



# Fidelity Future Leaders 19893

**Morningstar Analyst Rating**  
**Gold**  
8 Sep 2020  
16:33, UTC-0500

## Process: Approach

**Morningstar Category**  
Equity Australia Mid/Small Blend

**Category Index**  
S&P/ASX Small Ordinaries TR AUD

**Index Proxy**  
iShares S&P/ASX Small Ordinaries ETF

**Fundamental bottom-up research combined with the portfolio manager's individual style.**

**Process Pillar** ● High

Sep 08, 2020 | Fidelity has no distinct house investment style; portfolio managers are expected to develop their own approach.

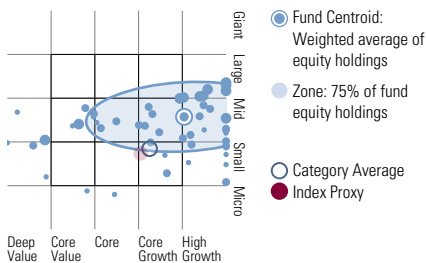
James Abela's sensible investment philosophy is based on a blended approach, with no intended tilt to value or growth but with a bias to quality. The cornerstone of the investment pro-

cess is thorough company research, making the portfolio manager highly dependent on the research analyst team. Key aspects of this fundamental stock analysis approach are site visits, management meetings, investigating competitors, industry structure analysis, financial modelling, and valuation assessment. Fidelity believes this approach provides valuable insights into a company's future prospects. Once the initial research and rating is completed, even more comprehensive analysis is undertaken on stocks rated as investible, which are companies that show strong

viability (pricing power, strong opportunities, and high return on equity), sustainability (solid industry position, strong positive cash flow, and ability to withstand competitive pressures), and credibility (quality of the business and management). The portfolio manager then reviews the company research, investment thesis, and valuation models. Ultimately, Abela has sole responsibility for investment decisions, using analyst recommendations and his own convictions.

### Equity Style 30/04/20

#### Holdings-Based Style Map

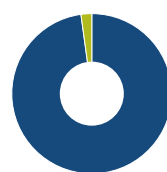


#### Equity Style Box Factors

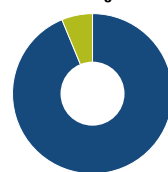
	Fund	3-Yr Avg	Category	Proxy
<b>Market Cap</b>				
Giant/Large	28.9	15.6	8.8	1.9
Mid	51.1	67.9	32.2	36.5
Small/Micro	20.1	16.5	58.9	61.5
Avg Market Cap Bil AUD	4.6	4.4	1.7	1.7
<b>Value Measures</b>				
Price/Prospect. Earnings	26.0	20.5	18.9	18.5
Price/Book	2.8	2.6	1.9	1.8
Price/Sales	2.7	2.7	1.4	1.5
Price/Cash Flow	14.6	13.8	10.3	9.6
Dividend Yield	2.8	2.8	3.5	3.3
<b>Growth Measures</b>				
Long-Term Earnings %	10.5	12.0	10.3	14.2
Historical Earnings %	3.1	6.9	-3.1	-4.7
Sales %	3.4	-0.9	1.5	2.1
Cash Flow %	11.3	3.6	3.2	1.5
Book-Value %	6.1	4.7	4.1	2.2

### Asset Allocation (Net Positions) 31/07/20

#### Current Allocation



#### 3-Year Average



Assets %	Fund	3-Yr Avg	Category	Proxy
<span style="color: blue;">●</span> Australian Equity	97.8	93.8	0.0	0.0
<span style="color: red;">●</span> International Equity	0.0	0.0	0.0	0.0
<span style="color: orange;">●</span> Aus. Fixed Interest	0.0	0.0	0.0	0.0
<span style="color: blue;">●</span> Int'l Fixed Interest	0.0	0.0	0.0	0.0
<span style="color: green;">●</span> Cash	2.2	6.2	0.0	0.0
<span style="color: grey;">●</span> Other	0.0	0.0	0.0	0.0

### Region Exposure 31/05/20

Market Type Equity %	Fund	3-Yr Avg	Category	Proxy
Developed	100.0	100.0	99.4	99.7
Emerging	0.0	0.0	0.6	0.3

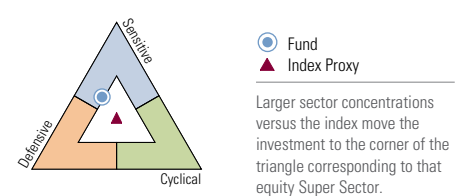
Top 5 Countries Equity %	Fund	3-Yr Avg	Category	Proxy
Australia	82.8	83.6	88.3	91.8
New Zealand	11.7	9.5	7.5	4.9
United States	4.4	5.6	3.2	2.2
United Kingdom	1.0	0.5	0.2	0.0

### Key Ratios 31/05/20

	Fund	3-Yr Avg	Category	Proxy
Net Margin %	20.7	22.9	11.8	7.6
ROA %	11.6	11.1	5.9	4.6
Debt/Total Capital %	26.1	23.3	27.4	27.5
ROE %	19.1	17.5	11.8	9.5

### Sectors 31/05/20

#### Sector Delta




Equity Sectors	Fund	3-Yr Avg	Category	Proxy
<b>Defensive</b>	<b>19.9</b>	<b>19.4</b>	<b>17.5</b>	<b>18.8</b>
Consumer Defensive	4.7	4.3	7.4	9.3
Healthcare	15.2	14.0	8.6	9.5
Utilities	0.0	1.1	1.5	0.0
<b>Sensitive</b>	<b>38.7</b>	<b>32.8</b>	<b>35.8</b>	<b>22.8</b>
Communication Serv.	7.1	1.4	7.0	5.1
Energy	4.5	4.6	2.4	2.4
Industrials	8.3	12.1	12.2	7.0
Technology	18.7	14.6	14.1	8.4
<b>Cyclical</b>	<b>41.4</b>	<b>47.8</b>	<b>46.7</b>	<b>58.3</b>
Basic Materials	15.4	18.4	12.2	20.1
Consumer Cyclical	10.3	10.8	14.5	14.8
Financial Services	8.9	10.0	14.5	10.6
Real Estate	6.7	8.7	5.6	12.8

### Economic Moat 31/05/20

	Fund	3-Yr Avg	Category	Proxy
Wide Moat	3.6	4.9	3.5	1.8
Narrow Moat	64.5	48.7	41.1	32.1
No Moat	31.9	46.4	55.4	66.1
Coverage Ratio	63.7	68.8	47.6	56.9

# Fidelity Future Leaders 19893

**Morningstar Analyst Rating**  
 Gold  
 8 Sep 2020  
 16:33, UTC-0500

## Process: Portfolio

**Morningstar Category**  
Equity Australia Mid/Small Blend

**Category Index**  
S&P/ASX Small Ordinaries TR AUD

**Index Proxy**  
iShares S&P/ASX Small Ordinaries ETF

### A strategically targeted portfolio mix aims for consistency through the cycle.

**Process Pillar**  High

Sep 08, 2020 | The portfolio-construction procedures place significant emphasis on achieving balance and diversity, with the objective being consistent returns through the economic cycle. Stocks in the strategy's portfolio represent four key segments (quality/strong franchise, upward cyclical momentum, transition/fundamental change, and

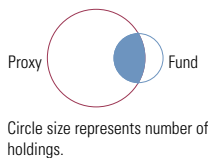
value/out of favour) based on James Abela's investment philosophy and approach. Abela strategically structures the portfolio to have 30%-50% in quality stocks, 20%-40% in momentum stocks, 10%-30% in transition stocks, and 0%-20% in value stocks. Quality stocks typically come from the healthcare, technology, and consumer discretionary sectors. Numerous competitors claim to adopt a similar strategy, but very few consistently apply the methodology as diligently.

Fidelity's portfolio guidelines help diversification by restricting stock weightings to plus or

minus 5% from the benchmark and industry/sector weightings to plus or minus 10%. The fund may also invest in companies outside the benchmark, to a maximum of 10%, with the exception of stocks in the S&P/ASX 50 Index. Ultimately, there are 40-70 stocks held in the portfolio. Fidelity's portfolio managers are also given discretion to include stocks where they complete the majority of the research work but only to a maximum of 10% of the portfolio (but typically less than 10%).

### Similarity to Index Proxy 31/05/20

**Index Proxy Overlap**



Number of Equity Holdings	
Fund	51
Index Proxy	202
Fund Overlap With Index Proxy	
Holdings Overlap	31
Asset Overlap	20.7%

**Top Five Index Holdings**

Company	Fund %	Proxy %
Mineral Resources Ltd	—	2.21
Fisher & Paykel Healthcare Corp Ltd	2.55	1.94
Appen Ltd	2.89	1.67
IDP Education Ltd	—	1.59
Metcash Ltd	—	1.46

**Top Five Index Sectors**

Sector	Fund %	Proxy %
Basic Materials	15.45	20.11
Consumer Cyclical	10.33	14.80
Real Estate	6.68	12.79
Financial Services	8.94	10.63
Healthcare	15.19	9.52

### Portfolio Holdings 31/05/20

Previous Portfolio Date	Equity Holdings	Bond Holdings	Other Holdings	Assets in Top 10 Holdings	Turnover Ratio (Reported)
30/04/20	51	0	1	38%	97%

Top 10 Holdings	Country	Assets % 31/05/20	Assets % 30/04/20	Index % 31/05/20	Days Trading	Morningstar Rating for Stocks	Economic Moat	Sector	1-Yr Total Ret % (AUD)
⊕ Altium Ltd	AUS	5.07	5.16	—	1	—	—	Technology	0.41
⊕ Magellan Financial Group Ltd	AUS	4.29	4.10	—	<1	★★★	Narrow	Financial Services	21.01
ResMed Inc DR	USA	4.25	4.73	—	<1	★★	Narrow	Healthcare	19.13
⊖ Evolution Mining Ltd	AUS	4.01	4.49	—	<1	—	—	Basic Materials	10.23
⊕ Ansell Ltd	AUS	3.91	3.13	—	1	★★	Narrow	Healthcare	44.55
✱ Cash Offset	AUS	3.84	—	—	—	—	—	—	—
Xero Ltd	NZL	3.70	3.91	—	<1	★	Narrow	Technology	59.08
⊕ Charter Hall Group	AUS	3.69	2.87	—	2	★★	Narrow	Real Estate	1.72
⊕ REA Group Ltd	AUS	3.49	3.25	—	<1	★★	Narrow	Communication Serv.	10.30
⊕ CSR Ltd	AUS	2.98	1.93	0.89	2	★★★	None	Basic Materials	-2.56

Change since previous portfolio: ⊕ Increase ⊖ Decrease ✱ New

# Fidelity Future Leaders 19893

**Morningstar Analyst Rating**  
**Gold**  
8 Sep 2020  
16:33, UTC-0500

## Performance

**Morningstar Category**  
Equity Australia Mid/Small Blend

**Category Index**  
S&P/ASX Small Ordinaries TR AUD

### Excellent performance since inception.

#### Performance Pillar

Sep 08, 2020 | Fidelity Future Leaders has an exceptional track record from its inception in July 2013 through 31 July 2020. The strategy has generated above-average returns over all rolling three-year periods since inception and has achieved top-quartile results on the same measure 88% of the time. The strategy has achieved

annualized outperformance of the S&P/ASX Small Ordinaries Index of 7% per year and bested the equity Australia mid/small-blend Morningstar Category average by 3% per year. These results have been achieved with a lower level of volatility than both the market and the peer group. Indeed, downside capture has been exceptional at 59%, meaning the strategy has fallen by much less than the benchmark during down months. Key contributors to this outcome have included early investments in tech names such as Aconex, Wisetech, and Altium; infant formula manufac-

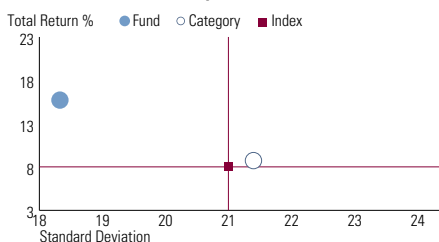
ture Bellamy's Australia; and medical imaging software provider ProMedicus. The only blemish on its record was a period of difficult performance in 2016, when an underweighting in materials stocks detracted as commodity prices rose sharply. Over the first half of 2020 the strategy has continued to perform well, managing a broadly flat return in the seven months to 31 July, compared with an 8% decline from the benchmark.

#### Morningstar Rating and Risk 31/08/20

Period	Total Ret %	Morningstar Ret vs Cat	Morningstar Risk vs Cat	Morningstar Rating
3 Years	15.72	Above Avg	Below Avg	★★★★★
5 Years	15.47	Above Avg	Below Avg	★★★★
10 Years	—	—	—	—
Overall Morningstar Rating				★★★★

#### Risk Analysis 31/08/20

##### 3-Year Return and Risk Analysis



##### 3-Year Risk Measures

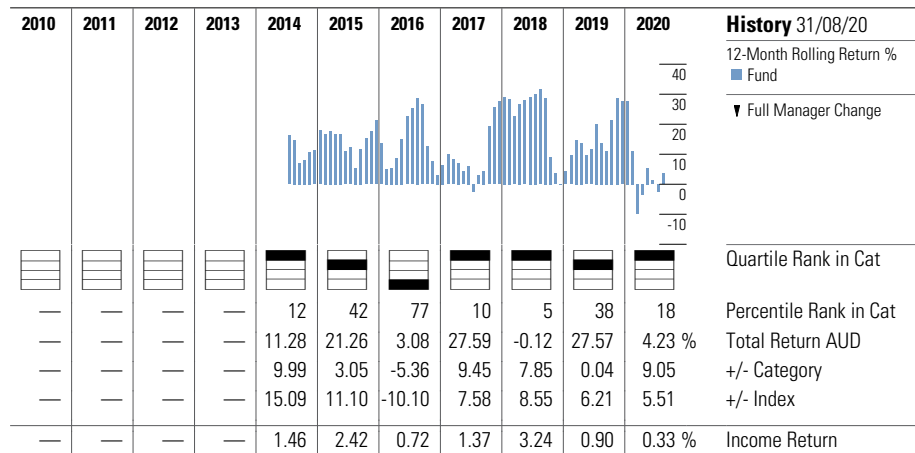
	Fund	Category	Index
Standard Deviation	18.33	21.39	21.00
Sharpe Ratio	0.82	0.43	0.41
R-Squared	90.16	89.52	—
Beta	0.83	0.98	—
Alpha	7.87	2.40	—

##### Max Drawdown 01/08/13 to 31/08/20

	Fund	Category	Index
Max Drawdown (%)	-24.18	—	-29.12
Peak Date	02/20	—	02/20
Valley Date	03/20	—	03/20
Max Drawdown (Months)	2	—	2

##### Upside/Downside 01/08/13 to 31/08/20

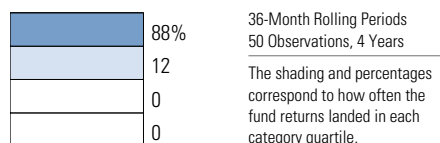
	Fund	Category	Index
Upside Capture Ratio	111.38	—	94.88
Downside Capture Ratio	60.02	—	100.00



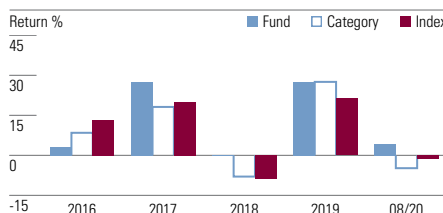
#### Returns 31/08/20

Trailing Returns	Total Ret %	Investor Ret %	% Rank in Cat	Cat Ret %	Index Ret %
1 Year	3.52	-1.58	48	-1.20	2.07
3 Years	15.72	7.87	16	8.74	8.02
5 Years	15.47	7.88	16	9.33	10.48
10 Years	—	—	—	9.85	4.73
Tenure 07/13	14.04	—	—	—	7.42
Inception 07/13	14.04	—	—	—	7.42

#### Rolling Return Summary




#### Calendar Year Returns



Year	Fund %	Category	Index %
2016	3.08	8.44	13.18
2017	27.59	18.14	20.02
2018	-0.12	-7.97	-8.67
2019	27.57	27.53	21.36
08/20	4.23	-4.82	-1.28

# Fidelity Future Leaders

## 19893

**Morningstar Analyst Rating**  
 **Gold**  
 8 Sep 2020  
 16:33, UTC-0500

## People

**Morningstar Category**  
Equity Australia Mid/Small Blend

**Category Index**  
S&P/ASX Small Ordinaries TR AUD

### Excellent judgement and thoughtful approach set this portfolio manager apart.

#### People Pillar High

Sep 08, 2020 | Portfolio manager James Abela has run Fidelity Future Leaders in pilot form since 2009 and this fund since 2013 but joined Fidelity in 2004 as a research analyst. He comes with considerable investment experience, including working as an equity research analyst at Constellation Capital. Abela normally spends a large por-

tion of his time consulting with Fidelity's analysts, but crucially he forms his own well-considered views, which has ensured the avoidance of stock-selection missteps experienced elsewhere at Fidelity. While the Sydney-based investment research team has endured higher turnover than we would like in recent years, the appointment of experienced investor Viral Patel as director of research has been beneficial to ensure research quality. Each analyst has coverage responsibilities for a specific sector, and these rotate every three to four years to ensure the production of

well-rounded insights. In addition, a team of five Delhi-based research specialists help the local investment team with day-to-day stock modelling and specialist research projects. Analysts are directly accountable for their calls, which, in conjunction with appraisals by the Fidelity portfolio managers, constitute the major part of their incentive plans. In Abela's case, the greater part of his remuneration is linked to strategy performance, weighted toward three- and five-year returns.

#### Management Team

Number of Managers	Longest Tenure
1	7.17 Years

**Advisor**  
FIL Limited

**Subadvisor** (0 of 0)

#### James Matthew Abela 07/13 to Present

Years of Experience	Current Funds Managed	Fund AUM
24	2	794 Mil AUD

Largest Funds Managed	Tenure Dates	Role	Net Assets Mil AUD	Portfolio Turnover %	Tenure Ret %	Index Ret %
Fidelity Future Leaders	07/13-to Present	Lead	794	97	14.04	7.42

# Fidelity Future Leaders

## 19893

Morningstar Analyst Rating

8 Sep 2020  
16:33, UTC-0500

## Parent

### Morningstar Category

Equity Australia Mid/Small Blend

### Category Index

S&amp;P/ASX Small Ordinaries TR AUD

### Changes to the senior management team require monitoring, but we continue to consider Fidelity International an above-average parent.

#### Parent Pillar

Above Average

Aug 19, 2019 | Fidelity International Limited (FIL) is mainly owned by management and members of the Johnson family, who founded US-based Fidelity International (FMR). The entities have been separate since 1980, but while FIL is now nearly fully autonomous in all aspects of the business,

changes to the senior management team in 2018 and 2019 suggest that commonalities with FMR in culture and operations remain. In keeping with its focus on proprietary fundamental research, the group has one of the largest research capabilities, with over 400 investment professionals and a global research support network. It also continues to invest in resources and infrastructure across all disciplines--equities, fixed income, and multi-asset. In addition to a new CEO, the heads of each discipline were also replaced. This brings an element of uncertainty, but the roles are such

that they are not overly hands-on with the investment floor, where general staff turnover has remained respectably low, pointing to good staff retention. We therefore do not believe it will affect the positive investment culture we have observed. There remain some discrepancies in remuneration between asset classes, but we deem each respective setup logical and broadly aligned with investors. Overall, we still believe the group exhibits above-average qualities but will be monitoring how the new management team beds down.

### Fund Family Details

Largest Funds	Category Name	Net Assets Mil AUD	Morningstar Rating Overall	Return % 3-Year	Rank in Cat % 3-Year	Return % 5-Year	Rank in Cat % 5-Year	Fee Level
Fidelity Australian Equities	Equity Australia Large Blend	5,196.5	★★★★★	7.12	20	7.69	23	Low
Fidelity Future Leaders	Equity Australia Mid/Small Blend	794.0	★★★★	15.72	16	15.47	16	Below Avg
Fidelity WS Plus Australian Equities	Equity Australia Large Blend	561.9	★★★★	7.35	19	7.89	19	Low
Fidelity Asia	Equity Asia Pacific w/o Japan	565.7	★★★★★	14.02	10	13.94	1	Low
Fidelity Global Equities	Equity World Large Growth	386.5	★★★	13.63	57	10.29	47	Below Avg

Best Performing Funds	Category Name	Net Assets Mil AUD	Morningstar Rating Overall	Return % 3-Year	Rank in Cat % 3-Year	Return % 5-Year	Rank in Cat % 5-Year	Fee Level
Fidelity Global Emerging Markets	Equity Emerging Markets	263.3	★★★★★	12.26	3	11.73	8	Low
Suncorp BSuper Per-Fidelity Aus Equities	Equity Australia Large Blend	3.2	★★★★★	7.75	8	—	—	—
Fidelity Asia	Equity Asia Pacific w/o Japan	565.7	★★★★★	14.02	10	13.94	1	Low
Fidelity Future Leaders	Equity Australia Mid/Small Blend	794.0	★★★★	15.72	16	15.47	16	Below Avg
ANZ Smart Choice Super-Fidelity Aust Eq	Equity Australia Large Blend	2.3	★★★★	7.45	11	7.94	14	—


Worst Performing Funds	Category Name	Net Assets Mil AUD	Morningstar Rating Overall	Return % 3-Year	Rank in Cat % 3-Year	Return % 5-Year	Rank in Cat % 5-Year	Fee Level
Fidelity China	Equity Greater China	73.0	—	4.06	67	7.78	1	—
AMP FLI-Fidelity Global Equities	Equity World Large Growth	6.3	★★	12.15	67	8.76	71	High
Fidelity Global Equities	Equity World Large Growth	386.5	★★★	13.63	57	10.29	47	Below Avg
Fidelity WS Plus Global Equities	Equity World Large Growth	13.9	★★★	14.10	50	10.59	40	Low
ANZ OA IP-Fidelity Australian Equity EF	Equity Australia Large Blend	4.8	★★★★	5.83	41	6.42	50	High

Top Analyst Rated Funds	Category Name	Net Assets Mil AUD	Morningstar Analyst Rating	Return % 3-Year	Rank in Cat % 3-Year	Return % 5-Year	Rank in Cat % 5-Year	Fee Level
Fidelity Australian Equities	Equity Australia Large Blend	5,196.5	Gold	7.12	20	7.69	23	Low
Fidelity Future Leaders	Equity Australia Mid/Small Blend	794.0	Gold	15.72	16	15.47	16	Below Avg
Fidelity Australian Opportunities	Equity Australia Large Blend	314.5	Silver	7.07	20	8.90	12	Low
Fidelity Asia	Equity Asia Pacific w/o Japan	565.7	Bronze	14.02	10	13.94	1	Low
Fidelity Global Emerging Markets	Equity Emerging Markets	263.3	Bronze	12.26	3	11.73	8	Low

Most Recent Fund Launches	Category Name	Net Assets Mil AUD	Inception Date	Total Return% Since Inception	ICR	Fee Level
OA Frontier TTR-Fidelity Australian Eq	Equity Australia Large Blend	5.6	2018-05-26	5.55	1.09	—
OnePath OA TTR-Fidelity Aust Eqs NEF	Equity Australia Large Blend	0.5	2018-05-26	3.99	2.84	—
OnePath OA TTR-Fidelity Aust Eqs EF/Sel	Equity Australia Large Blend	0.1	2018-05-26	4.65	2.09	—
ANZ OA TTR-Fidelity Australian Eqs DEF	Equity Australia Large Blend	0.0	2018-05-26	4.01	2.84	—
ANZ OA TTR-Fidelity Australian Eqs EF	Equity Australia Large Blend	0.0	2018-05-26	4.81	2.09	—

# Fidelity Future Leaders

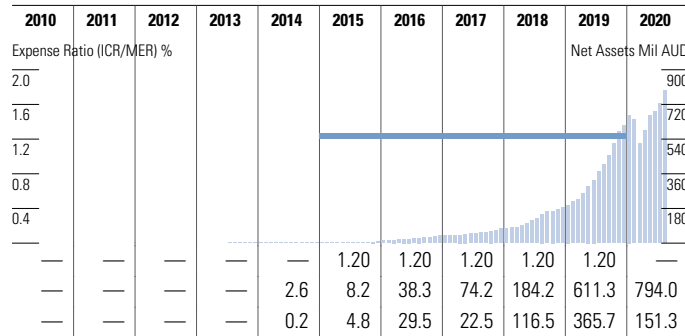
## 19893

**Morningstar Analyst Rating**  
 **Gold**  
 8 Sep 2020  
 16:33, UTC-0500

### Price

**Morningstar Category**  
 Equity Australia Mid/Small Blend

**Category Index**  
 S&P/ASX Small Ordinaries TR AUD



**Expenses and Assets**

— Expense Ratio (ICR/MER)  
 ■ Net Assets Mil AUD

Expense Ratio (ICR/MER)  
 Net Assets Mil AUD  
 Net Flows Mil AUD

#### Price Pillar

Sep 08, 2020 | It's critical to evaluate expenses, as they come directly out of returns. The share class on this report levies a fee that ranks in its Morningstar category's second-cheapest quintile. Based on our assessment of the fund's People, Process and Parent pillars in the context of these fees, we think this share class will be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Gold.

#### Expense Breakdown

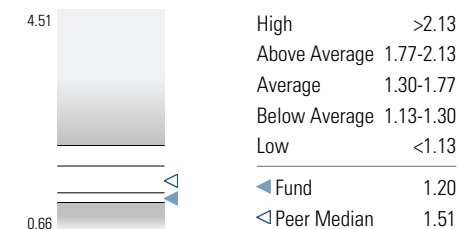
Indirect Cost Ratio (ICR)	
Annual Report 30/06/19	1.20
Performance Fee	
Actual Performance Fee	0.00
Hurdle	N. Ap
High Watermark	N. Ap
Selected Components	
Management	1.20
Tax Cost Ratio (3-Year)	—

#### Fee Level

**Fee Level**  
 Below Avg

**Peer Group**  
 Australian Equities - Small-caps Min Initial Below 50,000

#### Fee Level Breakpoints



#### Share Class Information Largest 1 of 1

Share Class	APIR	Category Name	Fee Level	ICR	Fees (Max) — Mgmt Admin	Minimum Initial Inv	Assets Mil AUD	1-Yr Flow Mil AUD
<b>Fidelity Future Leaders</b>	<b>FID0026AU</b>	<b>Equity Australia Mid/Small Blend</b>	<b>Below Avg</b>	<b>1.20</b>	<b>1.20</b> —	<b>25,000</b>	<b>793.99</b>	<b>355.72</b>



# Research Report Disclosure Document (Australia and New Zealand)

## Currency

This Research Report is current as at the date on the report until it is replaced, updated or withdrawn. Our financial product research may be withdrawn or changed at any time as other information becomes available to us. A report will be updated if events affecting the report materially change.

## Research Criteria

For further information as to:

- the scope of our research,
- the process by which products are selected for coverage,
- the filters and research methodology applied, and
- Morningstar's ratings and recommendation scales across credit, equity, ETF, fund, and LIC research, please refer to the Research Overview documents at [www.global.morningstar.com/au/researchdocuments](http://www.global.morningstar.com/au/researchdocuments)

## Material Interests and Conflicts of Interest and How We Manage Them

### (1) Holding Securities in Product Issuers

No material interests are held by us, our staff, or a related company in the financial products that are the subject of the report or the product issuer. Generally, analysts are not permitted to hold securities in entities that they rate, subject to specific waivers by the Morningstar Securities Trading and Disclosure Policy Committee.

### (2) Fees From Publishing This Report

The Morningstar Group and its staff and associates will not receive any direct benefit from the publication of this report. Morningstar does not receive commissions for providing research and does not charge companies to be rated. Where Morningstar provides research it is remunerated by subscribers paying a subscription fee. This fee is variable depending on the client's specific requirements.

### (3) Who Do We Rate?

Morningstar has an associated business, Morningstar Investment Management Australia, which provides investment management services.

Morningstar avoids any potential conflict of interest by not undertaking or publishing qualitative analyst research on Morningstar Investment Management's investment products.

Morningstar avoids potential conflicts of interest by not publishing qualitative analyst research or qualitative ratings on investment products that track a Morningstar Index.

### (4) Providing Other Services

Morningstar may provide a rated product issuer or its related entities with the following services or products for a fee and on an arms length basis:

- Software products and licences
- Research or advisory services
- Equity, credit and fund data services

- Licences to republish our ratings and research in their promotional material. (Any licensing agreement takes place after the ratings and research have been completed and published to our clients and the wider marketplace, and the product provider therefore cannot influence the outcomes of our assessments. Licensing negotiations are undertaken by sales employees segregated from research employees.)
- Licences to use our Morningstar Indexes
- Event sponsorship
- Website advertising

### (5) Our Employees:

Our employees may from time to time receive nominal gifts/hospitality from clients and/or product providers. We have strict guidelines in place as to the circumstances and extent to which our employees may accept any such gifts/hospitality.

Morningstar regularly reviews all gifts, benefits and entertainment received to ensure adherence with internal policy requirements. Our employees are guided by our Code of Ethics and our related conflicts of interest policies.

Some of our Manager Research staff participate from time to time in overseas industry forums. The costs are paid by the event organiser which in turn charges fees to fund managers on which Morningstar may produce qualitative research reports and ratings. That is, the benefits are indirectly provided by the fund managers.

Morningstar research staff are remunerated by salary and do not receive any commissions or fees. They may be eligible for an annual bonus which is discretionary and relevant to their role as offered by Morningstar from time to time. Certain staff may also receive Restricted Stock Unit Grants in Morningstar, Inc. that are vested over a defined period.

### Reasons For Our Opinion and Recommendation

The opinions and recommendations in the research report are based on a reasonable assessment by the research staff member who wrote the report of information provided by the product issuer and generally available in the market. Our research staff:

- are well-qualified,
- exercise due care and skill in assessing the information available to them, and
- give their opinions and recommendations on reasonable grounds.

### Information regarding Flagship Fund Analyst Rating

The Morningstar Flagship Fund Analyst Rating has been allocated to platform versions of the relevant strategy. A Morningstar Analyst Rating is assigned to the flagship fund which is the primary share class that the Australian manager research team considers to best represent the underlying strategy, using criteria such as fund size and its age. Platform vehicles are typically distributed through channels that are separate to the manager of the flagship fund. Platform versions of Australia and New Zealand funds carrying the Flagship Fund Analyst Rating have not been separately rated under the Morningstar Analyst Rating methodology. This approach recognises that platform versions can have negotiable fees and reliable representative cost data may not be readily available. As a result, platform versions of the strategy retain the linkage and the rating of the Flagship share class.

When a fund is assigned a Flagship Fund Analyst Rating, all text commentary refers to the relevant Flagship fund. Consequently, the price text commentary may not align with the fee charged by the share class shown in this report. All other data shown remains relevant to this report. Please refer to the fund's product disclosure statement for further information on fees.

### Copyright, Disclaimer & Other Information

#### Financial Services Guide

Please refer to our Financial Services Guide (FSG) for

more information. This is available at: <http://www.morningstar.com.au/s/fsg.pdf>

### The Provider

Morningstar Australasia Pty Ltd ('Morningstar') ABN: 95 090 665 544, AFSL: 240892 (a subsidiary of Morningstar, Inc.) of Level 3, International Tower 1, 100 Barangaroo Avenue, Barangaroo NSW 2000 is the provider of the general advice ('the service') provided in this report. The service is provided through the research and rating of investment products.

### Copyright

© The material contained in this document is copyright of Morningstar, Inc., its licensors and any related bodies corporate that are involved in the document's creation. All rights reserved. Except as permitted by the Copyright Act 1968, you may not reproduce, transmit, disseminate, sell or publish this information without the written consent of Morningstar, Inc. and may only use the information for your internal purposes.

### Trademarks

'Morningstar' and the Morningstar logo are registered trademarks of Morningstar, Inc.

### Disclaimer

All care has been taken in preparing each research report but please note that we base our financial product research on current information furnished to us by third parties (including the financial product issuers) which we cannot necessarily verify. While we will use all reasonable efforts to obtain information from reliable sources, we do not guarantee the data or content contained to be accurate, complete or timely. To the extent that our research is based on information received from other parties, no liability is accepted by Morningstar, its affiliates nor their content providers for errors contained in the report or omissions from the report. Morningstar determines ratings on the basis of information disclosed to Morningstar by investment product providers and on past performance of products. Past performance does not necessarily indicate a financial product's likely future performance.

To the extent that any of the content of the research report constitutes advice, it is general advice (being a 'class service,' and not a 'personalised service' as defined in the Financial Advisers Act 2008, in respect of New Zealand Products) which has been prepared or distributed by Morningstar Australasia Pty Ltd ABN: 95 090 665 544, AFSL: 240892 and/or Morningstar Research Limited, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. You should consider the advice in light of these matters and, if applicable, the relevant product disclosure statement and the information provided by Morningstar as to the scope of the research, the process by which products are selected for coverage, the filters and research methodology applied, and the spread of ratings as well as any additional warnings, disclaimers or qualifications before making any decision to invest. Our publications, ratings, and products should be viewed as an additional investment resource, not as your sole source of information.

### Further Information

If you wish to obtain further information regarding previous research reports and recommendations and our services, please contact us on:

[Morningstar.com.au](http://Morningstar.com.au) subscribers

Tel: 1800 03 44 55

Email: [help.au@morningstar.com](mailto:help.au@morningstar.com)

Advisers/Institutions/Others

Tel: +61 2 9276 4446

Email: [helpdesk.au@morningstar.com](mailto:helpdesk.au@morningstar.com)