



Investment Rating: Very Strong
Product Complexity: Complex Product

Investment Rating Report

Fund Details

Investment Manager:

Aura Funds Management Pty Ltd

Investment Structure: Australian Unit Trust

Wholesale/Retail: Wholesale

Category: Credit

Investment Style: Active Credit

Inception: August 2017

Management Fee: 1.25% p.a. (incl. GST & RITC)

Performance Fee: 20% of performance above RBA Cash Rate plus 5%

Distribution: Monthly

Responsible Manager/Entity:

Aura Funds Management Pty Ltd

Investment Objective: The Fund aims to provide stable monthly income from a diversified portfolio of debt securities, principally issued by lenders to SME business. The Manager is targeting returns of 9% to 12% per annum.

Review Summary

The Aura High Yield SME Fund (the Fund) is an open-ended unlisted fund that invests in online (non-bank) lenders specialising in providing finance to small-to-medium businesses (SME) in Australia.

The Fund offers monthly income, targeting 9% to 12% per annum return (net of management fees) with a low level of expected capital loss, provided that the Australian economy does not slow significantly. The Fund's investments are backed by diversified pools of SME loans.

The Fund offers access to an attractive investment on a risk-return basis that captures the higher interest rate premium of SME loans. This investment is intended for wholesale investors only. Liquidity in this Fund is restricted, with investments in 'lock-up' for at least one year.

Differentiating factors:

- The fund provides a well-researched, diversified, exposure to SME debt through online lenders.
- The experience of the team and the Aura Group provides an optimal background for the provision of this type of investment, including being very active in the alternative finance space.
- The Aura Group presence in South East Asia, provides an additional source of investments.

Performance

Performance data as at December 2020.

	Aura High Yield SME Fund	Outperformance over Benchmark (RBA Cash + 5%)
1 mth	0.72%	0.31%
3 mths	2.21%	0.91%
6 mths	4.52%	1.87%
1 yr	9.26%	3.80%
2 yr (annualised)	9.45%	3.70%
3 yr (annualised)	10.71%	4.38%

Performance net of fees and expenses. Returns assume reinvestment of all distributions.

Source: Aura Funds management Pty Ltd

Investment Rating & Product Complexity Indicator

A VERY STRONG rating indicates a very strong level of confidence that the Fund can deliver a risk-adjusted return in line with its investment objectives at this stage of the growth of on-line lending in Australia. The investment manager's support for this strategy is experienced and well-resourced.

Designation as a COMPLEX Product indicates that the investment manager will seek to outperform their chosen specialist market sector, in this case, the Australian SME loan market. A key risk is the ability of Aura to identify and validate superior loan underwriting and servicing standards of non-bank lenders with experience in the SME sector.

Fund Details

Fund Name	Aura High Yield SME Fund
Dominant Strategy	Investment in asset-backed notes secured by pools of direct loans to SME businesses. The loans are originated by approved online lenders. The strategy provides an opportunity to take advantage of current restricted lending by banks to the SME sector.
Fund Type	Unregistered Australian Unit Trust
Investment Manager	Aura Funds Management Pty Ltd
Trustee/RE	Aura Funds Management Pty Ltd
KEY FEATURES	
Fund Inception	August 2017
Domicile	Australia
Legal Form	Unregistered Australian Unit Trust
Geographic mandate	Australia
Open	Yes
Management and Administration Fee	1.25% p.a. excl. GST
Performance Fee	20% p.a. excl. GST for performance over benchmark
Benchmark	RBA Cash rate plus 5%
Distributions	Monthly, reinvestment available
FUM	\$31 million as at December 2020
Minimum Subscription	A\$100,000
Minimum Balance	A\$100,000
Entry Fee	1%
Fund Term	Open-ended
Reporting	Investors receive monthly performance reports and annual audited financial statements
Redemptions	Monthly, after holding for one year and subject to liquidity gate
PRIMARY CONTACT	
Name and Title	Brett Craig
Email Address	brett.craig@aura.co
Telephone Number	61 2 9199 8859
Website	www.aura.co

Investment Profile

Aura Funds Management Pty Limited (ACN 607 158 814, the Manager) is part of the Aura Group. The Group also includes Aura Wealth Management, Aura Capital, Aura Partners, Aura Principal Investments, and Aura Legal. The Aura Group has offices in Sydney, Melbourne, Brisbane, Vietnam, and Singapore. The businesses of Aura Group include corporate and capital market advisory, venture capital, funds management, wealth management services, and provision of accounting, taxation, and legal services to clients. Aura Funds Management provides a range of investments for high net worth and private clients.

Launched in August 2017, the Aura High Yield SME Fund (the Fund) is an unlisted unit trust incorporated in New South Wales. The Fund invests indirectly in loans to Australian small-to-medium businesses (SME). The loans are primarily sourced through online lending platforms. The loan portfolio has become more diversified, reducing investor risk. There are now upwards of 25 such platforms in Australia. Growth in lending through these platforms is expected to increase rapidly in the coming years, given an ongoing lack of competitiveness for SME lending from Australian banks, a supportive government, and a maturity in the self-regulatory efforts of the industry.

Over the last three plus years, AURA has expanded the number of platforms approved for investment and the platforms themselves have grown. AURA now invests through five platforms, two of which have been added in 2020. The number of underlying loans stood at 360, as at 31 December 2020. The fund is well diversified with respect to geography, underlying businesses, and borrowers.

Note that the online lenders, and the Aura fund, have a relatively high exposure to early-stage companies and other direct lending. This means that the Aura fund portfolio is significantly riskier than a traditional credit portfolio made up of investment grade debt, which is relatively liquid and rated by credit agencies. The Aura fund is intended to provide the increased yield associated with higher risk while at the same time mitigating risk through due diligence of lenders and diversification of exposure.

OBJECTIVE

The Fund aims to provide stable monthly income returns from a diversified portfolio of debt securities including asset-backed SME loans, director guaranteed SME loans, and senior and subordinated loans to non-bank lenders secured against a loan portfolio that provides regular income and capital stability. The Fund targets a return of 10% to 12% per annum net of fees paid to the Manager and Fund expenses. There is no guarantee that this target will be achieved.

FUNDS UNDER MANAGEMENT

As at 31 December 2020, the Fund had approximately \$31 million in FUM and Aura Group collectively manages and advises on approximately \$849 million.

INVESTMENT UNIVERSE

The Fund's investment universe is made up of Australian originated SME loans, through either special purpose vehicles (SPV) or units in managed investment schemes that hold the underlying loans originated by the online lenders. The Manager will also consider other investment methods as the market matures. Accordingly, the Fund will invest in structured notes backed by pools of eligible assets, primarily focused on debt issued by SME non-bank lenders and other forms of debt including senior and subordinated debt, asset-backed securities, and loans via online lenders. Any excess cash in the Fund that is not invested in the aforementioned SME-based exposures is to be allocated to term deposits or at call cash accounts issued by an Australian bank.

NOTE: ONLINE LENDERS

Online lenders use financial technology to more efficiently offer what have traditionally been bank loan products. This type of lending gained momentum in 2018 following the government's 'Review into Open Banking in Australia' and the introduction of legislation (National Consumer Credit Protection Amendment) that enforces mandatory Comprehensive Credit Reporting (CCR).

In Australia, SMEs predominantly seek loans for equipment purchase, managing cash flow and inventory purchase. According to KPMG's 2017 Alternative Finance report, take-up of online lending in Australia is growing rapidly, outpacing the US and Hong Kong. Online lenders are also known as 'AltFi' (alternative finance) lenders.

Investment Philosophy

The Manager believes that online lenders have a need for funds to continue to grow their loan books. The current situation where bank lenders are constrained in their lending to the SME sector provides an opportunity for active managers – who have experience and transparent information from SME non-bank lenders – to make good returns on their investments. It is expected that as the market matures, credit models are tested through market cycles, and the portfolio returns of SME lenders become more predictable, the cost of capital for higher quality lenders will fall.

Investment Strategy

The strategy of the Fund is to provide high, consistent, monthly yield to investors by channelling their funds into an optimised portfolio of SME loans through investment into online lenders. They do this in two ways:

- First, Aura carries out extensive due diligence on any potential online loan originator before it becomes an allowable platform to invest through. As an example, a key part of this due diligence is to scrutinise the loan originator's credit skills to make sure that they are lending to credit-worthy borrowers. To date, Aura has completed preliminary due diligence on 25 platforms and full due diligence on several. As at February 2021, Aura has five "accepted" platforms, BANJO, Bigstone, Interim Finance, Agrilending and TradePlus 24. They are currently performing due diligence on further platforms. The target for FUM of \$100 million is to have six platforms.
- Secondly, Aura diversifies the portfolio with respect to business sector exposure and originator. The Fund will not allocate more than 30% of the Fund's assets into debt exposures to any one SME non-banking lender once the Fund size reaches \$100 million.

Investment Process

The Fund will look to purchase notes from Special Purpose Vehicles (SPVs), or units in managed investment schemes that hold the underlying loans originated by the online lenders. The Manager will also consider other investment methods as the market matures. Accordingly, the Fund will invest in a pool of eligible assets, primarily focused on debt issued by SME non-bank lenders and other forms of debt including senior subordinated debt, asset backed securities, and loans via peer-to-peer lending platforms.

Online lending is a newer and rapidly growing group compared to traditional bank lending. According to the Australian Institute of Credit Management (December 2019), borrowers in the SME space are now more likely to turn to a non-bank over a main bank for their borrowing requirements.

As loans are repaid and cash is realised, the Manager will determine what amount to make available for redemptions and otherwise will re-invest cash available in the Fund in accordance with the investment objective.

The Manager is looking to provide funding for SME non-bank online lenders in the early expansion stage of their lifecycle and also to lenders in later stages of their lifecycles. The funding provided by the Fund will bring forward the revenue of the lenders and bring forward break-even points for these businesses. However, it must be stressed, that the funding will be for lending purposes only, quarantined from the online lending business.

ORIGINATION

The origination process is very thorough and tailored to online lenders. The Manager benefits from being part of a larger organisation that includes a venture capital capability.

The Manager is looking for:

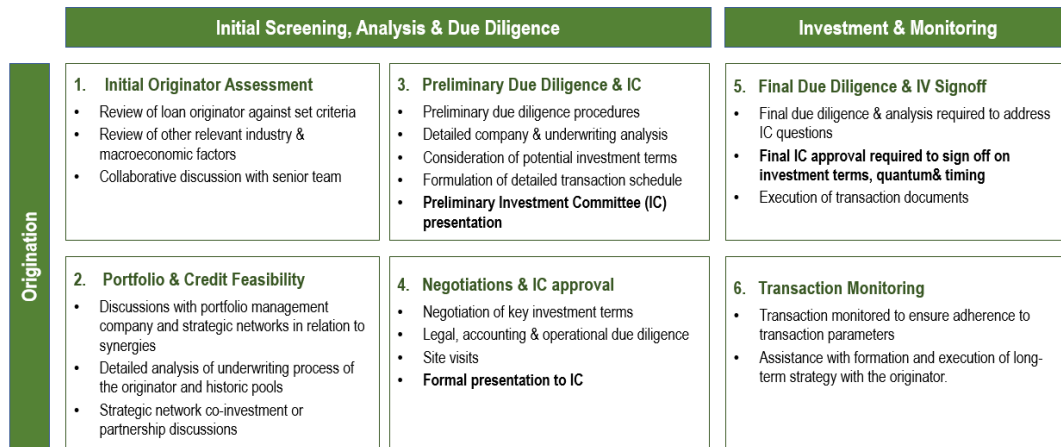
- a strong credit assessment process for lending to SMEs;
- strong performance of the historic originations by the SME lender;
- innovative companies requiring capital to embark on a period of high growth and profitability;
- passionate owners committed to the business, backed up by an experienced and capable management team;
- scalable business models that can be utilised to generate strong returns and margin efficiencies;
- disruptive technologies with the ability to affect industry structure; and
- potential for value creation exists for the Manager within the business either strategically or operationally.

Analysis of both the business characteristics and credit process are undertaken.

Business Characteristics	Credit & Underwriting
<ul style="list-style-type: none"> • Key staff • Regulatory position • Financial performance and position • Board composition • Funding strategy • Organisational strategy • Corporate governance • Management reporting • IT infrastructure and relating systems 	<ul style="list-style-type: none"> • Risk management framework • Historic portfolio performance • Procurement process • Lending authorities • Loan portfolio management and systems • Servicing model • Oversight • Arrears management • Reporting

That is, the Manager undertakes due diligence of the originator that includes rigorous due diligence of the online lender’s credit assessment procedures, financial, tax, legal and accounting due diligence. It also requires technical and commercial due diligence.

The process and steps through Investment Committee feedback/approvals is shown below.



ONGOING PORTFOLIO MANAGEMENT

Ongoing monitoring is performed. Importantly, this includes full transparency of the loans, their maturity, delinquency, and processes to manage defaults within the portfolio of loans invested into by the Manager. Aura reviews and analyses their exposure on a monthly basis. This has been particularly critical during the COVID period over the last year.

DIVERSITY OF UNDERLYING ORIGINATORS

As is shown in the following table of current investment platforms, AURA looks to achieve diversification and a spectrum of risk/return exposure through the types of loans that the originator specialises in. At the date of this review, the Manager is investing through five online lenders: BANJO; Bigstone; Interim Finance; Agrilending; and Trade Plus 24.

The risk spectrum can be visualised in the following graphic:



Lender / Loan Type	Investment Vehicle	Credit Support	Loan Security
BANJO SME working capital	<ul style="list-style-type: none"> Warehouse facility Junior tranche, subordinate to bank senior facility 	<ul style="list-style-type: none"> Provision fund, NIM, and fees at risk Government SME Loan Guarantee Program 	<ul style="list-style-type: none"> General security agreement and director's guarantees provided as security
BigStone SME Asset Backed	<ul style="list-style-type: none"> Fractional interest in whole loan through unit trust structure 	<ul style="list-style-type: none"> Provision fund and 5% co-investment 	<ul style="list-style-type: none"> Skew towards asset-backed lends, director's guarantee and first charge over business assets
Interim Finance SME property backed	<ul style="list-style-type: none"> Investment into an ASIC regulated contributory mortgage scheme 	<ul style="list-style-type: none"> Maximum LVR of 70% on loans 	<ul style="list-style-type: none"> Registered second mortgage or caveat placed on the metropolitan property with director's guarantees
Agrilending SME livestock secured	<ul style="list-style-type: none"> Securitisation warehouse facility 	<ul style="list-style-type: none"> Credit support in the form of first loss note, NIM, and fees at risk LVR reduces as livestock fattens 	<ul style="list-style-type: none"> General security agreement and director's guarantees as additional security Insurance protection in the case of loss of livestock
Trade Plus 24 SME invoice secured	<ul style="list-style-type: none"> Securitisation warehouse facility 	<ul style="list-style-type: none"> First loss notes, NIM, and fees at risk Exposures credit insured through S&P, AA rated Euler Hermes 	<ul style="list-style-type: none"> Invoices and general agreements provided as security

Investment Team

The investment process of the Aura High Yield SME Fund is carried out by a team of four, with frequent interaction with the Investment Committee. Aura Group and the senior team members for this fund have a long history in investing via venture capital in the alternative finance space, including online lenders. Aura recently appointed a junior analyst.

	Title	Investment Committee/Team
Brett Craig	Director/Portfolio Manager	Brett sits on the Investment Committee as well as heading up the Investment Team
Calvin Ng	Managing Director/Co-Founder	Investment Committee
Allan Savins	Independent Committee Member	Investment Committee
Tristan Terry	Director	Investment Team
Eric Tran	Analyst	Investment Team
James Chapman	Analyst	Investment Team

Brett Craig

Brett joined Aura Group in 2016 as a Director and the Portfolio Manager of the Fund. Since joining the Aura Group, Brett has been instrumental in the assessment of SME online lenders and developing the infrastructure for the Fund.

Prior to joining Aura Group, Brett held several roles at Macquarie Group, Australia's largest investment bank, over an eleven-year period including a Vice President role within the Debt Markets business where he focused on originating, structuring, and distributing debt products primarily in the Australian market. Brett is known as the first portfolio manager to originate, structure, negotiate, and execute an Australian bank debt facility for an Australian AltFi lender. Before that, Brett was in the finance team providing accounting and financial control to the Metals and Energy Capital Business throughout a significant growth phase.

AURA HIGH YIELD SME FUND

Calvin Ng

Calvin has extensive experience in investment banking, funds management, private equity, and venture capital across various industries including financial services, technology, and consumer goods.

At Aura Group, Calvin has been involved in several high-profile transactions for companies including Catapult Sports, IBuy New Group Limited, InStitchu, Juni Global, and Freedom Insurance. He continues to add ongoing support to all portfolio companies.

Prior to founding Aura Group and Finsure Group, Calvin worked at Everest Babcock & Brown (“EBB”), one of Australia’s largest absolute return investment managers. At EBB, Calvin was part of the Direct Investment Team focusing on high yield debt, listed equities, and private equity investments. In this role, he gained exposure to a wide range of industries, geographies, and asset classes through the provision and investment of over AUD\$1 Billion in public and private market transactions.

Calvin has significant board experience in both the public and private sector, with experience providing strategic, corporate, and governance advice to small and medium-sized enterprises. He currently serves as a Non-Executive Director of the Board of IBuy New Group Limited (ASX:IBN) and as a Strategic Adviser to Goldfields Money Ltd.

Calvin holds a Bachelor of Commerce (with Distinction) and Bachelor of Laws (with Merit) from the University of New South Wales. He also completed the Graduate Diploma of Legal Practice and has been admitted to practice as a Lawyer in the Supreme Court of New South Wales. Calvin holds a Certificate IV in Financial Services (Finance/Mortgage Broking) and a MFAA Anti Money Laundering/ Counter Terrorism Finance Act Accreditation.

Allan Savins

Allan is an independent member of the Investment Committee. Previously the COO with RESIMAC Limited, one of Australia’s leading Non-Bank residential lenders, Allan has over 30 years’ experience in financial services and banking, with a strong credit and client relationship background in commercial and residential property finance.

Prior to RESIMAC Limited, he held the position of Director, Securitisation at Société Générale. Allan was a foundation member of Bluestone Group, holding more recent positions as Head of Lending and Operations. His previous employer to that was Colonial State Bank where he was involved predominantly in commercial and corporate lending. Allan has had extensive board experience with Executive Directorships with RESIMAC Operating Company Pty Limited. Allan has held Non-Executive Directorships with the Finsure Group of Companies (Chairman), 1300 Home Loans Pty Limited (Chairman), Smart Finance and Wealth Pty Limited (Chairman), and State Custodians Mortgage Company.

Allan has a Masters of Applied Finance (with Distinction) and an Accountancy Diploma. Allan has also completed a Company Directors Diploma through the Australian Institute of Company Directors.

Tristan Terry

Tristan is responsible for overseeing existing funds and developing new fund products at Aura Funds Management. Before joining Aura, Tristan was an Associate at DCE Partners, a London-based Private Equity firm. He has also held senior positions with UBS AG, Royal Bank of Scotland, and the European Bank for Reconstruction and Development in London.

Tristan holds a Bachelor of Commerce from Macquarie University, an MSc. Finance from London School of Business and Finance, an MBA from ESADE Business School, and is also a Chartered Accountant.

Eric Tran

Eric is an analyst in the Credit Team at Aura Funds Management. Eric is responsible for assisting in due diligence of new originators and assistance with portfolio monitoring. Prior to joining Aura Funds, Eric served as an Undergraduate Accountant within the Group’s accounting and tax advisory division, Aura Partners.

Eric holds a Bachelor of Commerce and Bachelor of Information Systems from the University of New South Wales. He has also supplemented his degrees with experience studying abroad at the Utrecht University School of Economics (Distinction).

AURA HIGH YIELD SME FUND

James Chapman

James is responsible for portfolio analysis, deal due diligence and reporting for the Aura High Yield SME Fund. James joined Aura as a Venture Capital intern in 2018 and commenced as an Investment Analyst in the Credit team in early 2020.

James holds a Bachelor of Economics from Macquarie University, a Master of Management from the University of Sydney Business School and is also a Chartered Financial Analyst Candidate.

COMPLIANCE AND OPERATIONS

Nathan Harris

Nathan Harris has recently joined AURA as Head of Compliance. He has had just under 20 years' experience in compliance and risk. Nathan's previous role was Head of Risk & Compliance at Xplore Wealth, a listed financial planning solution company and Nikko Asset Management (formally Tyndall AM) as head of Compliance Australia. His experience encompasses all aspects of fund management and regulatory compliance.

Nathan's professional qualifications include: Internationally Certified Compliance professional; International Federation of Compliance Professionals; Certified Compliance professional; and Australian Compliance Institute.

Hamish Gillespie-Jones

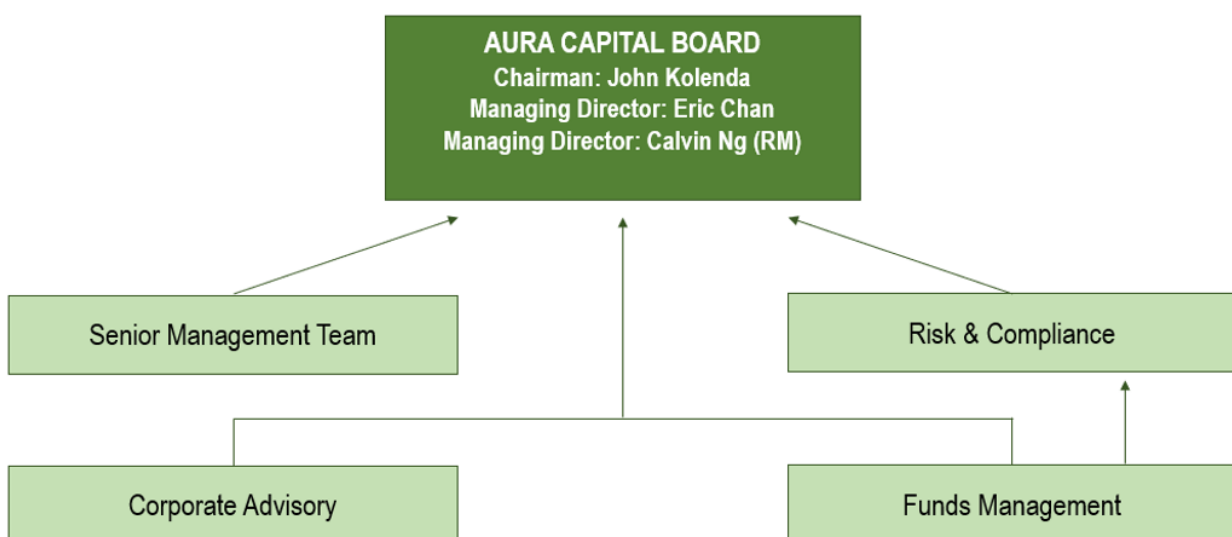
As Head of Operations, Hamish is responsible for the full financial accounting function of Aura's suite of unit trusts and hedge funds. In addition to statutory reporting, his role encompasses capital adequacy, transitions and the oversight and management of Aura's external service providers.

Hamish has over twenty years' experience in financial services and asset management and prior to joining Aura, worked as a consultant at the Milestone Group, as Investment Operations Manager at Henderson Global Investors and was Fund Accounting Manager at Fidelity International in the UK.

He is a Certified Practising Accountant (CPA), has a Bachelor of Commerce from the University of Canberra, a Graduate Diploma of Applied Finance and Investment from FINSIA, a Diploma of Technical Analysis (ATAA) and is an NSW Justice of the Peace.

Management Structure

Aura Funds Management Pty Ltd is both the Manager and Trustee of this Fund. The Manager is an Authorised Representative of Aura Capital Pty Ltd, holder of an Australian Financial Services Licence (366230).



Risk Management

The Manager is also the Trustee of the Fund and has responsibility to monitor the terms of the Investment Memorandum and to ensure that all trades are appropriately recorded and accounted for.

The compliance of the Fund with its Constitution and Investment Mandate is overseen by Aura's Funds Management Operations Manager, Hamish Gillespie-Jones. All trades are executed by the Operations Manager. As Operations Manager for the Fund, Hamish reports to the new Chief risk and Compliance Officer, Nathan Harris. This is a new appointment, made in December 2020.

Unit pricing is delegated to the Fund Accountant, following the valuation guidelines contained in the Fund Trust Deed. Note that the Fund is not a managed investment scheme under the Corporations Act 2001 and the Trust Deed is not lodged with ASIC.

Performance

PERFORMANCE (DECEMBER 31, 2020)

	Aura High Yield SME Fund	Outperformance over Benchmark (RBA Cash + 5%)
1 month	0.72%	0.31%
3 months	2.21%	0.91%
6 months	4.52%	1.87%
1 year	9.26%	3.80%
2 year (annualised)	9.45%	3.70%
3 year (annualised)	10.71%	4.38%

Performance net of fees and expenses. Returns assume reinvestment of all distributions.

Source: Aura Funds management Pty Ltd

NOTE ON COVID

AURA and its sub-managers have been operating on a risk averse basis over the last year. A Fund capital raise that was intended to settle on 15 March 2020 was deferred. Over the last year, sub-manager monitoring by AURA has stepped up significantly. Arrears for the underlying loans peaked at 3.89% in March, following pressure on businesses due to supply shortages from China. The online lenders had limited exposure to retail (turning more to online capable businesses) and had already pulled back on hospitality because of the bushfires. SMEs were well supported with JobKeeper initiatives, Structured Finance Support Fund (AOFM \$15b) and ADI guarantee, plus SME repo support.

DISTRIBUTION HISTORY

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
2017/18		0.84%	0.87%	0.91%	0.89%	0.93%	0.93%	0.84%	0.93%	0.86%	0.92%	0.88%
2018/19	0.91%	0.90%	0.87%	0.90%	0.86%	0.90%	0.82%	0.79%	0.85%	0.79%	0.84%	0.83%
2019/20	0.75%	0.74%	0.74%	0.78%	0.72%	0.72%	0.73%	0.73%	0.75%	0.72%	0.73%	0.72%
2020/21	0.74%	0.76%	0.74%	0.73%	0.72%	0.74%						

Source: Aura Funds management Pty Ltd

The Fund has maintained regular distributions throughout the COVID period.

AURA HIGH YIELD SME FUND

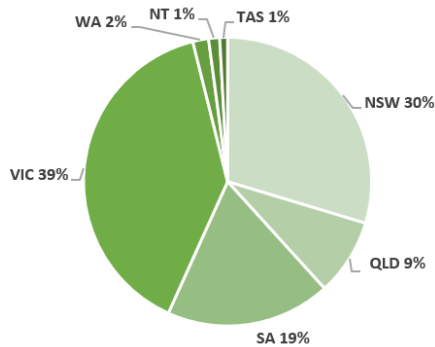
FUND PROFILE

FUND PROFILE	End Nov 2018	End Dec 2019	End Dec 2020
Annual Compound Returns	11.38%	9.87%	9.26%
Annual Return	10.74%	9.27%	8.83%
Number of Loans	178	>330	362
Number of Platforms	2	3	5
Average Loan Size	\$50,026.31	\$69,993	\$82,828
Maximum Loan Size	\$199,888.48	\$350,000	\$674,654
Maximum Loan Size %	2.24%	1.30%	2.16%
Minimum Loan Size	\$363.05	\$959	\$1
Minimum Loan Size %	0.004%	0.00%	0.00%
Cash	2.65%	14.17%	3.79%
Loan Assets	97.35%	85.83%	96.21%
Arrears over 30 Days	0.57%	1.52%	2.41%
Weighted Average Life	3 months	4 months	4 months

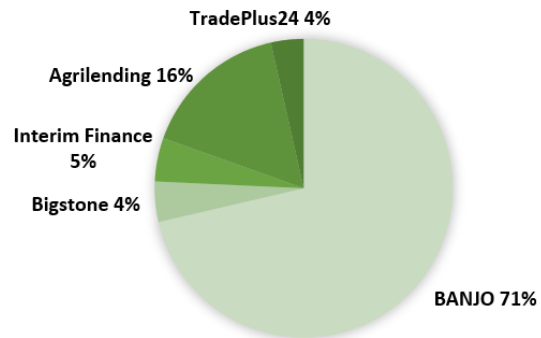
Source: Aura Funds management Pty Ltd

PORTFOLIO CHARACTERISTICS

Geographic Diversification December 2020

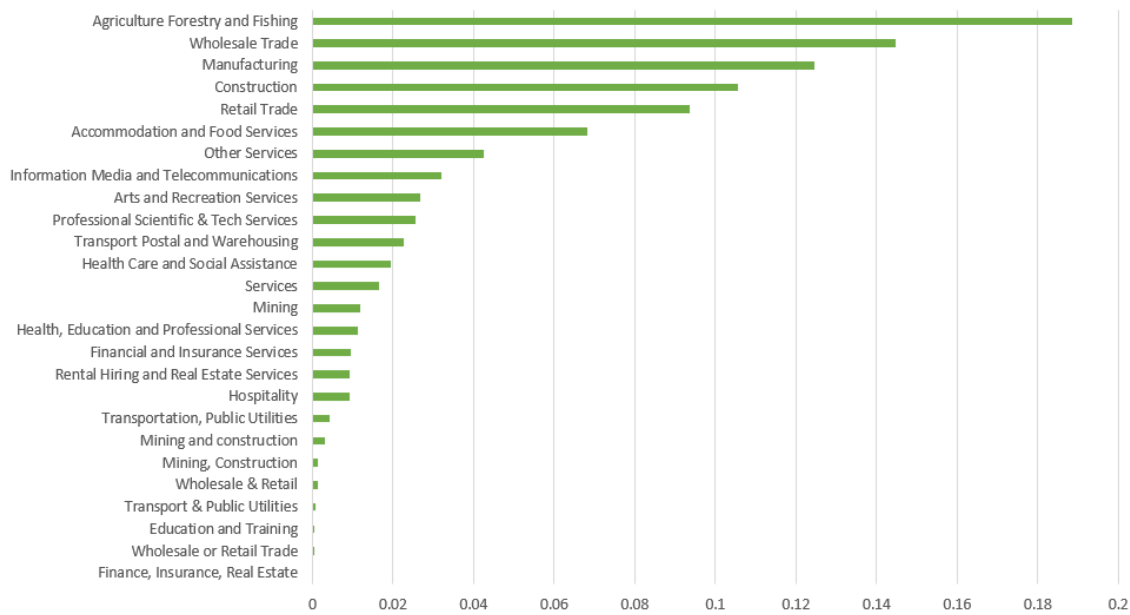


Originator Split December 2020



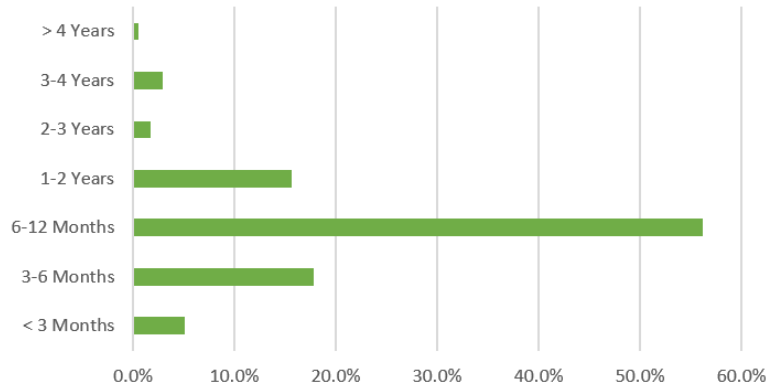
Source: Aura Funds management Pty Ltd

INDUSTRY SPLIT



Source: Aura Funds management Pty Ltd

Loan Duration December 2020



Source: Aura Funds management Pty Ltd

Transparency & Reporting

The Manager has provided Australia Ratings with the required information in a transparent fashion. Investors receive monthly performance reports and annual audited financial statements.

Third Party & Service Advisors

Fund Administrator	One Registry Services
AFSL Licensee	Aura Capital Pty (ACN 143 700 887) AFSL # 366230
Trustee	Aura Funds Management Pty Ltd (ABN 96 607 158 814)
Custodians	One Investment Group (ACN 136 507 241)
Accounting, Fee and Distribution Calculation	Unity Fund Services (part of the One Registry Investment Group)
Taxation Advisor	Ashurst
Auditor	PWC
Insurance Provider	XL Insurance Company SE
IT network Provider	Internal
Portfolio Software	Excel-based proprietary models

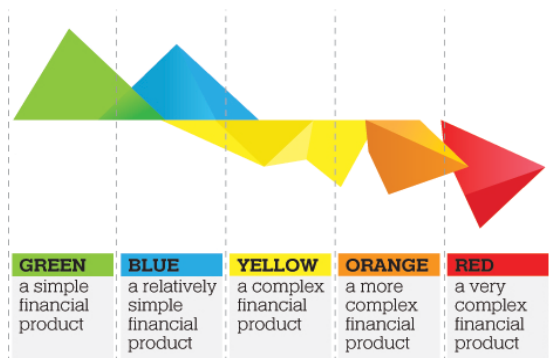
Investment Rating Scale

The Australia Ratings Analytics investment rating is an opinion on how well we believe a fund will perform against a range of risks.

Rating	Definition
Superior	Indicates the highest level of confidence that the fund can deliver a risk adjusted return in line with the investment objectives of the fund.
Very Strong	Indicates a very strong conviction that the fund can deliver a risk adjusted return in line with the investment objective of the fund.
Strong	Indicates a strong conviction that the fund can deliver a risk adjusted return in line with the investment objective of the fund.
Competent	Indicates that the fund may deliver a return in line with the funds relevant benchmark.
Weak	Indicates a view that the fund is unlikely to deliver a return in line with the investment objective of the fund and/or meet the returns of its benchmark.

Product Complexity Indicator

A Product Complexity Indicator (PCI) highlights the complexity of an investment by its terms and conditions' structure and transparency that may affect the investor's return.



Investment Rating & Product Complexity Methodology

Australia Ratings' methodology for its investment rating and research can be downloaded from its website.

Contact Details

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An investment rating reflects Australia Ratings Analytics' current opinion of a fund's or investment's ability to achieve its stated investment objectives in the near term. The rating expresses a view on the expected consistency of the fund's or Investment's performance within the peer/style groups and the ability of the manager to produce superior performance amongst its peers in the near term with due regard to the medium-term consensus view of the asset class to which the product is benchmarked.

The investment rating and research report will maintain current, unless amended, until the anniversary date of the report. The investment rating and research report reflects the research methodology published on the website of Australia Ratings Analytics. Ratings are assigned according to Australia Ratings Analytics investment scale which ranges from Superior to Weak and is described on the website.

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