MORNINGSTAR®

Morningstar
Manager Research
Overview

December 2023
Australia & New Zealand

Overview

The Manager Research Overview aims to provide investors, asset managers, and asset owners with:

- background information on Morningstar Australasia's team;
- detail of the Morningstar Medalist Rating;
- how we determine our coverage universe for these assessments; and
- how we communicate ratings to our investors.

Morningstar Manager Research

Morningstar is a leading global provider of investment research, with more than 130 manager research analysts based across North America, Europe, Australia, and Asia. The 10-member Australasian Manager Research team has, on average, over 16 years of industry experience and has been producing manager research and ratings since 1999. Morningstar's research and ratings systems are many and varied—from the Morningstar Medalist Rating to the Morningstar Rating for funds (star ratings). Morningstar analysts also routinely produce an array of thought leadership pieces ranging from opinion pieces on important industry trends to in-depth papers on particular sectors.

Morningstar's Manager Research team aims to provide detailed, accurate, and useful analysis that will inform investors and help them select strategies that are expected to outperform, avoid those that may underperform, and build more-cohesive portfolios.

At Morningstar, we do not charge asset managers to rate their strategies and associated vehicles, nor do we permit asset managers to commission ratings from us. This means that we produce analysis for the benefit of investors and their advisors, not asset managers. As a result, Morningstar will deliver its genuine opinion of an asset manager or strategy and will not hesitate to give a negative view when warranted.

Morningstar Manager Research Ratings Team Qualifications, Tenure, and Industry Experience

| Name	Title	Qualifications	Tenure With Morningstar (~years)	Industry Experience (~years)
Annika Bradley	Director, Manager Research Ratings	Bachelor of Commerce, Bachelor of Arts, Master of Applied Finance, Certified Investment Management Analyst	2	19
Tim Wong	Director, Fixed-Income Strategies	CFA, Bachelor of Commerce	15	20
Michael Malseed	Director, Equity Strategies	Bachelor of Economics	7	24
Justin Walsh^	Associate Director	Bachelor of Science, Graduate Diploma in Accounting, CA, Master of Applied Finance	2	34
Kongkon Gogoi	Senior Analyst	Bachelor of Science, Hons, Master of Finance	4	13
Zunjar Sanzgiri	Senior Analyst	CFA, Bachelor of Electrical Engineering, Master of Management Studies	4	8
David Little	Senior Analyst	CFA, Bachelor of Commerce	1	24
Steven Le	Senior Analyst	Bachelor of Business and Commerce	6	9
Shamir Popat	Senior Analyst	Bachelor of Finance, Bachelor of Information Technology	2	14
Nikolai Bull	Analyst	Bachelor of Applied Finance, Master of Finance	<1	5

^Justin Walsh previously worked at Morningstar between 2003 and 2006.

Morningstar Medalist Rating

The Morningstar Medalist Rating for funds is the summary expression of Morningstar's forward-looking analysis of investment strategies as offered via specific vehicles. Vehicles can include but are not limited to open-end funds, closed-end funds, and exchange-traded funds domiciled throughout the world. The Medalist Rating does not express a view on a given asset class or peer group; rather, it seeks to evaluate each strategy and associated vehicle within the context of an appropriate benchmark and peer group.

Our fund ratings coverage is organized across Morningstar Categories that span all major asset classes. We cover over 3,000 funds, exchange-traded funds, and listed investment companies as of November 2023.

Morningstar Medalist Rating Distribution for Funds, ETFs, and LICs
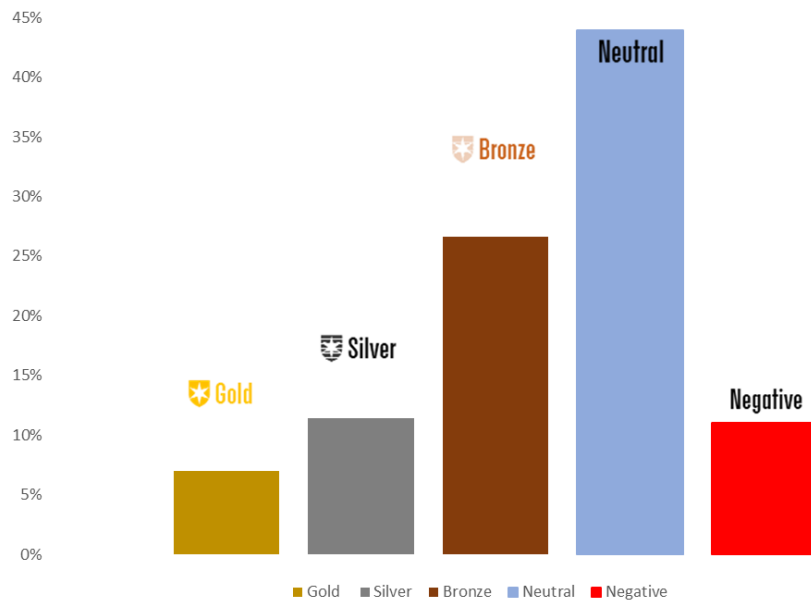
Source: Morningstar Adviser Research Centre, November 2023; open-end and exchanged traded funds.

Methodology

At a high level, the methodology seeks to identify active strategies that Morningstar believes should be able to outperform their Morningstar Category index (for example, S&P/ASX 200 Total Return Index) on a risk-adjusted basis over time and to identify passive strategies that Morningstar believes should be able to outperform the majority of their Morningstar Category peers on a risk-adjusted basis over time[1].

In more than two decades of manager research, Morningstar's Research team has identified three key areas that evidence suggests are crucial to predicting the future performance of strategies and their associated vehicles: People, Parent, and Process. These three pillars form the spine of Morningstar's research approach, with analysis coalescing around an evaluation of the strategy's management team, the parent firm, and the underlying investment process itself.

Morningstar evaluates a vehicle's performance as part of its overall assessment. However, Performance is not a distinct pillar. Rather, Morningstar considers performance within the context of the other pillar assessments it conducts, notably People and Process.

Likewise, Morningstar takes fees into account when assigning ratings to vehicles but does not maintain a separate Price Pillar. The reason for this is that Morningstar accounts for fees arithmetically, subtracting them from its estimate of a vehicle's expected gross alpha. In this way, fees have as much weight in the calculation as the other three pillars combined and are incorporated in a way that mirrors how they reduce gross investment returns basis point for basis point in practice.

All told, Morningstar's Medalist Ratings reflect our conviction in a given investment team, investment process, and parent entity. Additionally, algorithmically derived factors, comparative fee levels, and the managers' relative standing among the Morningstar Category can also affect the overall outcome.

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1 Assessment is made on a pretax basis.

Pillar Ratings

To provide a consistent, repeatable framework for the Morningstar Medalist Ratings, reflective of the opportunity set within their Morningstar Category, Morningstar assigns ratings in three steps: 1) Assess the opportunity to add value; 2) Rate pillars; 3) Derive the rating. Broadly speaking, Morningstar assigns pillar ratings to vehicles in one of three ways:

- Directly, by Analysts: Pillar ratings assigned by analysts to vehicles they cover, based on their assessment. Analysts assess a vehicle and assign the People, Process, and Parent Pillar ratings to it by conducting rigorous premeeting analysis and a manager review meeting that may last between one and three hours.

- Indirectly, by Analysts: Pillar ratings assigned to vehicles that are not covered directly by analysts. This is achieved by mapping the pillar ratings analysts have assigned to vehicles they cover to uncovered vehicles that are related in some way to the vehicles they cover. These relationships can take a few forms, such as when an uncovered vehicle follows the same strategy as a covered vehicle, when an uncovered vehicle is managed by the same team that runs a covered vehicle, or when an uncovered vehicle shares the same parent firm as a covered vehicle.

- Directly, by Algorithm: Pillar ratings assigned algorithmically to vehicles not assigned pillar ratings directly or indirectly by an analyst. Morningstar uses a series of six individual models working in unison to algorithmically assess a vehicle and assign the People, Process, and Parent Pillar ratings to it. The models are designed to provide a best approximation for the analyst's evaluation of the same pillars were an analyst to cover it. To estimate the pillar ratings, Morningstar uses a machine-learning algorithm known as a "random forest" to fit a relationship between the vehicle's pillar ratings and its attributes.

Morningstar Medalist Ratings

Morningstar expresses the Morningstar Medalist Rating on a five-tier scale running from Gold to Negative. For actively managed funds, Morningstar assigns Gold, Silver, and Bronze ratings to vehicles expected to add value, or "positive alpha," over the long term when compared with a relevant Morningstar Category index after accounting for fees and risk. For passive strategies, Morningstar assigns Gold, Silver, and Bronze ratings to vehicles expected to deliver alpha that exceeds the lesser of the category median net alpha, or zero, over the long term. (Morningstar defines "long term" as periods lasting at least five years.)

Morningstar Medalist Ratings should be interpreted as follows:

Rating	Actively Managed Vehicles	Passively Managed Vehicles
⬠ Gold Morningstar's top recommendations, these investments are expected to add the most value within their Morningstar Category.	Expected to deliver positive net alpha (versus the category index) that ranks among the top 15% of all active investments in the Morningstar Category expected to generate positive net alpha.	Expected to deliver net alpha (versus the category index) that exceeds the lesser of the Morningstar Category median net alpha or zero and ranks among the top 15% of all passive investments in the Morningstar Category expected to achieve the same.
⬠ Silver Just below Gold but still expected to add significant value within their Morningstar Category.	Expected to deliver positive net alpha (versus the category index) that ranks among the next 35% of all active investments in the Morningstar Category expected to generate positive net alpha.	Expected to deliver net alpha (versus the category index) that exceeds the lesser of the Morningstar Category median net alpha or zero and ranks among the next 35% of all passive investments in the Morningstar Category expected to achieve the same.
⬠ Bronze Not expected to perform as well as Gold or Silver but should add at least some value within their Morningstar Category.	Expected to deliver positive net alpha (versus the category index) that ranks in the bottom half of all active investments in the Morningstar Category expected to generate positive net alpha.	Expected to deliver net alpha (versus the category index) that exceeds the lesser of the Morningstar Category median net alpha or zero and ranks in the bottom half of all passive investments in the Morningstar Category expected to achieve the same.
Neutral Not expected to outperform within their Morningstar Category but shouldn't subtract as much value as Negative.	Expected to deliver negative net alpha (versus the category index) that ranks in the top 70% of all active investments in the Morningstar Category expected to generate no alpha or negative net alpha.	Expected to deliver net alpha (versus the category index) that falls shy of the lesser of the Morningstar Category median net alpha or zero and ranks in the top 70% of all passive investments in the Morningstar Category expected to fall shy.
Negative Expected to be the worst performers, subtracting significant value within their Morningstar Category.	Expected to deliver negative net alpha (versus the category index) that ranks in the bottom 30% of all active investments in the Morningstar Category expected to generate negative net alpha.	Expected to deliver net alpha (versus the category index) that falls shy of the lesser of the Morningstar Category median net alpha or zero and ranks in the bottom 30% of all passive investments in the Morningstar Category expected to fall shy.
Under Review Denotes a change at a rated strategy that requires further review to determine its impact on the rating.	N/A	N/A

For more details, please refer to the Morningstar Medalist Ratings Methodology.

Manager Research Coverage

How Morningstar Makes Analyst Coverage Decisions

Morningstar follows a number of principles in determining which vehicles will be covered by analysts. In making coverage decisions, Morningstar seeks to ensure that users of its research have access to analysis on a broad spectrum of vehicles that are important to them and meet their needs for portfolio construction. Given we do not charge asset managers to rate their strategies, we allocate analyst resourcing where we believe it will have the most impact for investors.

Hence, Morningstar doesn't determine coverage strictly based on quantitative screens of investment returns, net assets, or performance history. Moreover, analyst teams have ample discretion in determining their coverage universe, focusing on investment merit, investor interest, and client demand.

Although these criteria can tilt coverage toward vehicles that are larger in terms of assets under management, analysts will cover new and/or small vehicles if they have merit. In addition, Morningstar frequently canvases its analyst teams and external users of Morningstar's research to identify offerings that might merit coverage. Regional coverage committees internal to the manager research team must approve all coverage decisions.

How Morningstar Makes Algorithmic Coverage Decisions

Algorithmically generated Morningstar Medalist Ratings are subject to category and data restrictions. The Data Coverage % data point is a summary metric describing the level of data completeness used to generate the overall rating. A Medalist Rating will be produced when 80% or greater Data Coverage exists at the fund level.

What are the universes covered?

Algorithmically generated Morningstar Medalist Ratings cover exchange-traded funds and open-end funds only; closed-end funds are excluded. Superannuation, pension, and annuities universes and the managed account and managed portfolio universes will not receive algorithmically generated Morningstar Medalist Ratings at this stage.

What categories will not receive algorithmically generated Morningstar Medalist Ratings?

Investments within the alternative Morningstar Categories including: macro trading, multistrategy, systematic trend, "other," and private debt are not eligible for Medalist Ratings because of limited peer-group size and limitations on available portfolio data. This also applies to the cash, derivative income, geared, long-short, commodities and precious metals, global resources, mortgages, unlisted and direct property, "other," and miscellaneous categories.

At this stage, investments within the emerging-markets debt, inflation-linked bond, equity Europe, equity Japan, equity Greater China, global technology, and multisector life stages categories in

Australia will not receive algorithmically generated Morningstar Medalist Ratings. Finally, New Zealand categories will not receive algorithmically generated Morningstar Medalist Ratings.

What are the data requirements to receive algorithmically generated Morningstar Medalist Ratings?

Morningstar requires adequate data to display algorithmically generated Morningstar Medalist Ratings. For more information on the data required by Morningstar, please visit this [landing page](#).

Why else would a fund not receive a Morningstar Medalist Rating?
- Managed investments must meet data freshness (currency and quality) and completeness requirements to be eligible for Medalist Ratings.
- Screening logic is applied in certain markets to remove zero-fee share classes of active strategies that have purchase constraints as well as share classes for which there is evidence of data irregularities.
- Investments that do not have the necessary fee data available for the most recent month are not eligible for Medalist Ratings.
- Investments must not be flagged as dormant funds.
- Investments included on Morningstar's compliance list are not eligible for Medalist Ratings. These include investments under the Morningstar brand and investments for which Morningstar has deemed a conflict of interest.

Morningstar Prospects

The Morningstar Prospects list highlights strategies on which Manager Research may consider initiating analyst coverage. Such investments may:
- reside in Morningstar Categories that are not eligible for algorithmically generated Morningstar Medalist Ratings;
- be nascent strategies and may not meet the data eligibility requirements to receive an algorithmically generated Morningstar Medalist Rating;
- have enduring competitive advantages and long-term appeal but have so far not met our analyst coverage criteria; or
- be complex in nature and may be better assessed by analyst.

Inclusion on the list does not guarantee that a strategy will be subject to full analyst coverage, and strategies can still move to analyst coverage without being on the Prospects list.

Manager Research Coverage Schedule

Morningstar Australasia's Coverage Committee typically sets the coverage lists for analysts twice yearly. Analyst coverage initiations will generally occur within six months of the Coverage Committee approval. Other strategies outside this list may be reviewed algorithmically subject to their category classification and the provision of data from the asset manager or asset owner.

The Coverage Committee meets to determine coverage for: equities (large and small cap), listed property and infrastructure, and multisector strategies in the first quarter of the calendar year. In the third quarter of the calendar year, the committee meets to determine fixed interest, global

equities (including Asia and emerging markets), and alternatives coverage. Morningstar may alter this schedule from time to time.

Manager Research Review Schedule

Analysts typically review strategies under coverage annually or as often as material changes warrant. The publish date of the previous Morningstar Managed Investment Report normally provides a guide as to when the strategy will likely be reviewed again. This review includes data analysis, an interview with the investment team, completion of a ratings note, vetting and approval of the proposed ratings by the Morningstar Ratings Committee, and publication of an updated Morningstar Investment Report and Medalist Rating. Where strategies are reviewed algorithmically, the Morningstar Managed Investment Reports are typically updated monthly.

Dynamic Research Coverage Reviews

Starting in 2023, a selection of the strategies covered by analysts will move to dynamic coverage and will be reviewed using the process described above every two years. Every other year, the analyst will gather appropriate data and complete a checklist to confirm there were no material changes to the team, process, portfolio, or performance. Strategies that pass this checklist review process will receive reaffirmed People and Process Pillar ratings from the Ratings Committee, extending the validity of the published Managed Investment Reports until the next full review. Strategies that do not pass this review will move to a full review, and Ratings Committee members may request a full review if conditions warrant.

Analysts will regularly monitor data for all strategies under coverage that might trigger a full review before expected deadlines, including but not limited to manager or team changes, significant process, portfolio, or performance changes, flows, or other developments.

The Morningstar Manager Research Coverage Committee will revisit the dynamic coverage list on a six-monthly basis and make updates as conditions warrant. Asset managers will be notified in the normal course of the review cycle.

Communication of Ratings

Once ratings have been decided, they are communicated to subscribers through the publication of our ratings and supporting research reports on several software platforms. Morningstar research supports multiple audiences including institutional investors, financial advisors, and individual investors. No external parties are alerted to ratings changes prior to report publication.

Coverage requests can be submitted to Annika Bradley.

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Morningstar Manager Research Team Biographies

Annika Bradley, CIMA
Director, Manager
Research Ratings,
APAC, Manager
Research, Morningstar

Annika Bradley is director of manager research ratings, Australia, with Morningstar, a leading global provider of independent investment research. She is responsible for leading research on Asia-Pacific fund managers (excluding China, Hong Kong, and Singapore) and their funds.

Prior to joining Morningstar, Bradley was an independent financial-services consultant. She advised institutional and private wealth clients on investment-related matters and held a number of board and investment committee positions. Prior to this, she was a portfolio manager at QSuper (now Australian Retirement Trust). Her experience includes investment manager selection, design and participation in governance and investment committee structures, and product development and implementation.

Bradley holds a Bachelor of Commerce and a Bachelor of Arts from the University of Queensland. She also has a Master of Applied Finance from Kaplan Professional and is a Certified Investment Management Analyst (CIMA®).

Tim Wong, CFA
Director, Fixed Income
Strategies, Manager
Research, Morningstar

Tim Wong is a director for fixed-income strategies at Morningstar Australasia Pty Ltd, a wholly owned subsidiary of Morningstar, Inc. He is responsible for conducting research on Australian and New Zealand fund managers and their funds.

Before joining Morningstar in 2008, Wong was a senior financial analyst at the New South Wales Treasury.

Wong holds a Bachelor of Commerce in finance and information systems from the University of New South Wales. He also holds the Chartered Financial Analyst® designation.

Michael Malseed
Director, Equity
Strategies, Manager
Research, Morningstar

Michael Malseed is a director for equity strategies for Morningstar Australasia Pty Ltd, a wholly owned subsidiary of Morningstar, Inc. He is responsible for conducting research on Australian and New Zealand fund managers and their funds.

Before joining Morningstar in 2016, Malseed spent seven years as a senior investment analyst at Bennelong Australian Equity Partners and was responsible for fundamental stock research across a wide variety of sectors in the Australian share market. Prior to Bennelong, he worked for ING Investment Management as a large-cap equity analyst for four years, following a number of other various roles within the business.

Malseed holds a bachelor's degree in economics and finance from the University of Sydney.

Justin Walsh
Associate Director,
Manager Research,
Morningstar

Justin Walsh is an associate director for Morningstar Australasia Pty Ltd, a wholly owned subsidiary of Morningstar, Inc. He is responsible for conducting research on Australian and New Zealand fund managers and their funds.

Walsh rejoins Morningstar after being head of research in 2003-06. Walsh started his career in financial services in 1990 and had stints in banking and accounting before working in manager research. After his first stint at Morningstar, he principally worked in fund management (Perpetual and State Street) and then in index provision (MSCI and FTSE Russell).

Walsh holds a Bachelor of Science, graduate diploma in accounting and holds a Master of Applied Finance. He is also a chartered accountant.

Shamir Popat
Senior Analyst,
Manager Research,
Morningstar

Shamir Popat is a senior manager research analyst for Morningstar Australasia Pty Ltd, a wholly owned subsidiary of Morningstar, Inc. He is responsible for conducting research on Australian and New Zealand fund managers and their funds.

Before joining Morningstar in 2022, Popat spent the previous year as a senior investment analyst at a boutique investment consulting firm in Sydney. Prior to his arrival in Australia in 2020, he had spent almost a decade in investment consulting in Johannesburg.

Popat holds a bachelor's degree in finance from La Trobe University and a bachelor's degree in computing from Deakin University.

Kongkon Gogoi
Senior Analyst,
Manager
Research, Morningstar

Kongkon Gogoi is a senior manager research analyst for Morningstar Australasia Pty Ltd, a wholly owned subsidiary of Morningstar, Inc. He is responsible for conducting research on Australian and New Zealand fund managers and their funds.

Before joining Morningstar in 2020, Gogoi was associated with J.P. Morgan Private Bank, covering global long-short equity hedge funds and environmental, social, and governance-focused alternative investment strategies for the bank's asset-allocation program in the capacity of an LP. Prior to J.P. Morgan, he worked for Mercer Investment Consulting as a due-diligence analyst focusing on long-only and long-short equity strategies.

Gogoi holds a bachelor's degree in science with honors in physics from Gauhati University. He also holds a master's degree in finance from ICFP, Delhi.

Zunjar Sanzgiri, CFA
Senior Analyst,
Manager
Research, Morningstar

Zunjar Sanzgiri is a senior manager research analyst for Morningstar Australasia Pty Ltd, a wholly owned subsidiary of Morningstar, Inc. He is responsible for conducting research on Australian and New Zealand fund managers and their funds.

Before joining Morningstar in 2020, Sanzgiri worked for CRISIL (an S&P Global company) for more than four years on the mutual fund research team. He was primarily responsible for conducting quantitative and qualitative research on India-domiciled funds.

Sanzgiri holds a master's degree in management studies, with a specialization in finance, from Mumbai University's Jamnalal Bajaj Institute of Management Studies. Prior to that, he completed his bachelor's degree in electrical engineering from Mumbai University. He also holds the Chartered Financial Analyst® designation.

David Little, CFA
Senior Analyst,
Manager Research,
Morningstar

David Little is a senior analyst, Manager Research, for Morningstar Australasia Pty Ltd, a wholly owned subsidiary of Morningstar, Inc. He is responsible for conducting research on Australian and New Zealand fund managers and their funds.

Before joining Morningstar in 2022, Little worked for over 12 years at Mercer as a portfolio manager, where he was responsible for selecting managers for Mercer's Australia-based fixed-interest funds. More recently, Little spent two years at Resolution Life assisting the business to establish an independent investment management capability.

Little holds the Chartered Financial Analyst® designation and a bachelor's degree in commerce from The University of Melbourne. Little also holds a Graduate Diploma in Financial Planning from Securities Institute of Australia.

Steven Le
Senior Analyst,
Manager Research,
Morningstar

Steven Le is a senior analyst, Manager Research, for Morningstar Australasia Pty Ltd, a wholly owned subsidiary of Morningstar, Inc. He is responsible for conducting research on Australian and New Zealand fund managers and their funds.

Le joined Morningstar in 2018, where he initially worked in the institutional software division in Sydney before moving to the research team in 2021. Prior to joining Morningstar, Le worked for Ord Minnett, where he assisted financial advisors with investment research, portfolio construction, and trade execution. Before joining Ord Minnett, he was an equities and derivatives associate with CommSec Adviser Services.

Le holds a bachelor's degree in business and commerce, with a major in applied finance from Western Sydney University.

Nikolai Bull

Analyst, Manager

Research, Morningstar

Nikolai Bull is a manager research analyst for Morningstar Australasia Pty Ltd, a wholly owned subsidiary of Morningstar, Inc. He is responsible for conducting research on Australian and New Zealand fund managers and their underlying funds.

Before joining Morningstar in 2023, Bull worked in the research team at one of Australia's largest licensees where he conducted quantitative and qualitative analysis on financial products for model portfolio inclusion as well as providing research services for all advisers.

Bull holds a bachelor's degree in applied finance from Macquarie University. He also holds a master's degree in finance specializing in funds management from UNSW.

About Morningstar

About Morningstar, Inc.

Morningstar, Inc. is a leading provider of independent investment insights in North America, Europe, Australia, and Asia. The Company offers an extensive line of products and services for individual investors, financial advisors, asset managers and owners, retirement plan providers and sponsors, and institutional investors in the debt and private capital markets. Morningstar provides data and research insights on a wide range of investment offerings, including managed investment products, publicly listed companies, private capital markets, debt securities, and real-time global market data. Morningstar also offers investment management services through its investment advisory subsidiaries, with approximately $264 billion in assets under advisement and management as of Sept. 30, 2023. The Company operates through wholly-or majority-owned subsidiaries in 32 countries. For more information, visit www.morningstar.com/company. Follow Morningstar on Twitter @MorningstarInc.

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More information

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