Smarter Money Fund

Date: 23 April 2020

Investment Rating Report

Investment Rating: SUPERIOR
Product Complexity: BLUE – Relatively Simple Product

Fund Details
Investment Manager: Smarter Money Investments Pty Ltd
Investment Structure: Open-ended Australian Unit Trust
Wholesale/Retail: Retail
Category: Cash
Investment Style: Enhanced Cash
Inception: 1 February 2012
Management Fee: Investment management fee of 0.41% p.a. plus 0.25% administration fee (Assisted Investor)
Performance Fee: 20.5% of the excess return above the RBA cash rate + 1.00% p.a. after all management fees, administration fees, and other fund costs
Distribution: Quarterly
Responsible Manager/Entity: Equity Trustees Limited
Investment Objective: Targets returns that outperform the RBA Cash Rate by 1-2% p.a. after fees, through investments in cash and bonds

Performance

Period Ending 29/2/2020	Gross Return (Assist)	Net Return (Assist)	RBA Cash Rate	Net Excess Return
1 month	0.10%	0.05%	0.06%	-0.01%
3 months	0.58%	0.40%	0.19%	0.21%
6 months	1.15%	0.80%	0.40%	0.40%
1 year	3.30%	2.40%	1.05%	1.35%
2 years pa	3.03%	2.17%	1.27%	0.90%
3 years pa	3.15%	2.32%	1.35%	0.97%
4 years pa	3.87%	2.96%	1.42%	1.54%
5 years pa	3.52%	2.64%	1.55%	1.09%
Inception pa Feb 2012	4.61%	3.68%	2.05%	1.63%

Source: Smarter Money Fund Performance Report February 2020

Review Summary

The Smarter Money Fund (the Fund) is an actively managed, low-duration, enhanced cash investment solution that targets excess returns of 1 -2% (net of fees) vs. the RBA cash rate p.a. over a rolling 12-month period. The Fund is managed by Coolabah Capital Investments (CCI), a boutique fixed interest specialty manager. Key differentiators of CCI's approach are:

- The strategy is very active and opportunistic; it is designed to exploit bond valuation mispricing rather than interest rate duration, credit, or illiquidity beta. Typically, the fund has very low interest rate risk, it has investment grade credit risk and high levels of liquidity.
- The combination of top-down and bottom-up quantitative, fundamental, and technical analysis enables the manager to generate differentiated insights about the market in which it operates. These insights afford the manager the ability to adapt to market conditions and position the portfolio accordingly.
- Relatively large investment team, with significant resources devoted to price discovery.

The market turmoil caused by COVID-19 is likely to create considerable challenges as well as some opportunities for all investors over the next 6-12 months. We believe that CCI is in a relatively strong position to weather these challenges and take advantage of the opportunities, mainly due to their nimble strategy and the quality and liquidity of their portfolio. Nonetheless, investors should be prepared for a more volatile pattern of returns and accept a potentially extended time horizon for achievement of the strategy's return objective.

Investment Rating & Product Complexity Indicator

A **SUPERIOR rating** indicates the highest level of confidence that the Fund can deliver a risk-adjusted return in line with its investment objectives. The investment manager support for this strategy is very well resourced and continues to be enhanced.

Designation as a **RELATIVELY SIMPLE** product indicates that the investment manager will seek to outperform their chosen mainstream market sector. The strategies used to outperform may include use of very liquid derivatives such as index futures. While these funds are still expected to move fairly closely in line with mainstream markets there may be periods where they outperform or underperform the benchmark index.

Fund Details

Fund Name	**Smarter Money Fund**
Dominant Strategy	The Smarter Money Fund targets returns that outperform the RBA Cash Rate by 1-2% after fees, through investments in cash and bonds.
Fund Type	Short-Term Fixed Interest
Investment Manager	Smarter Money Investments Pty Ltd
Sub-Investment Manager	Coolabah Capital Institutional Investments Pty Ltd
Trustee/RE	Equity Trustees Limited
KEY FEATURES	
Fund Inception	February 2012
Domicile	Sydney, Australia
Legal Form	Registered open-ended Australian Unit Trust
APIR Codes	Platform/Assisted: CRE0014AU fund: SMF01, Institutional Class A CRE0015AU
Geographic Mandate	Australian securities and derivatives, Australian-entity securities issued overseas.
Open	Yes
Management and Administration Fee	0.66% p.a - 0.41% p.a. investment management fee plus 0.25% p.a. administration fee. (Assisted Investor class)
Performance Fee	20.5% of excess returns above the RBA cash rate + 1.00% p.a. after all management fees, administration fees, and other fund costs. Paid monthly annually in arrears.
High Water Mark	Cumulative monthly return of the Fund, incl. distributions and before performance fees. No performance fees are payable until any accrued Fund losses from prior periods have been made up.
Distributions	Quarterly 30 June, 30 September, 31 December, 31 March
FUM	A$648.7 million as at 29 February 2020
Minimum Subscription	A$1,000
Subsequent Subscription	A$1,000 (or $100 per month for a regular savings plan)
Entry Fee	No
Exit Fee	0.05% exit spread paid to unitholders in the trust
Fund Term	Open-ended
Reporting	Online 24/7, monthly reports, quarterly/annual distribution and tax statements
Redemptions	Daily
PRIMARY CONTACT	
Name and Title	Gary Walsh, Head of Asset Origination
Email Address	gary.walsh@coolabahcapital.com
Telephone Number	1300 901 711
Website	www.coolabahcapital.com

Investment Profile

BACKGROUND

Equity Trustees Limited (EQT) is the Responsible Entity (RE) of the Smarter Money Fund, established in 2012. EQT has appointed Smarter Money Investments Pty Ltd (SMI), a Sydney-based cash and fixed interest manager, as the Investment Manager. SMI in turn outsources all funds management responsibility to Coolabah Capital Institutional Investments Pty Ltd (CCI) via a sub-investment management agreement.

SMI was established to offer investors fixed income products characterised by a low volatility risk profile. Until July 2019, SMI was equally owned by CCI (50%) and its retail distribution partner Yellow Brick Road Holdings Ltd (YBR), an ASX listed company. YBR was responsible for funding the costs of SMI's retail distribution requirements. The initial offer was the Smarter Money Fund which was launched in February 2012. This was followed by the launch of the Smarter Money High Income Strategy Fund in September 2014. The Smarter Money Long-Short Credit Fund was the third fund, launched by SMI in 2017.

In July 2019, CCI bought out the 50% YBR stake and made some changes to the distribution channel. Another ownership change took place at the end of 2019. The 25% stake in CCI owned by AMB Holdings was sold to Pinnacle Investment Management (ASX:PNI), a sizeable investment management organisation with around $60bn in assets under management (AUM) and small overseas presence. The CCI team continues to own 75% of CCI shares, as has been the case since inception. As a result of this transaction, a number of changes to the distribution partners line up occurred with Pinnacle now being largely responsible for distribution of CCI's funds and capabilities. Given its strong distribution and complementary investment management capabilities, the new shareholder should be a suitable partner in supporting CCI's ambition to grow and expand internationally.

CCI has invested approximately $10m-$20m of its own capital into its strategies, which provides for strong alignment of interests. Profits have been re-invested in the business, mainly in additional staff, systems, and technology.

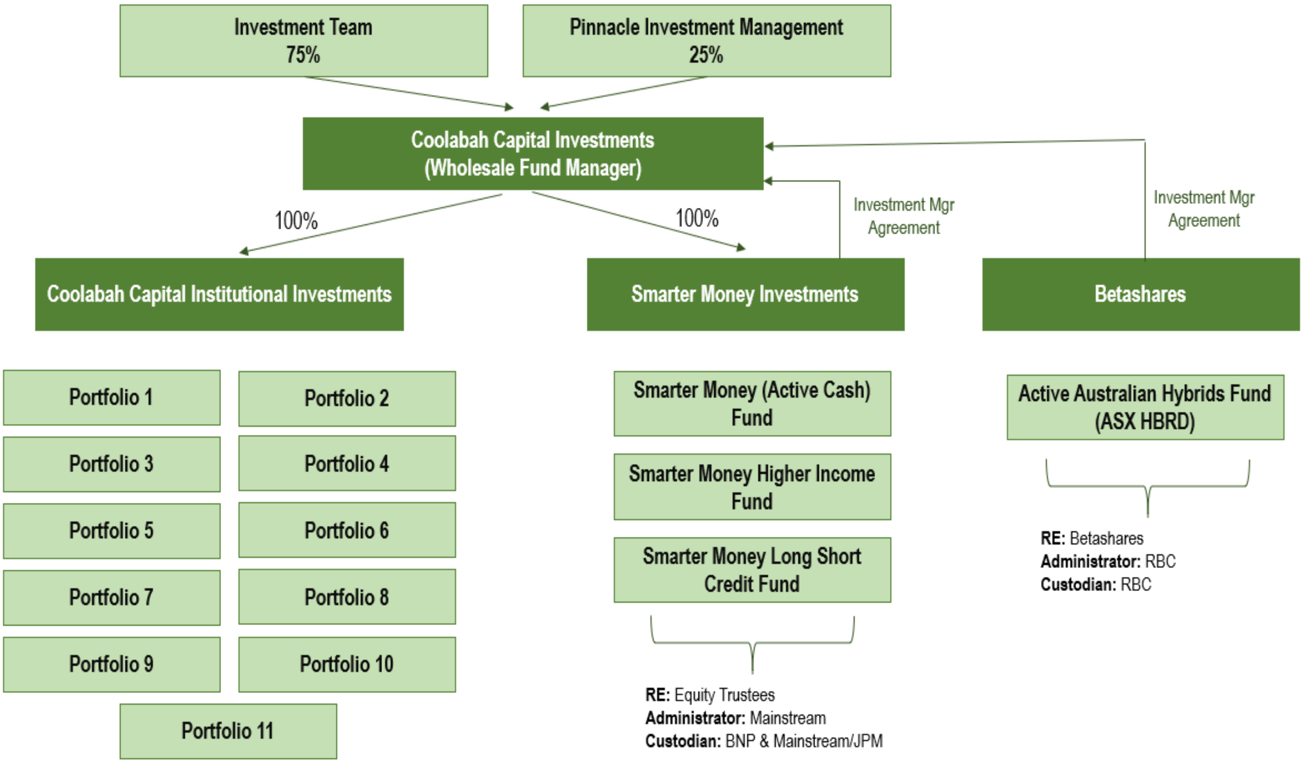
CCI is intending to open a London office in July of this year, initially for trading. The manager has a strong desire and intention to grow and expand overseas and believes that its overall AUM capacity across all the strategies is between $15bn to $20bn. Pinnacle, which has offices in London and NY, is expected to lead charge in CCI's planned overseas expansion and is tasked with exploring the best investment structures for offering the manager's capabilities in overseas markets.. According to Chris Joye, the founder of the business and the CIO, the focus of the business over the next 6-to-12 months will be consolidation; i.e., the manager is unlikely to make a lot of changes.

The table below summarises the existing funds/product mix with total AUM in 2019 and February 2020. There has been a decline in the Fund's inflow which according to the manager are mainly a result of weaker adviser inflows.

Total FUM

Strategy /Funds	$ January 2019	$ February 2020
Smarter Money Fund	$647.39 m	$648.38 m
Smarter Money Higher Income Fund	$390.75 m	$397.91 m
Smarter Money Long Short Credit Fund	$342.10 m	$377.53 m
Coolabah Institutional Cash Plus Fund	$129.20 m	$129.17 m
Coolabah Institutional Active Credit Fund	$328.22 m	$327.61 m
BetaShares Active Australian Hybrids Fund	$688.51 m	$692.99 m
Mandates	$631.86 m across 7 mandates	$806.92 m across 9 mandates
Total	**$3,158 m**	**$3,381 m**

Fund Management Structure



OBJECTIVE

The Smarter Money Fund targets returns that outperform the RBA's official cash rate plus 1-2% p.a. after fees and usual expenses, over a rolling 12-month period. The Fund has a conservative investment approach with a focus on Australian dollar denominated fixed income securities.
This strategy aims to produce superior returns to bank deposits while maintaining the characteristics of low volatility (<1% p.a.), high liquidity, and minimal capital loss through interest rate and/or credit risk.

FUNDS UNDER MANAGEMENT

As of February 2020, the Smarter Money Fund has funds under management (FUM) of $648.4m. CCI manages approximately $3.4 billion ($4.5bn including leverage) in Australian active cash and credit strategies for a predominantly institutional client base (70%). There are around 15 portfolios including the five funds and separately managed mandates. In addition, CCI manages the BetaShares Active Australian Hybrids Fund ETF. However, according to the manager, all the strategies use the same underlying 'alpha' engine, with each strategy's portfolio being driven by its specific risk parameters.

INVESTMENT UNIVERSE

The Fund invests in the Australian cash credit/fixed-income sector, which encompasses Australian-issued government and semi-government bonds, corporate and financial bonds, and the cash securities market.

The Fund can invest in:

Physical assets denominated in AUD (hedged or issued in AUD)	Derivatives
▪ cash, TDs and cash equivalents	▪ interest rate derivatives
▪ senior and subordinated debt securities	▪ credit derivatives such as credit default swaps
▪ asset-backed securities (ABS)	▪ foreign exchange derivatives
▪ residential mortgage-backed securities (RMBS)	
▪ ASX listed AUD ADI deposit ETFs	
▪ foreign denominated debt (issued by Australian incorporated companies)	

Derivatives are used to hedge interest rate, credit and macro-economic risks. Short positions must be backed by matched physical assets; long derivatives positions must be matched by cash equivalents. Only purchases are permitted, unless used for hedging.

The objective is to invest in relatively low risk and liquid investments, primarily senior and subordinated debt securities and derivatives issued by Australian entities domestically and overseas, with the majority of the portfolio in investment-grade quality debt securities. While not strictly reinforced through the strategy's risk management limits, the manager has a bias towards oligopolies and monopolies aiming to exploit the explicit or implicit government guarantees.

Investment Philosophy

The manager's philosophy is grounded in active management and in the belief that a detailed, research-driven approach in selecting and managing Australian fixed interest securities can generate alpha. In addition, CCI believes that dynamic portfolio weighting between cash and credit, using a bottom-up and top-down valuation framework, can add considerable value and reduce volatility risk.

Specifically, the manager cites the following characteristics of the domestic fixed income market that create opportunities to add value though an active approach:

- The Australian fixed interest market is highly inefficient as most Australian investment-grade fixed-income is traded over the counter; hence there is no mandated price discovery/disclosure through Austraclear. This results in highly opaque/inefficient asset pricing, which is compounded by a large number of 'passive' fixed-income styles in the market.
- In their view, even most 'active' fixed-income managers are very passive; 'buy-and-hold' investors focused on 'yield' and neglecting 'total returns' with inadequate emphasis being placed on top-down/bottom-up valuation models.
- CCI believes that exposure to long-term interest rate duration risk is the biggest source of capital risk in fixed-income. They don't think that anyone can forecast GDP growth or interest rate changes beyond 6-12 months.

Investment Strategy

CCI differentiates itself from typical fixed interest strategies such as index management and buy-and-hold by being active and opportunistic across the whole portfolio, i.e., security selection and asset allocation. It is designed to exploit bond valuation mispricing as a source of risk-adjusted return (or alpha) rather than driving returns through interest rate duration, credit or Illiquidity beta. Typically, the fund has very low interest rate risk, it has investment grade credit risk and high levels of liquidity.

CCI aims to generate risk-adjusted returns predominantly through identifying mispriced bonds (generally, floating). They value securities on a bottom-up and top-down basis using a mix of quantitative and qualitative models and technical analysis to find assets that are mispriced and that can deliver capital gains when they normalise or mean-revert over and above their yield. The manager has a total return focus which means it won't hold over-valued assets for the sake of income.

The investment manager actively selects high quality cash and floating-rate assets with the goal of maximising investors' risk-adjusted returns. The target objectives include portfolio duration (exposure to interest rate changes) of less than three months, target weighted-average credit quality equivalent to S&P A+ to A- (investment grade credit risk), and portfolios that can liquidate 90-100% of the assets within t+3 days during normal conditions, and within t+5 days during crises. The targeted weighting to investment grade, Australian dollar denominated, and issued floating rate notes is 80% of the portfolio, with a minimum of 10% in cash and cash equivalents. While this is the target, the Smarter Money Fund will dynamically allocate assets between cash and bonds and is able to go to 100% or cash equivalents. Since inception, the average portfolio weight to cash (to Feb 2020) has been 36.7% and to credit around 73.3%. There have, however, been periods when the cash weight has been as low as 10% and higher than 80%.

<table>
<tr><th>Common strategies across all Funds</th><th>Fund</th><th>Target Return (p.a.)</th><th>Volatility Limit (p.a.)</th><th>Additional strategies</th></tr>
<tr><td rowspan="3">Active Cash
- securing best ADI deposit rates
- diversification of providers
- short term duration macro calls
Active Credit
- Bottom-up & top down quant valuation and credit rating analysis
- Market making - price discovery
Active Asset Allocation
- Will switch between cash and credit, depending on relative value.</td><td>Active Cash</td><td>RBA cash + 1% to 2%</td><td><1%</td><td>Invests in Australian cash and IG credit only. No Tier 1 hybrids permitted.</td></tr>
<tr><td>Higher Income</td><td>RBA cash + 1.5% to 3%</td><td><2%</td><td>Invests in Australian cash, IG credit and hybrids.</td></tr>
<tr><td>Long-Short Credit</td><td>RBA Cash + 4% to 6%</td><td><5%</td><td>This Fund has an extended universe, higher allowable weightings and can:
- go long and short securities and derivatives
- leverage the portfolio up to 4x invested capital.
- Use credit default swaps</td></tr>
</table>

Investment Process

CCI's investment process is focused on the valuation and pricing of the individual bonds in its universe, using both top-down and bottom-up analysis as well as qualitative and quantitative valuation analysis. Essentially, the models estimate 'fair value' credit spreads, adjusted for all bond risk factors (rating, maturity, liquidity, default risk, capital stack position etc). As credit spreads normalise/mean-revert, CCI generates capital gains on top of interest paid on the bond.

The manager attributes the majority of value added (75%) to coming from quantitative and qualitative fundamental valuation analysis.

Factor	Contribution
Quantitative and Qualitative Fundamental Valuation	~75%
Supply/Demand Technicals	~12.5%
Macro Market Sentiment (Behavioural)	~12.5%

We note that the use of a large number of models, the high frequency trading, and the significant top-down element in the process makes the investment decision process somewhat opaque.

The investment process is multi-dimensional consisting of three key phases:

- The Investment and Governance Mandate (IGM) determines if an asset can be acquired by the Fund or if an existing asset can be retained in the Fund.
- Potential investments are subject to both traditional credit analysis (formalised in a report) and a range of quantitative valuation and credit assessment processes.
- The investment undergoes compliance and risk testing and the Portfolio Managers accept/reject and, where appropriate, finalise the pricing/sizing of the investment.

While structured and grounded in the models, the process and the models are being refined on a continuous basis. For example, the quantitative credit rating model has been enhanced by addition of machine learning based predictions model. The manager has always been active in price discovery as well as opportunistic on the Australian market buy-side market-making; over the last year they have formalised their insights into the flow of data reflecting supply and demand for fixed income securities and hence technical analysis has become a more visible part of the process.

Quantitative and Qualitative Process

Phase 1

Investment and Governance Mandate (IGM) or Investment Management Agreement (IMA) Rules
- Detailed portfolio limits/targets
- Approved/reviewed by Board

Phase 2

Top-Down Quant Valuation Models
- Use current and historical data on every bond/FRN in fund's universe
- Multi-factor regressions run cross-sectionally and over time
- These provide market based "fair-value" yield/spread estimates
- Assumes market valuation is efficient

Bottom-Up Quant Valuation Models
- Use issuer financial data
- Account for bond terms and capital structure position
- Predict probability of default and loss given default
- Provides "fair value" estimate of spread/yield using multiple Merton models

Quant Credit Rating Models
- Machine-learning based predictions of real time ratings based on relationships b/w issuers' financial data and credit ratings
- Provides quant credit rating for any given issuer/security based on objective financials
- Outperforms S&P's quant rating model

Traditional Credit Analysis & DD
- Bottom-up cash-flow modelling of individual target companies
- Assessment of profitability, liquidity, leverage, equity assets, liabilities, arrears etc.
- Heavy duty commercial due diligence of issuer/security
- Direct communications with issuer's management

Market Technicals
- Modelling supply and demand of individual bonds
- Understanding street and investor preferences for individual securities
- Understanding flow data
- Shaping expectations regarding valuations and events that influence them

Phase 3

Independent Credit Analyst Approval/Rejection of Investment
Summarised in formal research report

Pre-Trade Quantitative Compliance and DST Analysis of Investment
- Bloomberg AIM System incorporates IGM/IMA rules

Portfolio Manager Approval/Rejection of Investment
- Final decision on pricing/sizing plus Additional qual/quant DD

BOTTOM-UP VALUATION

CCI undertakes rigorous bottom-up quantitative asset valuations to price assets based on (a) the issuer's financial characteristics, (b) the asset's capital structure position, and (c) statistical estimates of the probability of default, loss given default, and hence expected loss in light of (a) and (b). These bottom-up models include, among others: several different state-of-the-art "Merton" methods utilising option pricing technology (used by the RBA as a tool for monitoring real-time credit risk), and parametric and non-parametric expected loss models, including techniques that utilise decades of rating agency data on defaults and recovery rates.

RATINGS ANALYSIS

CCI calculates its own ratings for credit securities. As an example, CCI estimates default probabilities for the major banks over a future three-year horizon, recalculated daily. They have mapped these default probabilities onto implied credit ratings based on global historical defaults within different S&P ratings since 1920.

TOP-DOWN VALUATION

CCI has also developed multi-factor top-down, regression-based valuation models that assume current market prices are correct to price assets based on their individual characteristics; credit rating, maturity, liquidity, capital structure position, industry sector, and the terms of the security in question. These top-down statistical valuation models have very high explanatory power (adjusted R-squares over 85%-90%) and are used to identify day-to-day anomalies in secondary asset pricing, and to inform CCI about the expected valuations of new primary issues.

NOTE ON QUALITATIVE DUE DILIGENCE

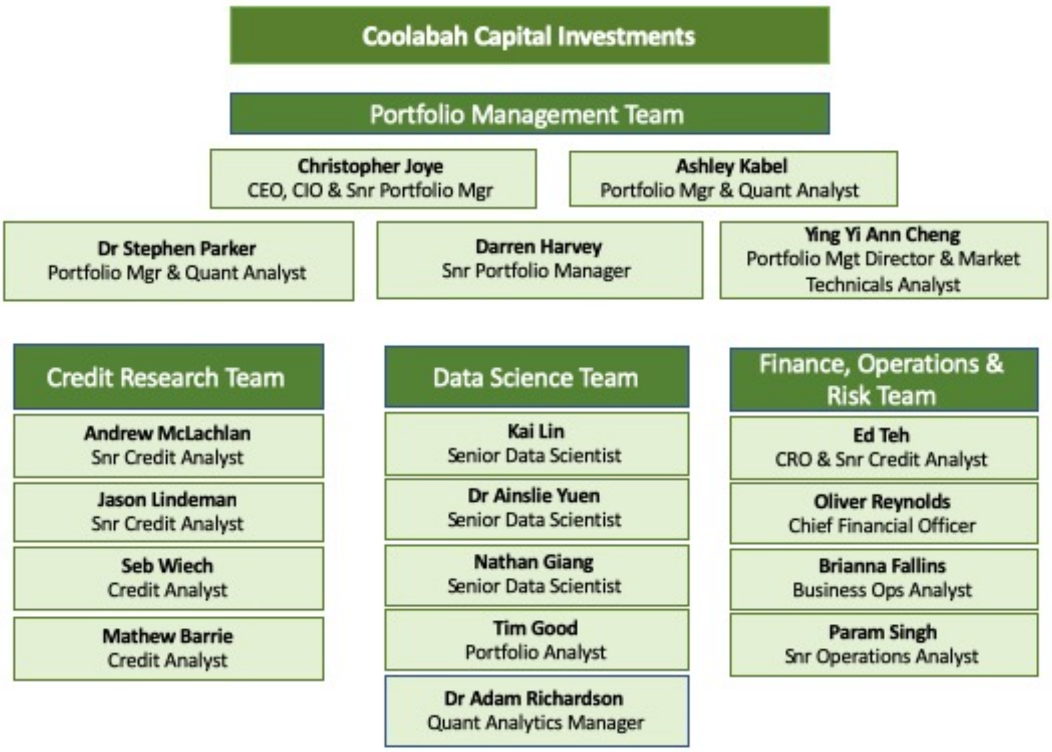
As part of the due diligence in fair value discovery, CCI devotes considerable resources to analysis of the Australian financial regulatory environment, the major issuers, and the main factors affecting interest rate and credit spread movements. CCI is open and transparent in sharing their analysis. In particular, CCI is increasingly using its analysis to interact with major market participants in what they describe as an 'activist' role. This 'activism' is important in the realisation of fair value and assists CCI's asset allocation and trading strategies.

Investment Team

The CCI team has continued to expand over the last year. There are currently 22 staff members with a team of 16 dedicated investment professionals (four portfolio managers and 11 analysts). The first employee (a senior PM, trader) has been identified for the planned London office and is expected to join in July this year. His role will be to facilitate the trading function of the CCI team.

CCI's investment team is large and well resourced, compared to many of its peers, reflecting the highly active and quantitatively complex nature of CCI's investment strategies. The CCI team is managed by Christopher Joye, who is both Co-Chief Investment Officer and Senior Portfolio Manager. It includes a number of investment professionals supported by experienced credit analysts and operational staff.

The team works collaboratively, however, Chris Joye approves every single trade, with two other portfolio managers having limited responsibility. Hence, there is a high level of key man risk in the implementation of the strategy.



PORTFOLIO MANAGERS

Christopher Joye (Snr Portfolio Manager) is a leading financial economist and funds management professional and has led the portfolio management team since inception. He worked for Goldman Sachs in mergers and acquisitions; the RBA in special projects; and he established the quantitative research group Rismark, which also managed asset-backed securities. He has served as a director of The Menzies Research Centre (a think-tank). He publishes extensively on investment issues and has advised several Australian governments on economic policy.

Darren Harvey (Snr Portfolio Manager) has spent more than two decades working in the fixed-income markets, including 10 years at Deutsche Bank in Sydney as a Director of Fixed Income and Head of Option Trading, specialising in interest rate solutions; and in London as a Director in Deutsche Bank's proprietary investment team, focusing on fixed income strategies.

Ashley Kabel (Portfolio Manager & Quant Analyst) joined CCI in 2017. Ashley was Director of Quantitative Strategies at The Cambridge Strategy based in London between 2012 and 2016. Cambridge is an award-winning FX Hedge Fund. Before this, between 2005 and 2012, Ashley was an investment analyst with portfolio management responsibilities covering FX, equities, and fixed income. At Invesco he helped develop, analyse, and manage multiple quant strategies including direct execution of fixed income portfolios.

Dr Stephen Parker (Portfolio Manager & Quant Analyst) joined CCI in 2016. Dr Parker was previously a futures trader at Star Beta focussing on Australian and US government bonds and the formulation of quantitative trading strategies and risk management models for these markets. In 2013, Dr Parker completed a PhD in Astrophysics from the University of New South Wales that involved developing automated reduction, analysis, and simulation routines relating to the mass distribution of very cold brown dwarf stars' host clusters.

Ying Yi Ann Cheng (Portfolio Management Director & Market Technical Analyst) joined CCI in 2017 as a full-time portfolio management director and market technical analyst focussing on market research, analysis and technical factors, while also assuming responsibility for external stakeholder management. She spent the majority of her career at Citibank in London, specialising in G10 and Emerging Market currencies, advising hedge fund clients and sovereign asset managers on alpha generating and risk management strategies. Prior to the sell side, Ying Yi had interned at Colonial First State and PwC in various quantitative roles.

CREDIT/QUANT ANALYSTS

Team Member	Role	Experience	Industry Time (Time with CCI)
Ed Teh	Senior Credit Analyst/ Chief Risk Officer	Local and international fixed income, bond insurance and corporate lending.	23 (6)
Andrew McLachlan	Senior Credit Analyst	Buy side credit analysis, risk pricing and processes.	27 (5)
Jason Lindeman	Senior Credit Analyst	Credit analysis, credit trading and portfolio management in Australia and London.	28 (2)
Kai Lin	Senior Data Analyst	Data scientist at CBA building machine learning models.	2.3 (2.3)
Dr Ainslie Yuen	Senior Data Scientist	VP at Goldman Sachs NY concentrating on strategy for ABS and RMBS performance.	21 (1.4)
Mathew Barrie	Credit Analyst	Assistant Manager in corporate finance with BDO; an undergraduate engineer at Winslow Civil Constructors.	3 (1.3)
Sebastian Wiech	Credit Analyst	Joined CCI as a graduate.	(1)
Nathan Giang	Senior Data Scientist	Senior analyst within the Risk Management Group's Quantitative Applications Division at Macquarie.	4 (0)
Timothy Good	Portfolio Analyst	Trader at proprietary trading house Exponential Trading	2 (1)
Dr Adam Richardson	Quant Analytics Manager	PhD in risk-based optimisation and AI; five years head of R&D at Logistical Risk Management	(1)

Business Management

Corporate Structure

Smarter Money Investments P/L is 100% owned by Coolabah Capital Investments P/L (CCI), the Fund sub-manager. CCI, in turn, is 75% owned by members of the investment team and 25% owned by Pinnacle Investment Management (ASX:PNI).

Compliance and Risk Management

RESPONSIBLE ENTITY

The Responsible Entity has the primary legal responsibility for monitoring compliance by the Investment Manager with the Fund's PDS and IGM. Compliance with the Investment Mandate is also achieved through monitoring by the portfolio managers and CCI's separate Investment Committee and Risk and Compliance Committee. These are both chaired by experienced Super Fund Director, Melda Donnelly, with independent members including former Super Fund Director, Robert Henricks, and compliance expert, Alex Wise. The Committee meets monthly. Detailed compliance procedures are in place that include notification of significant events or breaches to the Compliance Committee and the Board, notification requirements, compliance reviews, and audit requirements.

The Responsibility Entity has a Compliance Committee and a dedicated Compliance Manager. The Responsible Entity has appointed Mainstream Fund Services Pty Ltd as Administrator for the Fund, responsible for processing investment applications, unit registry, distributions and redemptions, anti-money laundering monitoring, investor reporting, and investor services. The Fund's assets and unit prices are also independently valued on a daily basis by the Fund Administrator, using the industry standard administration system, HiPortfolio.

The Fund's assets are held on behalf of the Fund's investors by BNP Paribas Securities Services; one of the world's largest providers of custodial services.

As at the date of this report, SMI's insurance cover is under the policy by Chubb Insurance Australia and includes Professional Indemnity ($5 million), Directors and Officers ($5 million), and Crime ($2 million). The combined maximum limit is ($12 million).

CCI GOVERNANCE

The Board of Directors is chaired by Melda Donnelly, who has previously been CEO of QIC, Managing Director of ANZ Funds Management, a Director of Unisuper and VFMC, and is a current member of the HESTA investment committee. Bob Henricks, the former chair of the $7 billion super fund, Energy Super, is an independent member of both the Investment Committee and the Risk and Compliance Committee. Alex Wise, an experienced compliance and risk expert, sits on the Risk and Compliance Committee.

CCI RISK MANAGEMENT SYSTEMS

In 2017, CCI transitioned to the Bloomberg Asset and Investment Manager (AIM) system, which is an "industrial scale" fixed-income order management, portfolio management, compliance, middle-office, and back-office asset management system used by over 800 institutions globally. This system represents a significant ongoing cost but it allows CCI to manage upwards of 20 portfolios using global mult-asset strategies. CCI's Bloomberg AIM system enables the following analytics:

- live portfolio revaluations and portfolio weights intra-day;
- provides dashboard view of individual portfolio exposures by security type, issuer, and sector;
- pre-trade investment compliance across a large number of mandate rules; and
- pre- and post-trade portfolio analytics including modified duration, spread duration, and credit rating distributions.

AIM provides real-time position management and portfolio analysis, enabling portfolio managers to measure a portfolio versus a benchmark and allowing traders and risk managers to view aggregate risk metrics. CCI's core quantitative valuation models directly interface with Bloomberg and are autmatically updated daily.

MIDDLE/BACK-OFFICE

CCI's internal middle-office, including a dedicated CFO and an operations analyst, uses Visual Basic to automate settlement processing. CCI's retail funds' accounting, unit registry, tax and general fund administration, and back-office services are outsourced to Mainstream Fund Services, which has circa $130bn in fund administration assets. Mainstream Fund Services uses the HiPort system for unit pricing and portfolio valuations.

CCI outsources all Responsible Entity services to Equity Trustees Limited, which has over $7bn in trust assets and its own independent compliance systems, and custody to BNP Paribas, which is one of the world's largest custodians.

CCI uses the CompliSpace enterprise-wide risk management, compliance, and governance system. CompliSpace services over 600 clients in Australia, including numerous large institutional fund managers. They have 69 staff across Australia with offices in Sydney, Melbourne, and Perth, and staff in Adelaide and Canberra.

Performance

The Smarter Money Fund has outperformed its benchmark, the RBA cash rate + 1% p.a. net of fees, over most time frames since inception.

Period Ending 29/2/2020	Gross Return (Assist)	Net Return (Assist)	RBA Cash Rate	Net Excess Return
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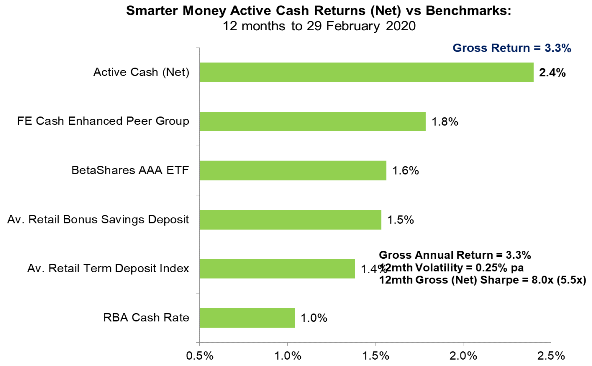
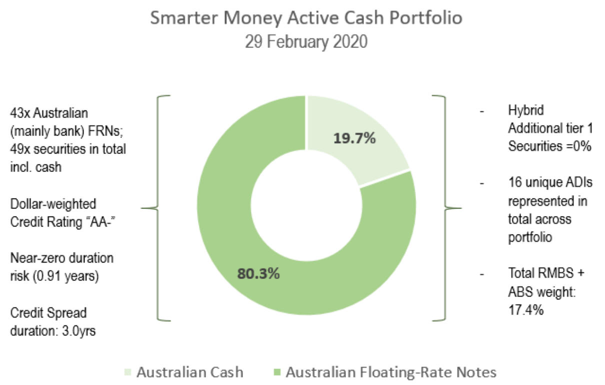
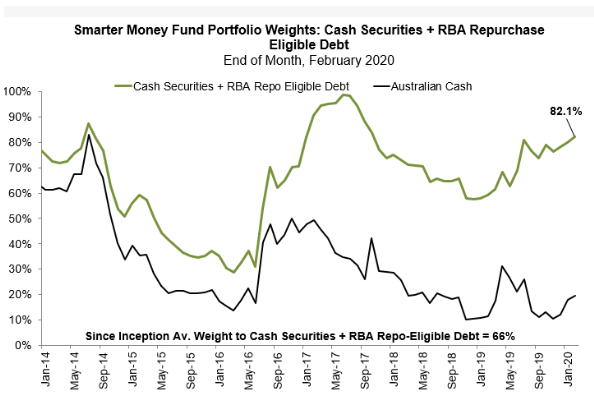


Source: Bloomberg, RBA, Coolabah Capital



Source: Collabah Capital



Source: Coolabah Capital

The market turmoil caused by COVID-19 is likely to create considerable challenges as well as some opportunities for all investors over the next 6-12 months. We believe that CCI is in a relatively strong position to weather these challenges and take advantage of the opportunities, mainly due to their nimble strategy and the quality and liquidity of their portfolio. Nonetheless, investors should be prepared for a more volatile pattern of returns and accept a potentially extended time horizon for achievement of the strategy's return objective.

PORTFOLIO SNAPSHOT

Portfolio: February 2020			
Number of months returns > RBA Cash Rate +0.66%	80.4%	Inception Average Portfolio Weight to Cash	36.7%
Portfolio Weight Cash Securities	19.7%	Portfolio Weight to AT1 Hybrids	0.0%
Portfolio Weight Floating Rate Securities	80.3%	Portfolio Weight Sub-Investment Grade	0.0%
Average Portfolio Credit Rating	AA-	Cash-Flow Duration Across Portfolio	1,156 days
Number of Cash Securities	6	Portfolio Weight to ABS/RMBS	17.4%
Number of Floating-Rate Notes/Bonds/Hybrids	43	Credit Spread Duration	3.0 years
Total Number of ADIs	16	Annual Volatility (since inception)	0.42% p.a.
Average Interest Rate (Gross Running Yield)	1.88%	Gross/Net Sharpe Ratio (since inception)	5.3/3.9 times
Modified Interest Rate Duration	0.91 years		

Source: Coolabah Capital

In line with its active style, the manager has used credit hedges to protect the portfolio in February and early March 2020. In the first week of March 2020 they also significantly raised cash in the Fund. In January, they had sold all corporate bonds and have retained exposure only to financial credit.

Transparency & Reporting

The Coolabah Capital website provides Fund details, documentation, performance, technical papers and – for researchers – detailed company structure and business management.

CCI provides:
- monthly three-page summary performance reports via email or in the public section of website;
- monthly Excel portfolio composition files for institutional clients (via email or in password protected section of website); and
- monthly Excel detailed historical performance file for institutional clients (available in password protected section of website.

THIRD PARTY & SERVICE ADVISORS

Fund Administrator	Mainstream Fund Services Pty
AFSL Licensee	Coolabah Capital Institutional Investments P/L & EQT Responsible Entity Services Ltd
Trustee Services	Equity Trustees Limited
Brokers	Several ASX brokers
Legal Advisor	Corrs Chambers Westgarth
Accounting, Fee and Distribution Calculation	Mainstream Fund Services Pty Ltd
Taxation Advisor	Mainstream Fund Services Pty Ltd
Auditor	EY Australia
Insurance Provider	Chubb Insurance Australia (Investment Manager policy) and Dual Australia Pty Ltd (Cyber security policy)
Fund Research	Data sources: Bloomberg, FT Interactive, Yieldbroker & S&P Capital IQ
IT Network Provider	GreenByte IT Services
Portfolio Software	Bloomberg

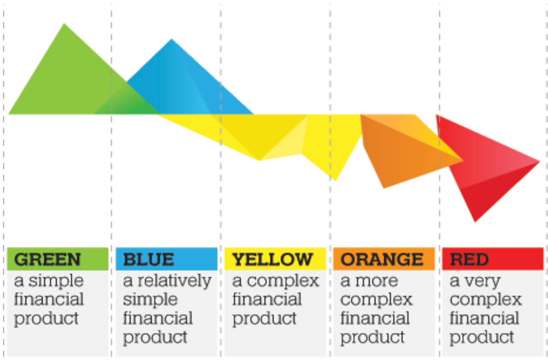
Investment Rating Scale

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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Financial Services Guide

A copy of the Financial Services Guide of Australia Ratings Analytics Pty Ltd can be found at http://www.australiaratings.com/investment-ratings/regulatory/financial-services-guide.