CDPF Fund Share	DPF INVEST. $M	% PORT	NET INCOME $M	INCOME YIELD	NET LETTABLE AREA SQM	LVR	OCCUP.	CAP'N RATE	DISC. RATE	WALE (INC.) YRS	MAJOR TENANTS	NO. TENANTS	OFFICE GRADE	BUILT (PRACTICAL COMPLETION)	RENTAL INCR. (P.A.)	CAR SPACE RATIO (per 100sqm)	NABERS ENERGY RATING	GREEN STAR RATING
DIRECT INVESTMENTS																						
PARAFIELD RETAIL COMPLEX	SA	RETAIL	26.3	100.0%	26.3	16%	2.056	7.8%	15,857	9%	**100%**	8.00%	8.00%	12.8	MASTERS (WOOLWORTHS); OFFICEWORKS; HUNGRY JACKS	4	N.A.	2016	CPI (Max 3.5%)	1.2	N.A.	N.A.
64 ALLARA ST, CANBERRA	ACT	OFFICE	17.5	100.0%	17.5	10%	1.311	7.5%	3,155	9%	**100%**	7.50%	9.00%	2.9	JACOBS AUST; CIC AUST; KNIGHT FRANK	5	A-GRADE	2008	3.50%	5.5	4.0	
BUNNINGS MUNNO PARA WEST	SA	RETAIL	30.4	100.0%	30.4	18%	1.821	6.0%	16,831	9%	**100%**	6.00%	7.50%	10.8	BUNNINGS	1	N.A.	2016	Y1&2 - 2.75% then 3.00%	3.8	N.A.	N.A.
433 BOUNDARY STREET, SPRING HILL	QLD	OFFICE	42.0	100.0%	42.0	25%	2.767	6.6%	5,997	9%	**100%**	6.25%	7.25%	11.1	INTERNATIONAL EDUCATION SERVICES	3	A-GRADE	1987	CPI (Min 3%)	2.9	N.A.	N.A.
SYNDICATE INVESTMENTS																						
IPSWICH CITY HEART	QLD	OFFICE	118.0	8.4%	5.9	4%	7.850	6.7%	17866	40%	**93%**	7.00%	8.00%	10.6	QLD DEPT. PUBLIC WORKS (90%)	4	A-GRADE	2013	3.75%	6.5	5.5	5.0
RIVERPARK	QLD	OFFICE	264.0	19.5%	32.5	19%	16.566	6.3%	30604	37%	**99%**	6.25%	7.50%	7.7	ENERGEX (91%)	10	A-GRADE	2010	CPI or 3.75% (greater of)	3.3	5.5	6.0
CPT12 TRUST			138.5	13.7%	13.4	8%				30%												
- ATO D'NONG	VIC	OFFICE	92.5	13.7%	8.9	5%	5.670	6.1%	13865		**100%**	6.00%	7.25%	13.2	AUST. TAX OFFICE (92%)	2	A-GRADE	2015	3.75%	1.9		6.0
- RAND DC	SA	INDUSTRIAL	46.0	13.7%	4.4	3%	3.228	7.0%	11113		**100%**	7.00%	8.00%	18.4	RAND DIST. (AUTO HLDGS GROUP)	1	N.A.	2013	3.50%	N.A.	N.A.	N.A.
TOTAL/WTD AVG					**167.9**	**100%**	**41.3**	**6.69%**	**115,288**	**17.3%**	**99.8%**	**6.63%**	**7.69%**	**10.1**		**30**						

Cromwell Direct Property Fund

Assessment of Fund investments

	% OF PORTFOLIO (31. DEC 2017)	LOCATION / INFRAS.	BUILDING CONDITION	TENANTS / LEASES	MARKET / POTENTIAL
433 BOUNDARY ST, SPRING HILL	25%	GOOD	GOOD	GOOD	GOOD
BUNNINGS MUNNO PARA	18%	GOOD	EXCELLENT	EXCELLENT	GOOD
PARAFIELD RETAIL COMPLEX	16%	GOOD	EXCELLENT	GOOD	AVERAGE
64 ALLARA ST, CANBERRA	10%	GOOD	GOOD	AVERAGE	GOOD
ENERGEX HOUSE	19%	EXCELLENT	EXCELLENT	EXCELLENT	EXCELLENT
IPSWICH CITY HEART	4%	GOOD	EXCELLENT	EXCELLENT	AVERAGE
ATO DANDENONG	5%	GOOD	EXCELLENT	EXCELLENT	GOOD
RAND DISTRIBUTION CENTRE	3%	GOOD	EXCELLENT	EXCELLENT	GOOD

	Strengths	Weaknesses
433 Boundary St, Spring Hill	• Long WALE of 11.1yrs by income. • Primary tenant, Independent Education Services Limited (IES), has exclusive agreements with leading organisations such as the University of Queensland to essentially work as a feeder university for international students. The organisation has had growth in student numbers from 40 to 2,000 since inception in 1997. • The large site area of 3,776sqm provides some potential for the property to be incorporated in either tenant development plans, part-residential/childcare conversion, or has alternative use in healthcare (high floor to ceiling space).	• IES is a Brisbane-based non-for-profit organisation. In regards to property income security, IES is a deemed lower quality tenant than a government entity or long-running, profitable, ASX-listed company. • High tenant concentration risk with IES due to become the sole tenant of the property in 2019 (aside from Wilson Carparking). • The property was purchased on a capitalisation rate of 6.25% which historically is sharp for a fringe-Brisbane CBD building. However, the site does have above average potential for development.
Bunnings Munno Para	• A newly completed property built to the tenant's specifications. • Initial 12-year lease to Bunnings, considered to be a high quality tenant. • The property is easily accessible via road and situated 30 kms north of Adelaide. • Limited short-term expenditure requirements.	• The property forms part of a greenfield development. • Limited established residential dwellings in the area. • Not zoned for industrial as an alternate use.
Parafield Retail Complex	• High profile bulky goods retail location (Parafield Airport) 14.5 kms north of Adelaide. Potential for further development in the area (i.e. proposed Brand Outlet Centre opposite). • 12.8yrs WALE with Woolworths acting as guarantor on 87% of property income. • Officeworks and Hungry Jack's trading well despite no anchor tenant in complex. • Smaller lots could be sold separately.	• Woolworths has disposed of the Masters business (proposed original anchor tenant) to Home Consortium. The space remains unused (86% of NLA). • 610sqm (4% of NLA) of vacancy remains between Officeworks and Master's site. However, this space is under a rental guarantee from the developer until 2021. • Leasehold interest (31 yrs + 49 yrs option) with future risk of increases in ground rent. • A Bunnings Hardware is already established and operating close by. • Not zoned for industrial as an alternate use.
64 Allara St, Canberra	• Modern A-grade standard building. • Strong car park allocation (4.1 per 100 sqm). • Minimum short and medium-term capital expenditure anticipated. • Good location with broad purpose clause permitting alternate use (hotel or residential).	• CIC handed back space in 2017. Knight Frank has since agreed to occupy the floor until 2023, but at a lower rent (current market rate) and with a 20% incentive. This said, CIC will pay the difference in rent until November 2018. • Fringe Canberra CBD location. • Early surrender clause available for Jacobs Australia (1 August 2019).

Energex House	• A-grade office building with 6-star Green Rating and 5.5-star NABERS Energy Rating. • Excellent location within 2kms Brisbane CBD. • 92% leased to Energex (Queensland Government entity) with long WALE of 7.7yrs and 3.75% or CPI (whichever greater) annual rental increases. • Large floor plates & expensive tenant fit-out.	• Large exposure to a single tenant undergoing significant consolidation of operations due to merger with Ergon (to become Energy Queensland). • Leasing risk due to limited re-leasing opportunities on a single tenant basis. • The Brisbane 'near city' office market has considerable competition for tenants.
Ipswich City Heart	• 90% leased to State of Queensland Government tenant with long WALE of 10.6 yrs and 3.75% p.a. rental increases. • Strategic central location above transport terminal. • New building (2013) attained 5-star Green rating that is leading Ipswich office market. The site was the first stage of a $1bn project that is planned to transform the Ipswich CBD.	• Large exposure to one tenant. • Ipswich is a secondary office market. • Increasing vacancy and sluggish demand in local market.
ATO Dandenong	• Modern building purpose built for the Australian Tax Office (ATO) completed in September 2015. • 92% leased to Government tenant with long WALE of 13.2 yrs and 3.75% p.a. rental increases.	• Suburban location. • Lower level retail has no main street frontage. • The property's current Net Passing Income of $5.7m p.a. is above the Valuer's assessed Net Market Income of $5.3m p.a. resulting in the potential for a decrease in rent if the ATO was to vacate the building.
Rand Distribution Centre	• Purpose built specialised industrial facility to meet tenant specifications (Dec 2013) and extended in 2015. • Significant expansion land area (20,346sqm). • Long WALE of 18.4 yrs with solid rental yield increases of 3.5% p.a., backed by ASX-listed parent company.	• Secondary location 23kms north-west of Adelaide CBD. • Vacant land in close proximity, highlighted by closure of General Motors Holden in adjacent Elizabeth Parks precinct. • Specialised large scale cold storage facility.

2. Financial Analysis

2.1 Income / Expense analysis

Year	Est. 1 Jun-18 $m
PROPERTY INCOME	6.855
INVESTMENT INCOME	3.289
INTEREST INCOME	0.425
TOTAL INCOME	10.569
MANAGEMENT FEE	-0.610
ADMINISTRATION FEE	-0.291
INTEREST EXPENSE	-0.274
TOTAL OPERATING EXPENSES	-1.176
NET OPERATING INCOME	9.393
Income Held/Support	0.000
NET DISTRIBUTION	9.393
ORD UNITS ISSUED (M)	133.628
DISTRIB./UNIT	7.03c
YIELD (ANNUALISED)	5.73%
% TAX DEFERRED	**60.0%**

The above income and expense estimates are based on

- the Manager's and Valuer's estimate of net income from the existing portfolio of eight properties, including reasonable allowances for potential vacancies (including incentives and leasing costs).
- No further direct property acquisitions.
- Capital expenditure averages around $300,000 p.a.

2.2 Distribution yield comparison

Cromwell DPF Estimated Distributions

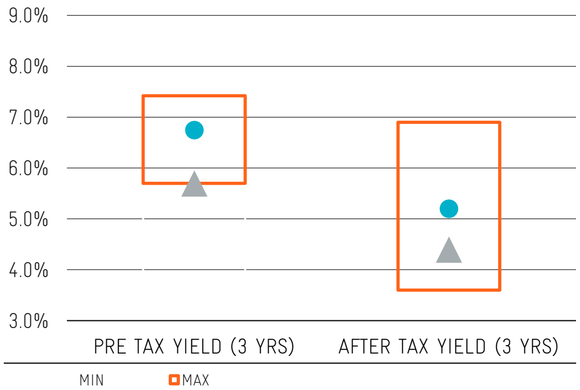
Year end June	FY18
DISTRIBUTION/UNIT	7.0C
PRE-TAX YIELD (@ $1.23)	5.7%
TAX ADVANTAGED ESTIMATE	60%
YIELD AFTER 47% TAX	4.7%
GROSSED-UP YIELD	8.8%
YIELD AFTER 15% TAX	5.4%
GROSSED-UP YIELD	6.3%

The level of distributions on a monthly basis will be impacted by the number of equity units being issued and if any additional properties are acquired. Should the Fund continue to raise new equity beyond current estimates without further property acquisitions, then the distributions in the near-term will be impinged.

Lonsec estimates distributions in FY18 to be 7.0c per unit, consistent with the 7.0c per unit distribution paid in FY17 and includes approximately six-months of additional income from the new investment at 433 Boundary St., Spring Hill. While the Fund has maintained the distribution per unit in absolute terms, the yield has been diluted by the increasing unit price due to strong capital growth.

Lonsec believes that an average annual 7.0c dividend per unit is achievable for the Fund to deliver in the medium-term but highlights a $2m incentive due to be paid to IES in FY20. However, this increase in property expenses is likely to be offset by two rental increases before this period and it is also the Manager's intention to withhold a small amount of income over the next few years to be able to smooth distributions paid.

Lonsec Industry Estimated Distribution Comparison



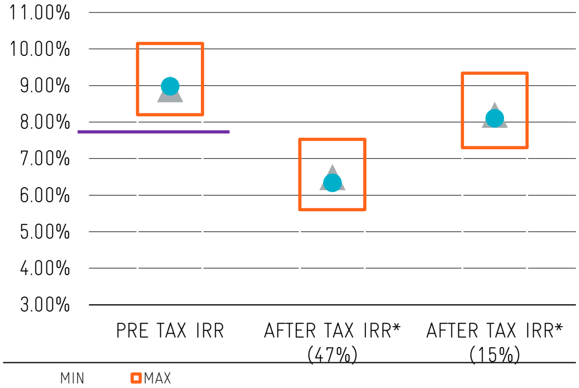
Above, Lonsec has compared CDPF's estimated distribution yield with a sample of direct property trusts.

- On a pre-tax basis, the Fund offers a distribution yield at the bottom of the range. Part of this is due to CDPF's relatively low gearing and recent increase in the unit price ($1.15 to $1.23).
- On an after-tax basis, the Fund remains below the average yield in Lonsec's peer group but above the bottom range due to a higher assumed tax deferred

component (tax free as income, but reduces the cost base of units) than some funds. This is owing to the Fund's higher level of activity in development projects (i.e. Parafield Retail Complex, Bunnings Munno Para West) that are more likely to attract tax depreciation deductions.

2.3 Total Returns

The key financial performance measure that Lonsec focuses on is the ten year Internal Rate of Return (IRR) of the Fund and sensitivities. The basic rationale behind using the IRR financial analysis is that it attempts to find a single number that summarises the merits of an investment and depends on only the cash flows of the investment. The IRR is compared with Lonsec's benchmark discount rate.



* Also net of capital gains tax.

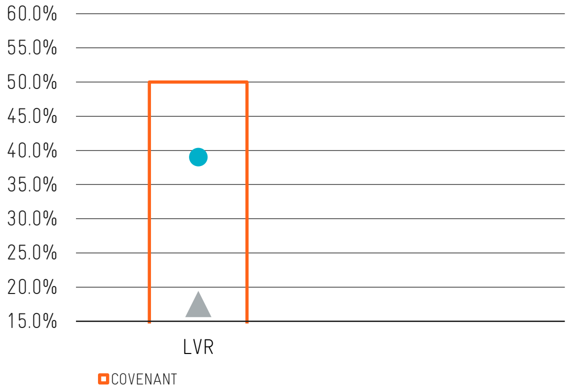
- Lonsec estimates the Fund can deliver a total return of 8.9% p.a. over the next ten years, based on conservative income, expense and asset growth assumptions. This exceeds Lonsec's hurdle rate (8.0%) for this type of unlisted property fund at this point in the cycle.
- The Fund's estimated returns are marginally below the pre-tax peer group average due mainly to its lower gearing.
- The Fund's estimated IRR is broadly in line with the average of recent unlisted property trusts on after-tax basis, assisted by the mid-range tax deferred percentage (after-tax returns).

Assumptions underlying income

- These estimates assume growth in rental income in line with current leases (avg. 3.5%p.a.) and that the capital value of the portfolio increases in line with this.
- Lonsec's total return estimates incorporate allowances for **potential vacancies** (including leasing costs and incentives) upon lease expiries and **capital expenditure** adopted in the Valuation reports. Should some of these vacancies not occur, then the estimated returns could be greater. However, other assumptions with regard to rental levels and operating costs (both direct property costs and those associated with the Fund) may be higher than Lonsec has factored in and total returns may be less than estimated.

2.4 Debt Position / Interest Costs

The Manager can borrow to assist with acquiring properties in its own right and to invest in underlying property syndicates.



At the time of Lonsec's review, the Fund's LVR (on a look-through basis) was 17.5%, well below the Lonsec peer group average of 39.0% and the Fund's LVR covenant of 50.0%.

The Manager recently drew down $11.0m of debt from the facility to assist with the acquisition of 433 Boundary Street, Spring Hill. It is the Manager's current intention to pay down this borrowing to $3.0m with net equity inflows over the next six months.

Bank Loan Terms

BANK	BANK OF QUEENSLAND
FACILITY LIMIT	$35M
EXPIRY	24/07/2019
DEBT DRAWN-DOWN (31 DEC. 2017)	$11M
LOAN TO VALUE RATIO - DIRECT (LVR)	9%
LVR COVENANT	50%
COST OF DEBT (+UNDRAWN FEE)	3.45% (+0.85%*)
% HEDGED	0%
INTEREST COVER RATIO (FY18)	7.8X
ICR COVENANT	2.0X

*on undrawn amount of facility

The Fund's actual level of debt will fluctuate depending upon acquisitions, capital expenditure and the level of equity inflows. The Manager intends to limit gearing on the direct properties to a maximum 50% and won't acquire units in any unlisted property trust that would result in a look-though gearing level above 50%.

Asset	% Ttl	Gearing (LVR)
BOUNDARY ST. SPRING HILL	25%	9%
BUNNINGS MUNNO PARA WEST	18%	9%
PARAFIELD COMPLEX	16%	9%
ALLARA ST, CANBERRA	10%	9%
RIVERPARK TRUST	19%	37%
IPSWICH TRUST	4%	40%
CPT 12	8%	30%
TOTAL / WTD AVG	**100%**	**18%**

Cromwell Direct Property Fund

2.5 Fee Structure

Establishment Fees

There are no direct establishment or contribution fees being charged by the Manager.

Annual management fees and expenses

The Manager will ensure that investors in the Cromwell DPF will only pay 0.60% pa of the Fund's gross assets (including the Fund's share of gross assets in the underlying property syndicates). This effectively reduces the fee on the Cromwell DPF to take into account the fees already being charged by CFM on the underlying property syndicates.

Expenses of the Cromwell DPF (at the fund level) are quoted by the Manager to be up to 0.20% p.a. of net assets. Unlike the Management Fee, investors are to note that they are also indirectly charged for their share of fund administration expenses (generally around 0.15% p.a. of net assets) within the underlying syndicates as these services require to be completed at both levels (i.e. audit, registry).

Comparison of Management Expense Ratios

	M/ment Fee	Other Exp	Total MER
CROMWELL DPF	**0.60%**	**0.20%**	**0.80%**
LONSEC CLOSED-END AVG	0.61%	0.17%	0.78%

Comparison of Indirect Cost Ratios

	M/ment Fee	Other Exp	Total ICR
CROMWELL DPF	**0.75%**	**0.25%**	**1.00%**
LONSEC CLOSED-END AVG	1.10%	0.31%	1.41%

Lonsec's fee analysis shows the current fee and expense level being levied to be in line with the average of the Lonsec peer group average for the Management Expense Ratio. However, due to the lower level of gearing (20%), the Fund has a lower Indirect Cost Ratio than the Lonsec peer group.

Other fees

Acquisition Fee: Should the Cromwell DPF acquire any properties directly (or via an interest in another fund), an Acquisition Fee of 2% of gross assets will be payable to Cromwell Funds Management.

The acquisition fee on units in an **unlisted property trust** will be reduced so that CFM does not double up on fees already earned in an underlying property syndicate (unless that fee has been recovered since the issue of the units by an improvement in the net asset value of the property trusts).

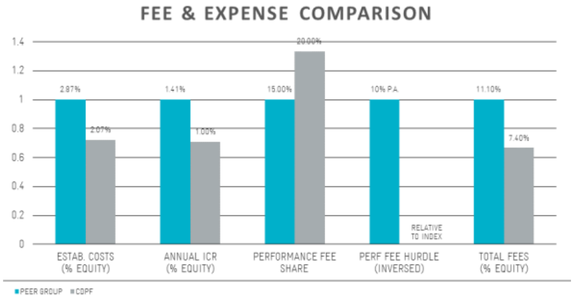
Performance Fee: The RE/Manager is entitled to be allocated a **20% share of the excess total return** above the benchmark index (PCA/IPD Australian Pooled Property Fund Index – Unlisted Retail). The Fund's Performance Fee is payable even if a negative return is achieved. However, the Performance Fee will only be charged for a quarter if any previous underperformance of the benchmark has been recovered.

Property Sale Fee: A fee of 1% of the gross value of assets sold may be payable to CFM if it acts as the selling agent on the fund's direct properties. If an external agent is appointed, the total fees (including those paid to the agent) will not exceed 1% of gross assets sold.

Similar fees are payable within the underlying trusts.

It should also be highlighted that there are **no 'poison pill' fees payable** should the RE be replaced by way of unit-holder vote (Extraordinary Resolution) under the Corporations Act.

Fee and expense comparison



The Fund has low establishment costs compared to the peer group. The annual costs are also expected to be lower over a ten-year period. However, the Fund's fee load could be impacted by a higher than estimated Performance Fee which is above the Lonsec average take-out of 15% and has no absolute hurdle return.

For the total fees comparison, Lonsec has estimated the present value of total fees and expenses paid to the RE/Manager by the Fund over a ten-year period. This takes into consideration the differences in timing of initial establishment costs, on-going expenses and back-end performance/ disposal fees and varying investment terms. In order to calculate performance fees for other funds, Lonsec has assumed a 30% increase in the gross asset value over ten years.

Cromwell Direct Property Fund

2.6 Balance Sheet / Net Asset Backing

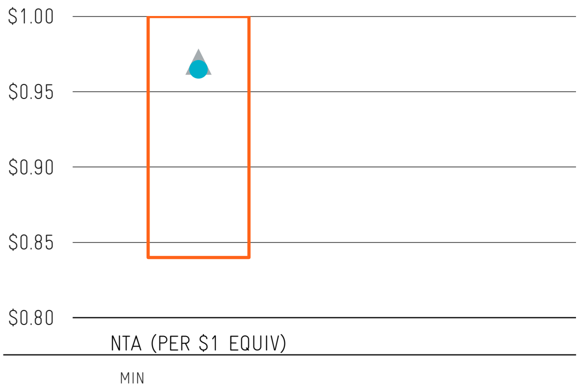
As at end	Dec-17 $m
PROPERTY VALUE	$116.10
INVESTMENTS*	$51.81
CASH	$2.00
STAMP DUTY	$0.00
OTHER CAPITALISED EXPENSES	$0.84
TOTAL ASSETS	**$170.75**
CURRENT LIABS	-$1.198
INTEREST BEARING LOAN	-$11.000
OTHER NON CURRENT LIABS.	$0.000
TOTAL LIABILITIES	**-$12.20**
NET ASSETS	$158.55
NO. OF UNITS ISSUED (mill)	133.628
NTA PER UNIT	**$1.19**

*Net of debt at underlying trust level

LESS LONSEC ADJUSTMENTS	
STAMP DUTY	$0.000
CAPITALISED EXPENSES	-$0.840
	$157.71
LONSEC ADJ. NTA PER UNIT	
	$1.18

The above balance sheet is at 31 December 2017 and includes the acquisition of 433 Boundary Street, Spring Hill.

Net Asset Backing Comparison



New investors to Cromwell DPF would start with a Net Tangible Asset backing of $1.18, a marginal discount to the current Unit Price of $1.23 (or $0.97 on an equivalent basis to compare the asset backing to price of different funds). This is similar to most open-end funds, but well below the 5-15% discount for other start-up (mostly closed-end) funds with higher establishment costs. Unlike many direct property funds reviewed by Lonsec, the Fund has no additional buy/sell spread.

3. Management

An assessment of Management is another key performance measure and is largely qualitative, focusing on the ownership, operating and reporting structure, property investment policy and selection criteria. Capable and experienced management is vital to the success of the Fund. Previous performance is evaluated, but is not necessarily a guide to future returns.

3.1 The Responsible Entity (RE)

Cromwell Funds Management Limited (CFML) will act as Responsible Entity (RE) for the Cromwell DPF. CFML is a specialist funds management company licensed by the Australian Securities and Investment Commission (ASIC) to act as the RE for a range of managed investment schemes.

CFML is a 100%-owned subsidiary of **Cromwell Property Group** (ASX Code: CMW), an integrated property group with its own property portfolio, funds management business and internal property services team. CMW is listed on the Australian Securities Exchange (market capitalisation $1.8bn as at December 2017).

The Group first listed on the ASX in 1971 as Cromwell Corporation Ltd (CCL). The current executive team began its involvement in 1998.

As at 30 June 2017, Cromwell had $10.1bn of funds under management (FUM) comprising of $5.3bn in wholesale FUM, $1.8bn in retail FUM and $3.0bn in internal FUM. The wholesale FUM significantly increased in 2015 due to the acquisition of Valad Europe, a European property funds manager with assets of approximately €4.7b under management.

Recent financial results

Lonsec has reviewed recent financial results (FY17) of the Cromwell Property Group and notes the following:

- Cromwell recorded an annual operating profit of $152.2m, down 8% on the previous year. Operating profit per security was 8.65cps, below the 9.41cps in FY16.
- Portfolio gearing increased from 33.6% to 37.5%, while group gearing was also up from 42.6% to 45.2%.
- In line with market compression, the weighted average cap rate of the Group's property portfolio tightened by 0.49% to 6.56% (7.05% FY16).
- Property portfolio occupancy improved from 89.7% (FY16) to 92.1% and the WALE has increased from 6.5yrs (FY16) to 7.2yrs.
- FUM decreased from $10.3b in June 2016 to $10.1b.
- Approximately 45% of the Group's property portfolio income comes from government entities.

3.2 Management Team

In line with industry best practice, Cromwell has established a separate board for Cromwell Funds Management Ltd. Cromwell Funds Management Ltd will oversee the DPF with **Hamish Wehl** appointed as the Fund Manager.

Board of Directors – Cromwell Funds M'ment Ltd

Name	Position	Service C'well (Yrs) *	Industry Exp (Yrs) *
PAUL WEIGHTMAN	CH, EXEC DIRECTOR	19	33
MICHELLE MCKELLAR	NON-EXEC DIRECTOR	10	32
JANE TONGS	NON-EXEC DIRECTOR	2	30
RICHARD FOSTER	NON-EXEC DIRECTOR	19	49

Source: Cromwell

Michael Blake (former Executive Director) has departed Cromwell Funds Management since Lonsec's previous review. Blake has been replaced by ex-founder Richard Foster, who retired from his position as a Non-Executive Director of CMW and has been appointed as a Non-Executive Director to the CFM Board. Foster is considered independent (hasn't worked for Cromwell for 9 years), and so the board now has a **majority of independent representatives**. Foster maintains a significant shareholding in the Cromwell business.

Other Senior Executives & Staff

Cromwell have 330 staff in 30 offices across 15 countries. Lonsec also notes Cromwell's strong internal capability in finance, treasury and compliance.

3.3 Investment process

Overview investment style

The Group relies on the following core business strengths:

- Defensive property portfolios with strong recurring cash flows and minimal short-term lease expiries.
- A strong retail direct property brand.
- Traditionally a domestic focus with limited exposure to offshore property markets; however this has recently changed with a focus on overseas acquisitions of fund management business.
- A loyal diversified retail and institutional investor base for its unlisted property funds.
- An experienced and stable executive team.

Cromwell acquisition process

The Manager has a five-step acquisition process that is employed to evaluate, approve and implement potential property acquisitions. The Cromwell property acquisitions/property services team has specific experience in project managing more complicated delivery and construction programmes to project completion. They have also shown a discerning due diligence process by passing up opportunities that do not measure up.

The process is mapped out below:

- Step 1: All potential property acquisitions are reviewed in accordance with the Investment Policy of Cromwell, objective market criteria and prevailing market conditions. The acquisition is

Cromwell Direct Property Fund

modelled to ensure that threshold IRR and yield targets can be met.

- Step 2: Potential acquisitions that meet minimum investment criteria are subject to initial technical, financial and legal due diligence. Due diligence models are revised in accordance with due diligence findings. If applicable, an initial conditional Heads of Agreement is negotiated with the potential vendor.
- Step 3: The Board appoints a formal Due Diligence Committee (includes a number of Cromwell Directors) and an Investment Committee (must include at least one non-executive Director) to steer the acquisition process. The Due Diligence Committee undertakes a range of technical, financial and legal due diligence investigations, utilising a range of internal and external experts in this process. Key findings are used to update the acquisition model.
- Step 4: The Due Diligence Committee commissions and reviews an external property valuation and secures a commitment from its financiers to provide debt financing for the acquisition. The Due Diligence Committee makes a recommendation to the Investment Committee.
- Step 5: If the Investment Committee is satisfied with the due diligence recommendation and the terms of the financiers, it may elect to proceed with the investment. Major transactions may also require full Board approval.

Portfolio construction / acquisition criteria

Larger properties with value-add opportunities are usually suited for the Cromwell balance sheet and more passive assets under $100m are ideal for syndication. Generally, acquisitions for the listed entity need to be neutral to Group earnings, although there may be a compelling future upside to consider.

Recent preference has been for office properties, with government/blue-chip tenants in key CBD markets. Sourcing opportunities have benefited from strong relationships with developers like Grocon and Leighton.

After the internal due diligence process, the target total returns at the property level are determined. The Group noted that they have completed multiple due diligences in recent years and ultimately screened out properties as they have not been able to meet the total return hurdle rate.

On-going Property Management

Cromwell has an internal Property and Facilities Management team (including Cromwell Project & Technical Solutions) that operates like an external services provider. This team is responsible for the control of the portfolio capital works.

Each property has a rolling ten-year capital expenditure plan, which is developed as part of the acquisition due diligence process.

They work closely with Property Managers, Leasing Managers and Facility Managers to ensure capital expenditures/tenant fit-outs are well managed.

Potential Conflict of Interest / Related Party Issues

Lonsec has sighted Cromwell's **'Conflicts of Interest Policy and Procedure'** as well as **'Related Party Protocol'** documents. It is noted that the Company Secretary has overall responsibility for managing conflicts of interest and the Compliance Manager monitors compliance with the policy and procedure. The Manager has adequate policies and procedures in place to manage the risk of any actual and perceived conflict of interest as a result of related party transactions. The Manager or related parties benefit from charging project management; property management; and leasing fees. "All service arrangements are documented and conducted on arm's-length terms".

3.4 Previous Performance

Cromwell Funds Management Ltd performance

Cromwell Direct Property Funds (inception to 30 September 2017)

FUND	FUND INCEPTION DATE	INCOME RETURN P.A	GROWTH RETURN P.A	TOTAL RETURN P.A.	B/MARK INDEX[1] P.A.	EXCESS RETURN P.A.	B/MARK INDEX[2] P.A.	EXCESS RETURN P.A.
CROMWELL DIRECT PF	AUG-13	6.2%	5.4%	11.6%	24.8%	-13.2%	11.1%	0.5%
CROMWELL P/T 12	OCT-13	8.9%	7.7%	15.6%	22.2%	-6.6%	11.2%	4.4%
CROMWELL IPSWICH CITY HEART TRUST	DEC-11	8.4%	4.5%	12.9%	18.4%	-5.5%	10.1%	2.8%
CROMWELL RIVERPARK TRUST	JUN-09	8.3%	8.4%	16.7%	15.0%	1.7%	9.2%	7.5%

1. Benchmark: PCA/IPD Unlisted Retail Property Fund Core Index to 30 September 2017.
2. Benchmark: Mercer/IPD Australia Core Wholesale Property Fund Index adjusted for retail fund level fees to 30 September 2017).

Cromwell Property Group

Performance analysis – Cromwell Property Group (stapled security) to 31 December 2017

CROMWELL PROP (ASX CODE: CMW)	TOTAL RETURN (P.A.)	BENCHMARK INDEX (P.A.)[1]	FUND PERF. VS INDEX (P.A.)
1 YRS	11.56%	6.44%	5.12%
3 YRS	7.76%	11.28%	-3.52%
5 YRS	12.36%	13.38%	-1.02%
10 YRS	9.17%	1.76%	7.41%

1. S&P/ASX 300 A-REIT Accumulation Index

4. Market Analysis

4.1 Retail Property Sector

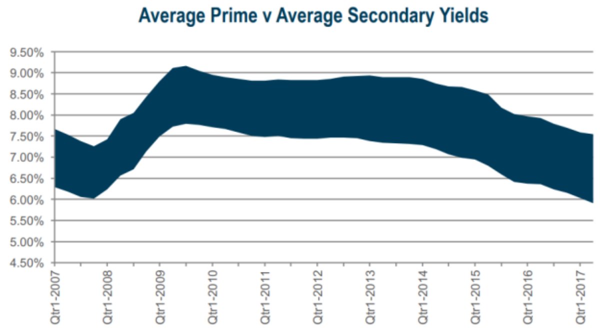
- The Fund's retail exposure is focused on the bulky goods (Bunnings Munno Para West) and large-format retail (Parafield Retail Complex) sub-sectors, which are not immune from the challenges of an evolving retail shopping market.
- Retail property earnings in Australia are currently holding up well, yet the industry is bracing for the impact of a ramped-up e-commerce assault from Amazon's initial opening in Australia (December 2017 opened Dandenong, Victoria) and as the network develops in other parts of the country.
- Across the retail property sector, capital expenditure is being focussed on improving the experience component at regional centres and making them a hub of community social activity. Most vulnerable appear to be department stores, big box retailers and traditional strip shopping precincts.

Balky goods/Hardware market

- Following the collapse of the Master's homeware brand, there was a considerable increase in Large Format Retail (LFR) property supply. A large portion of this supply has been absorbed by the market, but this did place downward pressure on rental growth in 2017. The increase in LFR supply is likely to increase vacancy is secondary stock over the medium term.
- The LFR/Hardware sectors fundamental strength is underpinned by household goods and sales spending. Growth for household goods peaked at around 10% in 2015 and have since slowed in line with a maturing housing construction cycle.
- There was limited investment activity for the Hardware market in 2016 with only eight Bunnings transacting on the open market. While limited in number, yields for Bunnings were low are they remain very popular with investors. The wind-up of Masters has not negatively impacted investment actively for Bunnings.

4.2 Office Property Sector

- The Fund's office exposure is predominantly in the Canberra and Brisbane markets, which have exhibited mixed signals in regards to economic conditions, rents, vacancy, and investor demand in recent years.
- The Australian office property sector is currently benefiting from strong demand for space (underpinned by white collar employment growth and decade high business confidence) and fuelled by supply constraints in the key Sydney and Melbourne markets for the next year or two.



Source NAB/JLL as at 30 June 2017.

4.3 Industrial Property Sector

- On the flip side, industrial property is a beneficiary of the e-commerce expansion, both from the demand for 'last-mile' sites and the provision of logistics facilities and services to supply goods. The Fund's limited industrial exposure is via the Rand Distribution Centre asset held within units of the Cromwell Property Trust 12.

4.4 Australian Property Market

- Underpinning economic factors for Australia's property markets currently include:
  - Relatively strong population growth;
  - Attractive yields relative to bonds drawing in overseas capital;
  - Resources states have stabilised as commodity output is strong and there is some recovery in prices.
  - Infrastructure spending is at a heightened level.
- Lonsec is cognisant of the compression of capitalisation rates to cyclical lows and believe that capital appreciation for commercial property assets from these levels will be difficult, especially as interest rates begin to rise. Cromwell DPF is well placed relative to other unlisted non-institutional property funds to weather any downturn because of the little debt currently held within the Fund.

5. Exit Strategy / Liquidity

5.1 Withdrawals and Liquidity

The initial term of the Fund is seven years (expiry 2020), with only a limited opportunity for withdrawals during this period.

The Manager currently provides a **Limited Monthly Withdrawal Facility** (up to 0.5% of the Fund's net asset value per month or higher if the Fund's cash exceeds 6% of assets).

The underlying syndicates that the Fund has invested in have varying expected expiry dates (from December 2018) which gives the Manager the opportunity to exit these investments progressively. However, subject to unit-holder votes, the underlying trusts may continue on for further terms.

Direct properties can be sold at any time by the Manager. The proceeds of selling either an interest in an underlying trust or direct property could be used for withdrawals.

At the end of the initial investment term of seven years, the Manager intends to offer a **full withdrawal** opportunity. If withdrawal requests are less than 50% of net asset value, the Manager will attempt to satisfy them within six months. Redemptions could be satisfied through cash; sale of assets; issue of new units or facilitating unit transfers between investors.

If all withdrawal requests can be satisfied within six months, the Fund will continue and there will be further withdrawal opportunities every five years thereafter.

If withdrawal requests are 50% or more of net asset value (or if all withdrawal requests can't be satisfied within the six-month period), the Manager will take steps to wind up the Fund.

6. Lonsec Methodology

The research methodology includes a rating process designed to assess the qualitative and quantitative factors of the investment. The process is consistent for comparable investment products, enabling projects to be individually rated, comparatively ranked, and to establish a Lonsec Research recommendation status for use by financial planners.

The rating determinants are:

- Financial Analysis / Gearing
- Properties
- Management
- Market Analysis
- Exit Strategy

Lonsec Direct Assets Research Rating Definitions

Highly Recommended	The Highly Recommended rating indicates that Lonsec has very strong conviction the financial product can generate risk adjusted returns in line with relevant objectives. The financial product is considered a preferred entry point to this asset class or strategy.
Recommended	The Recommended rating indicates that Lonsec has strong conviction the financial product can generate risk adjusted returns in line with relevant objectives. The financial product is considered an appropriate entry point to this asset class or strategy.
Investment Grade	The Investment Grade rating indicates that Lonsec has conviction the financial product can generate risk adjusted returns in line with relevant objectives. However, if applicable, Lonsec believes the financial product has fewer competitive advantages than its peers.
Fund Watch	The Fund Watch rating indicates that no new investment into this financial product is recommended. A significant change has occurred with the financial product and a detailed assessment of the change is needed and / or series of rectifying actions required prior to this rating being changed.
Screened Out	The Screened Out rating indicates that Lonsec currently does not have conviction that the financial product can generate risk adjusted returns in line with relevant objectives. The financial product currently has insufficient competitive advantages relative to its review peer group (if applicable).
Redeem	The Redeem rating indicates the financial product is no longer considered worthy of investment for any time period and investors should immediately redeem units from the financial product, subject to seeking financial advice. An adverse development has taken place that is considered detrimental to the interests of investors.

Financial Products withdrawn from research process

Capital Raising Closed	As the Trust is closed to new investment, it is no longer included on the Lonsec Recommended List and existing Lonsec research reports and ratings have been withdrawn from the Lonsec website. Going forward, Advisers should not rely on prior research in respect of this product. Lonsec will only be providing further updates should circumstances require. The Trust manager will have to obtain a new Lonsec rating for any new capital raising. Lonsec may also make a recommendation if a roll-over of investor capital is proposed or a liquidity offer is made. An investment in the Trust can be retained.
Discontinued Review	The Discontinued Review status is applied where a fund manager that has approached Lonsec and agreed to tender a financial product for assessment, subsequently elects to discontinue participating in the Review prior to its completion for any reason, other than the financial product being closed or unavailable to retail investors. The Discontinued Review status will be published on the Lonsec website.
Cease Coverage	The Cease Coverage status is applied to financial products where fund managers withdraw from the Lonsec research process after the research process has been completed.
Closed / Wind Up	The Closed / Wind Up status is applied to a financial product when the fund manager advises Lonsec that the financial product is being wound up and the capital is to be returned to investors.

Lonsec

Cromwell Direct Property Fund

ISSUE DATE: 19-01-2018

About Lonsec

Lonsec Research Pty Ltd (Lonsec) is an investment research house with specialist areas of expertise, that was originally established in 1994 and the current entity was registered on 23 June 2011. From 1 July 2011, Lonsec became a fully owned subsidiary of Lonsec Fiscal Holdings Pty Ltd, a privately owned and independent entity with a multi-brand strategy of providing leading financial services research and investment execution.

Lonsec believes that professional financial advisers need informed opinions on the best investment strategies and financial products to provide real value for their clients. To meet this need, Lonsec has in place an experienced research team, which draws on a robust research process to undertake in-depth assessment of managed fund products.

Analyst Disclosure and Certification

Analyst remuneration is not linked to the research or rating outcome. Where financial products are mentioned, the analyst(s) may hold the financial product(s) referred to in this document, but Lonsec considers such holdings not to be sufficiently material to compromise the rating or advice. Analyst holdings may change during the life of this document. The analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the matters and financial product(s) to which this document refers.

Date released

January 2018

Analyst

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Approved by

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