MANNING MONTHLY INCOME FUND

Regular income with reduced risk

APIR: MSM9568AU

Factsheet - as at 30 June 2022

5 Crowns since September 2019

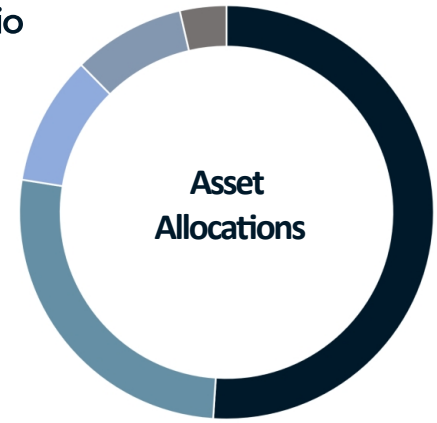
FE fundinfo Crown Fund Rating

A custom-built solution for investors who want a monthly income stream and a strong focus on capital stability managed by a proven team and process

COMMENDED

evergreenratings

Portfolio



- Mortgages - Residential (51%)
- Business (26%)
- Cash (10%)
- Mortgages - Commercial (9%)
- Consumer (4%)

Key Metrics

Weighted average life	3 year Sharpe Ratio	Largest single asset exposure as % of the portfolio	Number of holdings*
0.43 years	**20.56**	**1.74%**	**7,017**

**or fractional interest in loans*

At a Glance

Type of fund	Unregistered managed investment scheme *Open to wholesale investors only*
Commencement date	April 2016
Investment timeframe	3 - 5 years
Minimum investment	$ 50,000
Minimum additional amount	$ 50,000
Income distribution	Monthly
Applications/Withdrawals	1st business day of each month*
Reinvestment plan	Available
Fund leverage	Nil
Management fee	Base fee of 0.50% + Performance fee of 10% on the Fund's outperformance of the RBA cash rate (post base fee). Subject to high watermarks. Cost recovery up to 0.18% p.a.
Buy / sell spread	0.25% / 0.25% (charged upfront)
Platforms	**HUB24, Netwealth, AET, Credit Suisse, IOOF (Wholesale Access)**

**Subject to notice periods and possible suspension in certain situations*

Performance to 30/06/2022

	1 month	3 month	6 month	1 year*	3 year*	5 year*	6 year*	Inception*
Net return (%)	**0.55%**	**1.58%**	**2.90%**	**6.15%**	**6.05%**	**6.40%**	**6.28%**	**6.23%**
RBA Cash rate (%)	0.07%	0.11%	0.13%	0.18%	0.33%	0.79%	0.91%	0.94%
Net excess return (%)	0.48%	1.47%	2.77%	5.97%	5.72%	5.61%	5.37%	5.29%

**Returns annualised and net of fees. Inception: April 2016.*
*** Past performance is not necessarily indicative of future performance.*

Monthly Net Returns (%)	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
	0.57%	0.53%	0.48%	0.59%	0.45%	0.49%	0.46%	0.39%	0.44%	0.49%	0.52%	**0.55%**

WHY CHOOSE US?

Experts in Income Generation

Consistently delivering 5% p.a. in income over 6 years*

Capital Stability

One of the lowest risk scores of the sector**

**FE fundinfo Risk Scores define risk as a measure of volatility relative to the ASX 200.

Industry Leading Team

Managed by a team with over 100 years of collective experience

5 Crown Rating

The highest rating by Money Management

FE fundinfo Crown Fund Rating

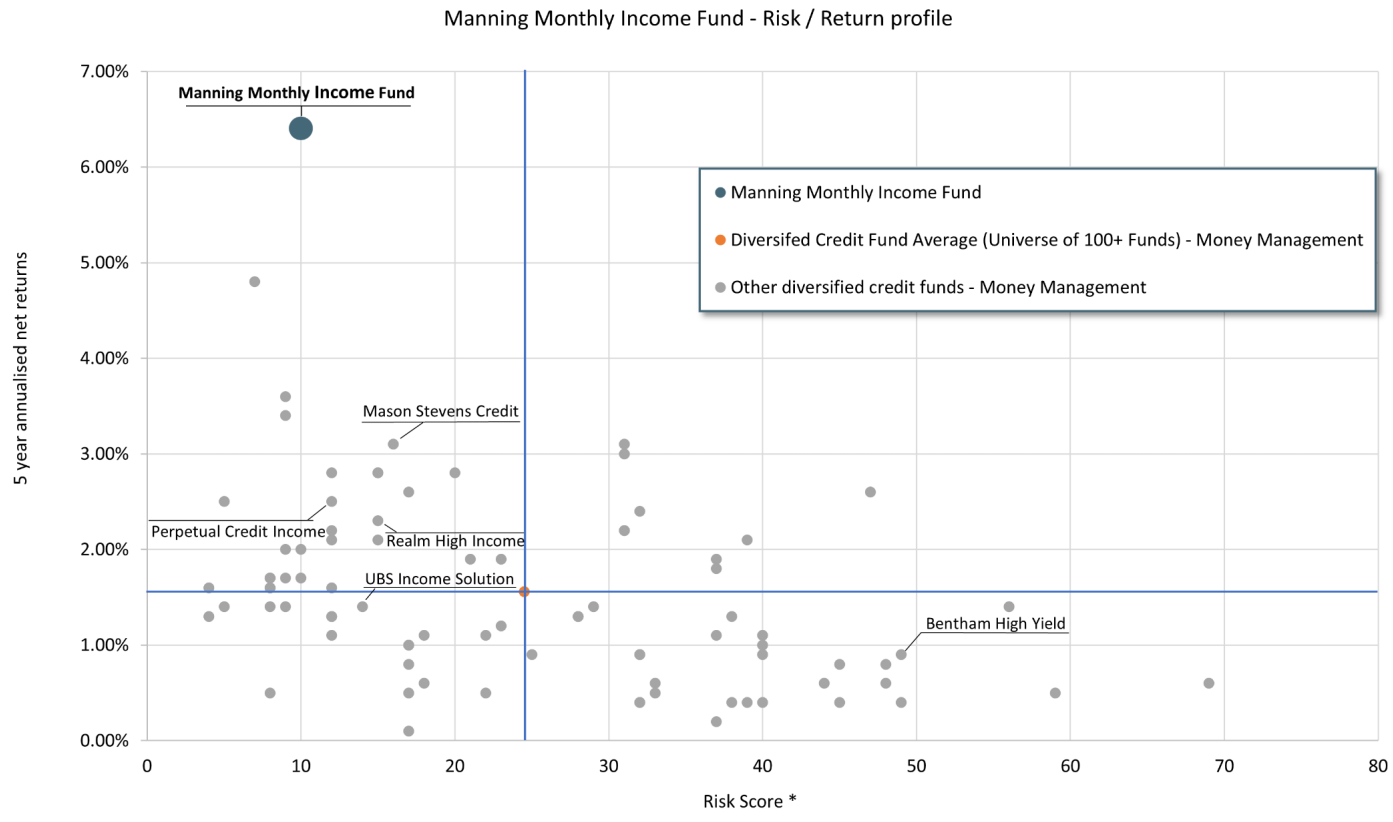
6+ Years of Outperformance

A track record of delivering through various market cycles*

Distributions Paid Monthly

Distributions are paid monthly. Reinvest or have your monthly distribution paid to your nominated bank account.

*Past performance is not necessarily indicative of future performance.



*FE Risk Scores define risk as a measure of volatility relative to the ASX 200, which has a risk rating of 100. Cash has a risk score of 0.

Targeted Benefits

- **Asset diversification** - Low correlation with equities
- **Attractive real return profile** - Fund is targeting 5% above RBA cash rate net of fees
- **Steady income stream** - Monthly returns to investors
- **Capital stability** - Via favourable terms, security and high-quality counterparties
- **Low volatility** - Contractual underlying repayments

Fund Overview

Manning invests in select Fixed Income assets which can deliver a high level of income yet offer very strong capital preservation characteristics.

We focus on the Australian credit markets investing based on where we are in the economic cycle.

Josh Manning
Chief Executive Officer
Portfolio Manager

Andrew Chick
Executive Director
Chair Investment Committee

Paul Edwards
Executive Director
Investment Committee

Tom Gallas
Head of Operations &
Management Accountant

Adrian Bentley
Executive Director
Investment Committee

Juliet Shirbin
Head of Investment Solutions &
Investor Relations

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COMMENDED evergreenratings

Pathzero 100% Carbon Neutral Commitment

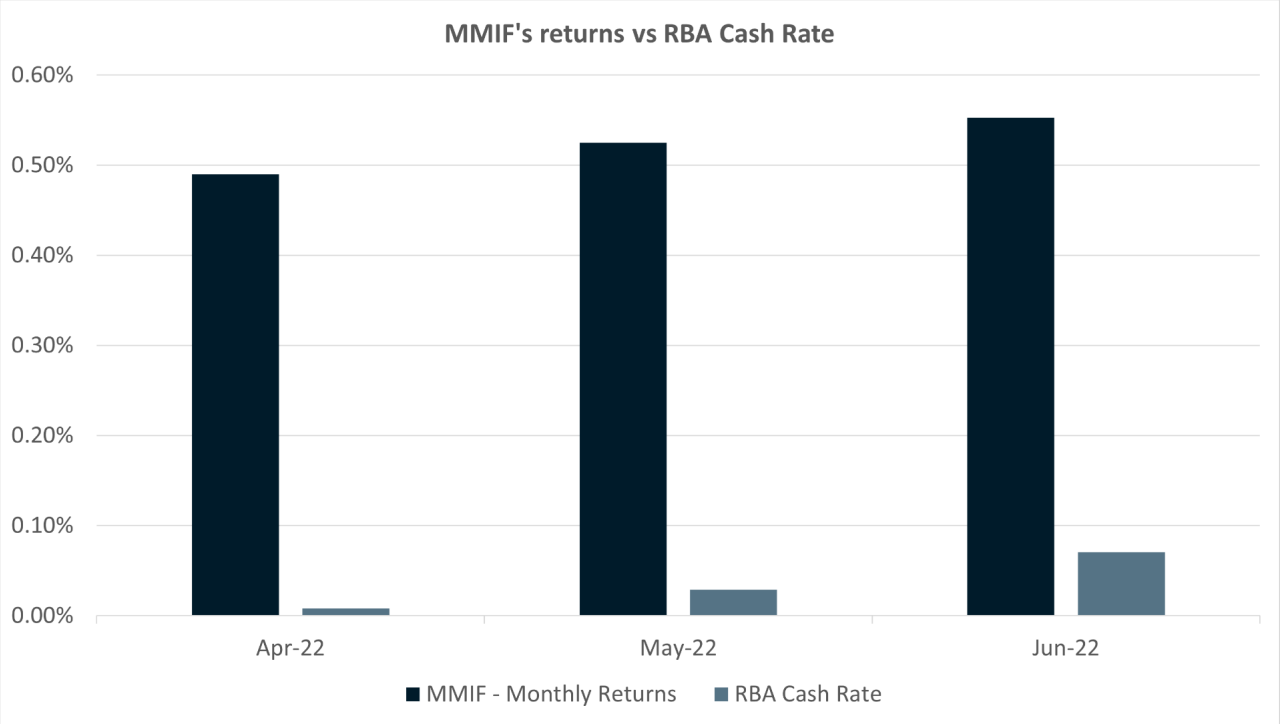
MANNING
ASSET MANAGEMENT

Market Outlook & Portfolio Commentary

The Fund delivered +0.55% in June, 6.15% over 12 months and 6.23% annualised since inception.

As we welcome a new financial year and reflect on the past, we are reminded of how quickly financial markets can change. In July last year, interest rates were at unprecedented lows of 0.1%, and RBA Governor Lowe was shaping expectations of no interest rate rises before 2024. As we have seen, the cash rate has risen three times since May this year, by a total of 1.25%. Numerous other developed countries have experienced substantial interest rate increases due to central bank intervention and face, in some cases, another 50 or even 75 basis point increases in the coming weeks. While the rate rises are headline grabbing, it's worth remembering that they are being imposed because of unexpectedly high inflation, partially due to very strong economic activity as the world has emerged from COVID restrictions.

While we cannot predict the future, we can plan for possible future scenarios, and one is preparing for rising interest rates as outlined in our January 2022 client note. With this scenario now a reality, the portfolio is experiencing the benefits of this planning, with floating interest rate exposures rising by 0.98% and short-dated fixed-rate exposures being offered at rates 0.50% to 1% higher over the quarter. As a result, Fund level returns have lifted, as seen below.



Market Outlook & Portfolio Commentary

The current environment is a sage reminder of the importance of considering both risk and returns when investing. We believe specific sectors have borne considerable risk to generate a high return which the prior period of ample economic stimulus and artificially low-interest rates hasn't tested. Those same tailwinds do not apply going forward and further reinforce our view the tide may be turning on specific sectors, e.g. construction finance (which the Fund does not invest in).

More lately, we have seen the fallacy of pricing assets (such as bank stocks, utilities and infrastructure) as a bond proxy by simply discounting expected future cash flows at current rates without adequate consideration of the risks to both earnings and interest rates. One only needs to observe the price movement of the Big 4 banks, which are 15% lower than the prior quarter. Rather, a more detailed assessment of the risk profile is being once again valued.

The Fund is designed to be a defensive holding in an investor's portfolio and therefore constructed by assessing how an asset might perform through the economic cycle and, therefore, whether it is eligible for inclusion within the Fund. This naturally constrains what we can invest in and creates an aversion to assets with an elevated or speculative risk profile. We believe the market will reward funds that generate good returns with a conservative risk profile instead of products offering high returns and associated high risk.

We remain vigilant of economic conditions and are closely watching key indicators which drive the fundamentals on which we invest. The performance of the underlying holdings remains strong. We continue to reassess the portfolio and outlook to act accordingly and take advantage of attractive opportunities.

Please note that we have changed our Fund Registry provider to Boardroom in response to increasing investor numbers and enhanced functionality that Boardroom offers, such as an investor portal.

Please reach out should you have any questions or want to discuss our thoughts on the current outlook in more detail.