AUSTRALIAN
RESEARCH
INDEPENDENT INVESTMENT RESEARCH

eInvest Income Generator Fund

March 2018

INDEPENDENT
INVESTMENT RESEARCH

WHO IS IIR?

Independent Investment Research, "IIR", is an independent investment research house based in Australia and the United States. IIR specialises in the analysis of high quality commissioned research for Brokers, Family Offices and Fund Managers. IIR distributes its research in Asia, United States and the Americas. IIR does not participate in any corporate or capital raising activity and therefore it does not have any inherent bias that may result from research that is linked to any corporate/ capital raising activity.

IIR was established in 2004 under Aegis Equities Research Group of companies to provide investment research to a select group of retail and wholesale clients. Since March 2010, IIR (the Aegis Equities business was sold to Morningstar) has operated independently from Aegis by former Aegis senior executives/shareholders to provide clients with unparalleled research that covers listed and unlisted managed investments, listed companies, structured products, and IPOs.

IIR takes great pride in the quality and independence of our analysis, underpinned by high caliber staff and a transparent, proven and rigorous research methodology.

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Research analysts are not directly supervised by personnel from other areas of the Firm whose interests or functions may conflict with those of the research analysts. The evaluation and appraisal of research analysts for purposes of career advancement, remuneration and promotion is structured so that non-research personnel do not exert inappropriate influence over analysts.

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1) The research process has complete editorial independence from the company and this included in the contract with the company;
2) Our analyst has independence from the firm's management, as in, management/ sales team cannot influence the research in any way;
3) Our research does not provide a recommendation, in that, we do not provide a "Buy, Sell or Hold" on any stocks. This is left to the Adviser who knows their client and the individual portfolio of the client.
4) Our research process for valuation is usually more conservative than what is adopted in Broking firms in general sense. Our firm has a conservative bias on assumptions provided by management as compared to Broking firms.
5) All research mandates are settled upfront so as to remove any influence on ultimate report conclusion;
6) All staff are not allowed to trade in any stock or accept stock options before, during and after (for a period of 6 weeks) the research process.

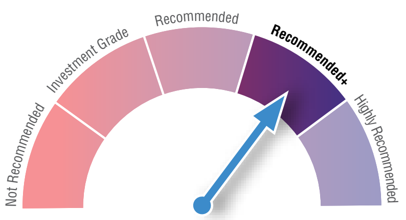
For more information regarding our services please refer to our website www.independentresearch.com.au.

eInvest Income Generator Fund

(Expected ASX code: EIGA)

Note: This report is based on information provided by the company as at March 2018

Rating



Key Investment Information

Name of Fund	eInvest Income Generator
Investment Manager	Perennial Value Management Ltd
Investment Type	Managed Fund
Offer Open Date	22 March 2018
ASX Trading Date	7 May 2018
IPO Unit Price	$4.00
Initial NAV	$4.00
Expected ASX Code	EIGA
Distribution Policy	Monthly
Benchmark	The gross yield derived from the S&P/ASX300 Franking Credit Adjusted Annual Total Return Index (Tax-Exempt)
FX Exposure	None
MER	0.65%
Expense Recovery	Capped at 0.15%
Performance Fee	None

Fees Commentary

For the actively managed, high conviction nature of the investment strategy and the well resourced investment team, the total ICR of 0.80% is broadly in-line with peer group averages.

Portfolio Characteristics

Number of stocks	20-70
Stock limits	Index Weight + 5%
Cash limit	0%-20%
Gearing	None

Note: This report is based on information provided by the Issuer as at March 2018

The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

OFFER OVERVIEW

The eInvest Income Generator Fund (EIGA or 'the Fund') is seeking to raise funds under the initial offer to seed the Fund prior to the units being admitted to trading status on the ASX at an issue price of $4.00 per unit. The Fund will be managed by Perennial Value Management Limited (the Manager). The Fund's investment strategy will mirror that of the long established Perennial Value Shares for Income trust (PVSFI). The objective of the Fund is to deliver an income yield, including franking credits and after fees, in excess of that provided by the overall Australian share market, whilst also providing the opportunity for long-term capital growth. The portfolio will be based on a high conviction, mildly concentrated enhanced yield Australian equities mandate with a portfolio of typically between 30 to 35 stocks of largely S&P/ASX 100 constituent stocks. The investment strategy will be managed by the same investment team, portfolio manager, and according to the same investment methodology as PVFSI. The Manager will use various strategies aimed at maximising the income of the portfolio including, tilting the portfolio towards higher yielding stocks, increasing weightings to stocks ahead of their dividend paying period and participating in off-market buy-backs. The Fund is targeting a distribution yield of 7% p.a. including franking credits and after fees, for the first year and which is to be paid monthly. The Fund will represent an Active Exchange Traded Fund (sometimes referred to as an exchange traded managed fund (ETMF) or exchange quoted managed fund (EQMF)), an open ended investment fund that is listed on the Australian Stock Exchange (ASX) under the AQUA rules.

INVESTOR SUITABILITY

Given the franking credit emphasis, the Fund is best suited to investors in the retirement and possibly superannuation phase seeking an enhanced level of income and able to take full advantage of franking credits and off-market share buybacks. In this regard, we note the strategy has outperformed it's stated "grossed up" yield benchmark (the yield component of the S&P/ASX 300 Franking Credit Adjusted Annual Total Return Index (tax exempt). It is also useful to look at the Manager's total return (yield plus growth) and here they have generally performed in-line with the Australian share market if franking credits are removed from the returns equation. Relative to its peer group (and not factoring in the benefits of franking credits) the strategy has been a solid performer. We note given the focus on yield the strategy is unlikely to ever be a standout performer in a total return sense, particularly in recent times where growth strategies have dominated. Risk measures are broadly in-line with the market and the Manager is generally always fully invested, deliberately not seeking to time the market: investors should expect to fully participare in market volatility and drawdowns. For the first complete financial year, the Manager's intention is to pay a cash distribution of 5%, equating to a 7% distribution including franking credits.

RECOMMENDATION

IIR ascribes a "RECOMMENDED PLUS" rating. IIR holds the Manager in high regard, with a strong and stable team and investment committee, proven processes and solid performance track-record. Structurally, the Fund will benefit from its listed status and high degree of portfolio transparency. The offer structure creates a strong alignment with investors' interests, with the Manager bearing all establishment and listing fees. Consequently, on day one of being listed the NAV should equate to the issue price rather than a slight discount. Solid, sound and stable are the operative words in our view of both the investment strategy and the investment team. Both are proven over time and the past stability of the team suggests a no surprises outlook. We do note again that this strategy is best suited to investors in the retirement or possibly superannuation stage of their investment lifecycle - the strategy has generally outperformed on a grossed up franked basis but less so if the benefit of franking credits is removed from the returns equation. The ability to ensure a reasonable volume and bid/offer spread at all times will be dependent upon the market maker (Macquarie Securities (Australia) Limited) to fulfil its duties as per its agreement with the Manager.

SWOT ANALYSIS

Strengths

- The Manager has a solid performance track-record in terms of producing a yield greater than the market and has also marginally outperformed the market total return (yield plus growth) over the long-term. We do note, however that the strategy has had periods of material under- and out-performance periods in terms of total market returns, although this is partly a reflection of being true to its 'value' investment style.
- The offer structure has some solid positives for investors. Specifically, the Manager is bearing all the establishment costs, resulting in the unit's NAV from first day of listing being equal to paid-in capital, while the ETMF structure provides transparency, ease of access, liquidity, and trading at near parity to NAV.
- The Manager has sought to establish the distribution policy in order to provide greater certainty to unit holders on the value of upcoming distributions as well as paying distributions on a monthly basis. Both aspects are designed to suit retirement stage investors in particular.
- The fees are less than the existing unit trust (PVSFI) which is based on the same investment strategy and run by the same team, specifically an estimated Indirect Cost Ratio (ICR) of 80 basis points for the Fund (0.65% p.a. MER plus an estimated 0.15% p.a. in reimbursable expenses) versus 0.92% p.a. for PVSFI.
- Importantly, the executives are collectively the majority owners of the Perennial Value business, with the majority of the investment team being equity holders. This equity ownership, combined with significant personal investment in the Perennial Value funds, ensures alignment of interests between the manager and investors.

Weakness

- More a feature than a weakness, in IIR's view the Fund is best suited to investors in the retirement stage of their investment lifecycle that are able to fully maximise the value of franking credits. It is less suited to those who are not, and we note that historic performance excluding franking credits has generally just matched the benchmark and been average amongst peers .
- Qualitative yield enhanced investment strategies typically exhibit material sector concentrations. Much of this is simply a mirror of the high concentrations of the Australian equities market but it nevertheless has the potential to expose these strategies to income risks. It also often translates to the fact that such strategies exhibit strong correlation to the broader market: the stategies typically exhibit low diversification benefits to existing portfolios of the average retail investor.

Opportunities

- The strategy, as per PVSFI fund, has a solid track-record of delivering on its primary investment objective, generating a distribution return including franking credits and post fees of 8.0% p.a, materially exceeding the benchmark. For its first complete financial year, the intention is to pay a cash distribution of 5%, equating to a 7% distribution including franking credits.
- Access to a proven investment strategy and a solid and stable investment team with a proven investment process, solid performance track-record. We view Perennial Value as a solid, stable and no-surprises investment manager.
- Historically, this strategy has been delivered by way of a managed fund vehicle. The ETMF provides investors certain positives, including investors buy and sell on the ASX, just like a share; the Manager publishes the Fund's NAV daily; a Market Maker ensures the Fund will trade at close to NAV, a key distinction to an LIC.

Threats

- Perennial Value Management is 57% owned by the investment team, with the other 43% held by ASX-listed IOOF Group. Previously, the 43% was held by Perennial Investment Partners (PIP) (a wholly owned subsidiary of IOOF Group). PIP no longer exists. It previously comprised six boutique investment managers. Over the past few years, all the boutiques except Perennial Value have been sold to external parties. This raises a question mark around the future ownership of Perennial Value, although any change in the IOOF holding would still see the investment team in control.
- In some respects, there is less top-down, macro input in the investment strategy. While it is not the Manager's intention to time markets, this may create greater than necessary risk in relation to sector tilts, or lack thereof.

PRODUCT OVERVIEW

The Manager is seeking to raise funds under the initial offer to seed the Fund prior to the units being admitted to trading status on ASX at an issue price of $4.00 per unit. The Fund will represent an ETMF and will effectively represent a listed version of the long established Perennial Value Shares For Income trust which has a 12-year track-record.

The strategy is based on a high conviction mandate that focuses on higher quality, financially sound and predominantly large and mid-cap stocks and mainly in the industrial sector. The portfolio typically comprises 30-35 stocks with annual portfolio turnover in the 30% vicinity. The Manager will invariably be nearly fully invested, having no intention of playing the investment cycle.

The Manager's objective is to generate a higher dividend yield than the market (S&P/ASX 300 index). A secondary objective is to outperform the market from a total returns perspective as well. The Manager has been successful in delivering on both objectives over the long-term. We note that volatility / risk is generally in-line with the benchmark in generally all measures which largely reflects the fully invested nature of the investment strategy.

Perennial Value Management is bearing all the costs associated with establishing the listed vehicle and fund raising, which reflects well upon the Manager's strong commitment to the long term success of the Fund. This should ensure that the Trust's day one NAV is equal to the offer price as opposed to being at a discount (often the case).

The Manager has adopted a policy whereby it will telegraph to the market a forecast distribution amount. For the first year, the Manager's intention is to pay a cash distribution of 5%, equating to a 7% distribution including franking credits. The policy is designed to provide a predictability of income and, along with a monthly payment structure, is specifically designed to meet the needs of investors in the retirement stage.

Macquarie Bank, as the appointed market maker, has the role of ensuring trading occurs at or near NAV (Net Asset Value).

The Fund has an annual management fee of 0.65% p.a. and estimated reimbursable expenses of 15 basis points. We regard the fee as broadly in-line with the peer group.

As noted, the Fund represents a Managed Fund (sometimes referred to as an exchange traded managed fund - ETMF or exchange quoted managed fund EQMF). An ETMF is an open ended investment fund that is listed on the ASX under the AQUA rules and are traded much like a share.

The key aspects of an ETMF structure from an investor perspective inlude: investors buy and sell on the ASX, just like a share; an ETMF is held directly in the underlying investor's name, just like a share; the Manager publishes the Fund's NAV daily; a Market Maker ensures the Fund will trade at very close to NAV, a key distinction to an LIC which may trade at a material premium / discount to NAV (an additional risk not present in an ETMF).

MANAGEMENT GROUP PROFILE

Perennial Value is a specialist investment management firm, established in 2000 by John Murray. It has an experienced team of 15 investment professionals and currently manages over $5.3 billion in Australian equities and derivative overlay strategies. The firm has considerable experience managing income-oriented Australian shares portfolios, successfully managing the Perennial Value Shares for Income Trust and related portfolios since December 2005.

Perennial Value is 57% owned by the investment team, with the other 43% held by Perennial Investment Partners (PIP), a wholly owned subsidiary of ASX-listed IOOF Group. Previously, PIP comprised six boutique investment managers. Over the past few years, all the boutiques except Perennial Value have been sold to external parties. This raises a question mark around the future ownership of Perennial Value. and the existing equity owners will prove pivotal.

Importantly, the executives are collectively the majority owners of the Perennial Value business, with the majority of the investment team being equity holders. This equity ownership, combined with significant personal investment in the Perennial Value funds, ensures alignment of interests between the manager and investors.

INVESTMENT TEAM

Perennial Value has a large, well-resourced and highly stable investment team. The investment team is led by John Murray who has over 30 years' experience in investing in Australian Shares. Stephen Bruce, the lead portfolio manager of this Fund, has over 17 years' experience investing in Australian Shares and was a founding member of the Perennial Value team. The team comprises of 15 Investment Professionals, with an average of 16 years' experience managing and analysing Australian Shares and derivatives.

The investment team consists of analysts across large, mid and small cap sectors, derivatives, and dealers. Analyst responsibilities are sector based. Company visitations are a major aspect of the research process. It has been a highly stable team. There have been two departures over the last two years but in both cases both were retirements. There is significant longevity with many in the team, including the lead portfolio manager Stephen Bruce who joined the company on day one while the deputy PM, Damian Cottier, joined four years later. A number of younger members have joined the team recently,creating a good mix of experience and youthful endeavour. Stable, collegiate, flat and democratic is how we would describe the team culture - characteristics that create superior decision making structures.

The key members of the investment team are detailed below.

- **John Murray** established Perennial Value in January 2000 and has some thirty years industry experience. He is one of Australia's most respected value investors and has built a stable team of investment professionals who have delivered consistently strong results for investors. Under John's leadership, funds under management have grown to $5.3 billion and Perennial Value has won a number of industry awards and accolades. Prior to establishing Perennial Value, John was the Investment Director, Australian Shares at Westpac Investment Management, a Senior Portfolio Manager at Maple-Brown Abbott and the Head of Australian Equities at Perpetual Investments. John commenced his career with Price Waterhouse Coopers, where he qualified as a Chartered Accountant. He holds a Bachelor of Arts in Accounting from the University of Canberra. In October 2014, John was inducted into the Australian Funds Management Hall of Fame.
- **Stephen Bruce**, the lead portfolio manager of the Fund, has over 17 years' experience investing in Australian Shares and was a founding member of the Perennial Value team. Stephen joined Perennial Value as an Equities Analyst in April 2000. In 2006, he was promoted to the role of Research Coordination/Senior Equities Analyst and assumed the role of Deputy Portfolio Manager for the Perennial Value Shares for Income Trust. In 2011, he was promoted to the role of lead Portfolio Manager for the Perennial Value Shares for Income Trust and Co-portfolio Manager for the Perennial Value Australian Shares Trust. He also has research responsibility for the banking, healthcare, chemical and agricultural sectors. Prior to joining Perennial Value, Stephen commenced his career as a Chartered Accountant with KPMG in Sydney and has held financial accounting roles with Morgan Stanley and Deutsche Bank in London. Stephen holds a Bachelor of Economics degree from the University of Sydney and a Master of Commerce from the University of New South Wales. He is a Chartered Accountant and also a CFA charter holder.
- **Damian Cottier** joined Perennial Value in May 2005. He is a Senior Equities Analyst/ Research Coordinator and has research responsibility for the insurance, media and LPT sectors as well as a range of small industrial stocks. In 2011, Damian assumed the role of Research Coordinator. Prior to joining Perennial Value as an Equities Analyst, Damian worked as the Corporate Analyst for Perennial Investment Partners from 2002. Damian previously practiced corporate law for seven years with Freehills, Baker and McKenzie and Gilbert and Tobin. Damian holds a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales. He is also a CFA charter holder.

Key Investment Personnel		
Name, Position	**Previous Firms**	**Yrs w/ Mgr**
John Murray, Managing Director / CIO	Westpac, Maple-Brown Abbott, Perpetual	17 years
Stephen Bruce, Senior Portfolio Manager	Morgan Stanley, Deutsche Bank, KPMG	17 years
Damian Cottier, Research Coordnator/Senior Equities Analyst	Freehills, Baker & McKenzie, Gilbert & Tobin	13 years

INVESTMENT PROCESS

The portfolio will consist of a well-diversified portfolio of quality Australian Shares, providing a higher than market yield in aggregate and the prospect of long-term capital growth. The Manager will use various strategies aimed at maximising the income of the portfolio including tilting the portfolio towards higher yielding stocks, and increasing the holdings in stocks ahead of their dividend paying period. The portfolio will at all times remain well-diversified, typically holding between 30-35 securities, minimising the risk of any single stock in the portfolio.

Broadly speaking, in our view the investment process is well established, intuitively sensible, proven over the long term and clearly articulated by the Manager. There is a consistency of process across Perennial's Australian equities investment strategies, and, in this regard, we believe the solid performance track record over a full economic and market cycle is repeatable.

Investment Philosophy

The investment strategy is intentionally conventional, uncomplicated and transparent. It is based on fundamental, bottom-up stock research that seeks to identify quality business at attractive valuations with a tilt towards high-yielding stocks. In respect to the high-yield emphasis, the strategy is not a systematic dividend harvesting strategy nor does it involve a derivative overlay through a buy-write component (despite the in-house expertise in this area). This reflects the Manager's view that a more fundamental investment process will generate superior longer term returns.

When establishing the investment strategy, the Manager was mindful to deliver both income and capital growth. The latter is viewed as integral to growing the absolute level of income over time to at least partly or fully offset the impact of inflation on real income levels.

In terms of investment objectives, the primary objective is an above market income return. Historically, the Manager has sucessfully delivered on this objective since inception, generating a cash distribution of 5.9% p.a. and franking credits equating to 2.1% p.a. (8.0% p.a.) for those in the retirement stage. Furthermore, total returns have exceeded the market, again on a fully franked basis, with the Fund generating alpha of 1.7% p.a. since inception.

Investment Process

The investment process is essentially that which the Manager has been running for 17 years now. The process begins with screening the Australian share market and eliminating entities based on factors such as expensive valuations, high debt levels and lack of earnings track record. This results in a universe of around 300 stock on which detailed modelling and research is then conducted.

The first five measures are based on forecasts looking forward two years. The sixth measure, earnings per share growth, is expressed as an annualised growth rate based on the Manager's internal forecasts for the next three years. This forces the Manager to assess each company's dividend growth prospects beyond the generally accepted one to two year market consensus timeframe.

For each of the 6 measures, stocks are assigned a ranking which, when combined, results in the stock's overall ranking in the screen. Given the focus on income generation, gross dividend yield is assigned a 40% weighting, while each of the other 5 metrics is assigned a 12% weighting. Additionally, the Manager utilises a $500 million market cap minimum screen for the Fund, reducing the eligible universe to about 160 stocks.

At that point comes in the analyst reviews based on a fundamental, largely bottom-up qualitative assessment. As noted, the focus is on business quality - financial position, balance sheet screening, management, earnings history, market position, competitive strength.

Existing portfolio constituents and potential investments are discussed on a regualar basis, both formally at the daily investment meetings as well as informal discussions.

Portfolio Construction

The outcome of this research process is a list of stocks which are eligible for inclusion in the portfolio. The major driver of portfolio construction is the desire to deliver a superior yield at all times from good quality companies. As such, the portfolio will have a strong bias towards the highest-ranking stocks in the screen.

In terms of portfolio construction and risk limits, ranges / limits are kept intentionally broad relative to the index, partly to enable greater manager discretion as well as avoid too much sector concentration. Individual sector exposure is a maximum of +20% to the index and individual stock positions restricted to +/- 5.0% from the index. There is a maximum cash allocation of 20%, although the reality is the strategy is almost invariably fully invested as the Manager does not attempt to time the market. The Manager will only purchase stocks with at least a 4% distribution yield. This process leads to a portfolio of typically 30-35 higher quality, financially sound, large and mid-cap predominantly industrial stocks and resulted in annual turnover of about 30% since inception.

In terms of the portfolio positioning at 28 February 2018, more notable positioning includes underweight major banks (slowing growth, earnings headwinds) and expensive defensives such as healthcare, REITs, utilities (sectors overvalued, low yields). Notable overweight positions include offshore earners, infrastructure investment, diversified financials and, somewhat surprisingly large-cap, financially strong resource companies (BHP, RIO, WPL), which the Manager makes a strong case for from both an income and growth perspective.

Sell decisions are driven by two factors; a change in the Manager's assessment of the quality of a business, specifically the outlook has materially diminished with the assessment of risk materially increasing, or secondly it has reached the Manager's valuation and on a relative risk/reward basis the company is no longer relatively attractive.

PERFORMANCE ANALYTICS

Historically, as noted earlier, the strategy (PVSFI) has generated a gross distribution yield including franking credits and after fees of 8.0% to 28 February 2018. On a total returns basis (NAV changes plus income), the strategy has outperformed the market by an average 0.9% p.a. since inception. The split by returns component is therefore weighted to income (by design) but the capital growth component historically (0.6% p.a.) has partly offset the impact of inflation.

In terms of the shape of relative performance over time, there have been periods of relative out- and under-performance which we would generally view as being reflective of the value investment style of the Manager. It is worth noting, however, that over the period since the inception of the investment strategy the growth stocks outperformed value stocks. The ability of the Manager to outperform since inception, albeit very marginally, reflects well. The chart below illustrates the 3-year rolling alpha of the investment strategy relative to the benchmark and on a fully-franked basis.

In terms of periods of underperformance, over 2016, certain growth stocks performed very strong, such as CSL and Transurban, which were naturally precluded by the strategy's yield tilt. The strong growth market continued largely unabated during 2017. We do note that the strategy will have periods of material under- and out-performance periods in terms of total market returns purely as a reflection of being true to its 'value' investment style.

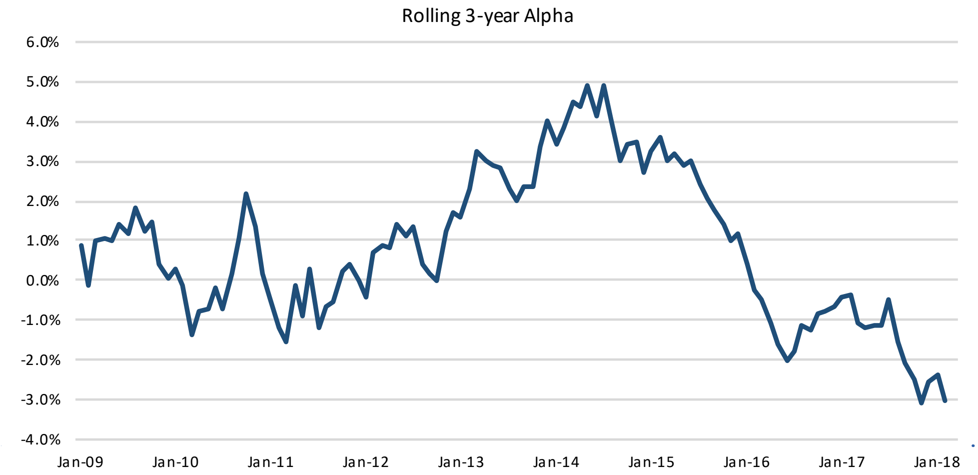
PVSFI as at 28 February 2018 (Gross Returns % p.a.)

	1-year	3-year	5-year	10-year	Since Inception*
PVSFI	5.9	3.0	7.4	6.2	7.3
S&P/ASX 300 Ac Index	10.3	5.2	7.9	5.3	6.5
Out/Under Performance	-4.4	-2.2	-0.5	0.9	0.9
Out/Under Performance incl Franking **	-3.6	-1.6	0.1	1.6	1.6

* Inception date January 2006

** Relative to the S&P/ASX300 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt)

Rolling 3-year Alpha (Gross Returns)



From a risk perspective, be it standard deviation, maximum drawdown, time to recovery, etc, the investment strategy has generally either roughly matched or very slightly exceeded the market. For reasons noted earlier, the strategy will invariably be near fully invested, so investors should expect to fully participate in the general ups and downs of the market. This is partly reflected in the high beta of 0.92.

PVSFI as at 28 February 2018 (Net Returns Since Inception) *

Metric	Fund	Benchmark
Return (% p.a.)	6.5*	6.5
Excess Return (% p.a.)	0.0	n/a
Standard Deviation	13.4	13.5
Sharpe Ratio	0.20	0.20
Sortino Ratio	0.30	0.28
Tracking Error	4.74	n/a
Beta	0.92	1.00
Max Drawdown	-45.58	-47.55
Max Drawdown # of Periods	21	16

* All metrics based on total returns post fees but not including the value of franking credits. Inception date January 2006

PEER COMPARISON

- We have compared the Fund to seven LICs and ETMFs listed on the ASX that provide exposure to a portfolio of large and mid-cap Australian equities and that have an enhanced yield focus. The purpose is to provide a very high level comparison as to how the Fund compares on two key metrics of yield and costs.
- The Fund's annual management fee is broadly in-line, albeit at the lower end, of the peer group. Investors will benefit from the fact that Perennial Value has intentionally priced the Fund at the very competitive end of an actively managed strategy.
- What is evident when assessing the income focused sector is that while all strategies have delivered higher than market income levels, not all strategies have successfully generated a positive capital return, and in doing so preserving real income levels over time. The Perennial stategy has performed better than most in this regard, although we note that the capital return component since inception has been less than the prevailing level of inflation.

Peer Comparison - 12 Months to 31 Dec 2017				
Name	**ASX Code**	**Management Fee (%p.a, ex GST) ***	**Div Yield (CY17 %)**	**Total Return (CY17 %)**
eInvest Income Generator	EIGA	0.80	10.9**	7.5**
LICs				
Contango Income Generator	CIE	0.95	8.4%	9.6%
Djerriwarrh Investments	DJW	0.46	5.6%	8.7%
Plato Income Maxmiser***	PL8	0.80	8.8%	8.8%
ETMFs				
Aurora Dividend Income Trust	AOD	1.30	8.0%	-3.0%
Betashares Aus Top20 Equity Yield Max Fund	YMAX	0.79	8.7%	6.3%
Betashares Australian Dividend Harvester Fund	HVST	0.90	11.4%	-9.1%
Switzer Dividend Growth Fund	SWTZ	0.89	N/A****	N/A****

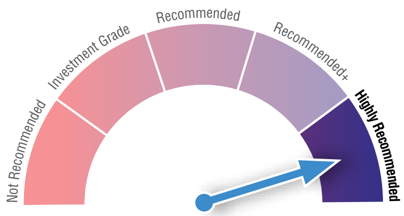
* Figures are inclusive of cost recoveries
** past performance is for the PVSFI trust
*** past performance based on the Plato Australian Shares Income Fund which the Plato Income Maximiser invests directly into
**** Less than 12-months performance

APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd "IIR" rating system

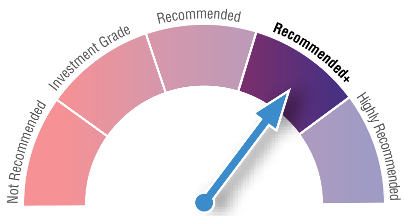
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

LMI Ratings	SCORE
Highly Recommended	**83 and above**



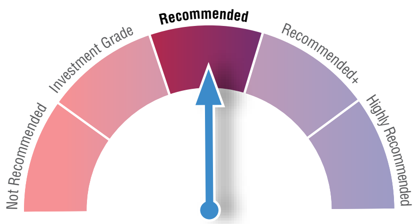
This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.

LMI Ratings	SCORE
Recommended +	**79–83**



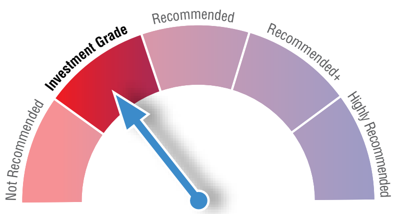
This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.

LMI Ratings	SCORE
Recommended	**70–79**



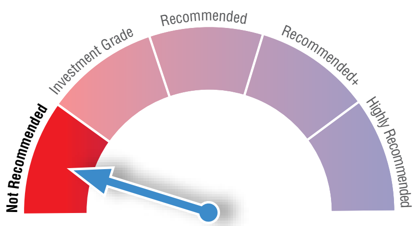
This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.

LMI Ratings	SCORE
Investment Grade	**60-70**



This rating indicates that IIR believes this is an average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an average risk/return trade-off and should be able to consistently generate average risk adjusted returns in line with stated investment objectives.

LMI Ratings	SCORE
Not Recommended	**<60**

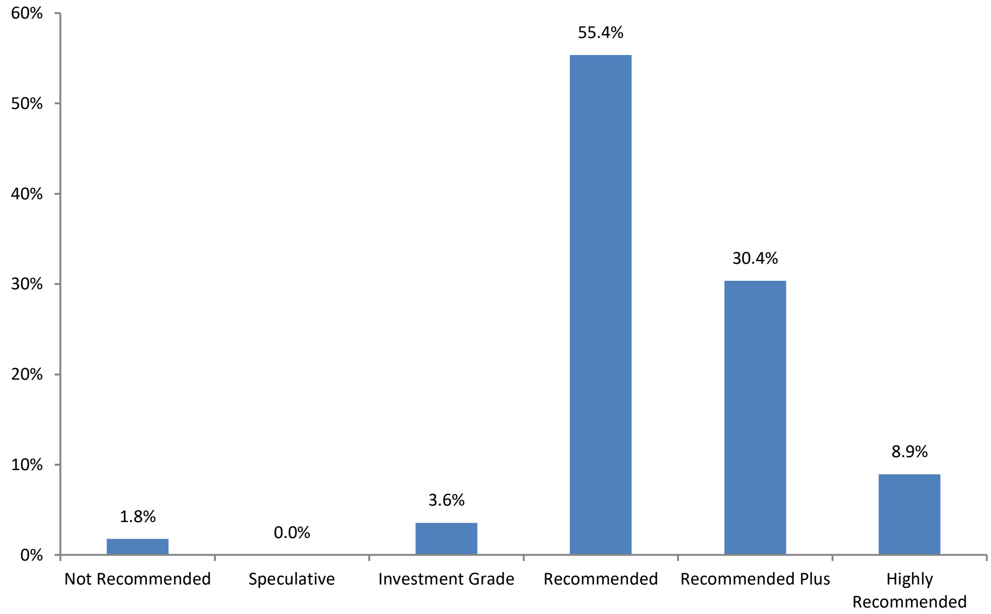


This rating indicates that IIR believes that despite the product's merits and attributes, it has failed to meet the minimum aggregate requirements of our review process across a number of key evaluation parameters. While this is a product below the minimum rating to be considered Investment Grade, this does not mean the product is without merit. Funds in this category are considered to be susceptible to high risks that are not reflected by the projected return. Performance volatility, particularly on the down-side, is likely.

APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

SPREAD OF MANAGED INVESTMENT RATINGS



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