

Seed Funds Management Hybrid Income Fund

FACTORS Operational Due Diligence Process

Australian Fund Monitors ("AFM") has conducted operational due diligence (AFM FACTORS) on Seed Funds Management ("the Manager") and the Seed Funds Management Hybrid Income Fund. The following areas were reviewed and our findings on each section are included in this report:

1. Management Company and Key Staff.
2. Investment Strategy and Process.
3. Risk Management
4. Operational Procedures.
5. Fees, Terms and Conditions.

AFM's due diligence on the Manager included extensive interviews with senior staff, directors and significant shareholders, document collection and verification where appropriate. The full results of AFM's findings are contained in the following AFM Factors Due Diligence Report. AFM FACTORS provides information and opinions without taking into consideration the financial position or objectives of individual investors and should be read after taking into account the disclaimer and terms and conditions on the www.fundmonitors.com website.

FACTORS Operational Due Diligence Score



FundMonitors.com conducted a combined qualitative and quantitative assessment of Seed Funds Management, Seed Distribution, and the Hybrid Income Fund, and considers the fund to be a suitable investment for those investors seeking exposure to the Hybrid Securities market. The Fund provides exposure to a diversified portfolio of A\$ denominated APRA regulated securities, and aims to provide regular monthly income. Although a newly formed entity, the fund continues a track record and history which initially commenced in 2015, retaining the same strategy and CIO.

Fund performance varies over time. This report should be read in conjunction with the analysis on pages 9-13, and is subject to the individual circumstances and objectives of the investor.

| | Weighting | Poor | Below Average | Approved | Commended | Highly Commended |
|----------------------------------|-----------|------|---------------|----------|-----------|------------------|
| Management Company and Key Staff | 25% | | | | ✓ | |
| Investment Strategy and Process | 25% | | | | | ✓ |
| Risk Management | 20% | | | | | ✓ |
| Operational Procedures | 20% | | | | | ✓ |
| Fees, Terms and Conditions | 10% | | | | | ✓ |
| Overall Ranking | | | | | | ✓ |

A ranking of Approved or above in each category indicates the minimum score required.

Ranking Description

- Poor:** The Manager and/or Fund have significant or structural issues.
- Below Average:** The Manager and/or Fund have various issues which need to be resolved prior to achieving Approved.
- Approved:** The Manager and Fund meet relevant or appropriate standards.
- Commended:** The Manager and Fund meet or generally exceed relevant or appropriate standards.
- Highly Commended:** The Manager and Fund consistently exceed relevant or appropriate standards.

Executive Summary

Seed Funds Management was commenced in February 2024 as an asset manager initially to manage the Hybrid Income Fund. The Hybrid Income Fund strategy was commenced in September 2015 by Nicholas Chaplin who remains the Senior Portfolio Manager of the Hybrid Income Fund, commencing with Seed Funds Management in March 2024. The fund was novated to Seed Funds Management at this time.

The Fund aims to provide returns that exceed the Solactive Australian Hybrid Securities Index (Net) on a net basis over the suggested time frame of 5+ years. It actively invests in a diversified portfolio of financial capital with a heavy weighting to Australian-regulated capital instruments. The underlying securities include hybrids (Tier 1 capital notes and convertible preference shares), Tier 2 bonds, subordinated debt, senior debt, mutual capital instruments and cash. The Fund typically holds ~40 positions whose underlying issuers are banks, insurance companies and non-bank lenders.

Management Company and Key Staff

Seed Funds Management Pty Ltd, established in February 2024, manages the Hybrid Income Fund (HIF), a strategy that originated in September 2015 under Nicholas Chaplin's leadership. Initially, this strategy was part of Paraclete Funds Management and later transitioned to the BondAdviser Financial Capital Income Fund before being transferred to Seed Funds Management in March 2024. The company is co-owned by Seed Partnerships Pty Ltd (60%) and Nicholas Chaplin (40%), who continues as the Senior Portfolio Manager. Chaplin brings over 35 years of industry experience, particularly in hybrid capital products, and has a notable history with major financial institutions such as NAB and Westpac.

Supporting Chaplin is John Corr, an investment professional with 40 years' market experience, who is the Chair of the Investment Committee, which includes Chris Donohoe. Donohoe has an extensive background in funds management and co-founded Seed Partnerships in 2015. The team also includes Fraser McAusland, who serves as the Head of Compliance and is a partner at Seed Partnerships. Although Seed Funds Management and Seed Partnerships are relatively new and small operations, the team comprises experienced professionals with extensive backgrounds in investment management, fund administration, and distribution.

FundMonitors believes that despite Seed Funds Management's recent establishment, the investment team possess the relevant experience and required expertise in financial markets, particularly Nicholas Chaplin's in the listed hybrid sector. Directors and/or partners from both Seed Funds and Seed Partnerships hold equity stakes, ensuring vested interests in the company's success.

Investment Strategy and Process

Seed Funds Management's Hybrid Income Fund invests in a diversified portfolio of hybrid securities, senior and subordinated debt, focusing primarily on instruments issued by Australian Prudential Regulation Authority (APRA) regulated issuers. The investment strategy centres on hybrid securities, including subordinated notes and convertible preference shares, which combine elements of both debt and equity. These instruments are either listed on the ASX or traded over-the-counter, and typically offer returns that exceed the 90-day Bank Bill Swap Rate (BBSW) by approximately 300 basis points.

The Fund's portfolio typically comprises 35 to 40 positions, aiming to outperform the Solactive Australian Hybrid Index over the suggested time frame (5+ years). The investment approach is actively managed, benefiting from short-term mispricing opportunities within a core holding of capital instruments. The fund is restricted to Australian and New Zealand issuers, thereby avoiding foreign currency exposure and leveraging the team's expertise in APRA regulated markets.

Risk management is integral to the fund's operations, and features comprehensive due diligence, ongoing reviews, and stringent exposure limits to ensure robust portfolio diversification. Nicholas Chaplin, the Senior Portfolio Manager, oversees day-to-day investment decisions, guided by an investment committee that includes experienced professionals John Corr and Chris Donohoe. The fund avoids leverage and hedging, maintaining a conservative, low-volatility profile.

FundMonitors' view is that the Hybrid Income Fund's strategy is well-conceived, offering diversified exposure to the listed hybrid market. The Fund provides the expertise and understanding of the hybrid market required to ensure the investment objectives should be met.

Risk Management

The Manager employs a robust and disciplined risk management framework integral to its investment process. Risk management is overseen by an investment committee, comprising John Corr, Nick Chaplin, and Chris Donohoe, who ensure that all investments undergo thorough due diligence. This process involves ongoing issuer reviews, capital strength analysis, regulatory expectation assessments, and competitor comparisons. The portfolio is subjected to extensive trade sensitivity and stress testing, supported by in-house risk analytics to evaluate liquidity and market sensitivities.

Key risk factors considered include macroeconomic impacts such as unemployment, consumer price index (CPI), and gross domestic product (GDP) announcements, as well as geopolitical issues. The Manager employs scenario analysis to anticipate and prepare for various market conditions, focusing particularly on liquidity constraints and market reactions to economic shifts.

To manage concentration risk and enhance diversification, the fund limits exposure to individual issuers, capping it at 25% per issuing entity and 15% per issue. The portfolio is diversified across hybrid instruments, subordinated and senior bonds, and cash, with continuous adjustments to optimise performance. Liquidity is prioritised to facilitate new investments and redemptions efficiently, such that holdings can be liquidated without significantly affecting market prices. The risk management approach is bolstered by quantitative tools and daily reconciliations with external administrators and custodians, ensuring rigorous oversight and reporting.

Operational Procedures

Seed Funds Management's operational procedures ensure rigorous compliance and accuracy in its daily activities. Fraser McAusland from Seed Partnerships serves as the Chief Compliance Officer, overseeing internal compliance and reporting to the Board on any issues. External compliance monitoring is conducted by Evolution Trustees, the Fund's Responsible Entity. A daily reconciliation process ensures the accuracy of unit price calculations, requiring approval from the Investment Manager. Apex Group manages the fund's investment and operational systems, while other key service providers include JPMorgan (Sub-Custodian) and Mont Lawyers (Legal).

FundMonitors.com highlights that Seed Funds Management ensures compliance through internal and external monitoring by the Responsible Entity, Evolution Trustees, and external auditor, Deloitte Touche Tohmatsu. Daily unit price reconciliations require approval from the Investment Manager and Administrator, ensuring rigorous operational oversight.

Fees, Terms and Conditions

The Manager charges a management fee of 0.55% of Net Asset Value (NAV) per annum, payable monthly, with no performance fees. There is no buy-spread for investments, but a 0.1% sell-spread applies upon exit to cover transaction costs. Income is distributed monthly and can be re-invested or distributed. Investments and redemptions are processed daily, with a minimum initial investment of AU\$10,000 and a minimum withdrawal amount of AU\$1,000. The Fund is structured as a unit trust open to wholesale & retail investors, and is distributed by Seed Partnerships, leveraging a broad network of target brokers, wealth managers, and high-net-worth individuals. It is available on HUB24, Netwealth, Powerwrap, Praemium and Australian Money Market.

FundMonitors.com notes that Seed Funds Management's Hybrid Income Fund offers monthly distributions, no buy spread, a minimal sell spread of 0.1%, and no performance fees, maintaining low costs for investors. Confidence in future growth is bolstered by Seed Partnerships' proven distribution and capital-raising capabilities.

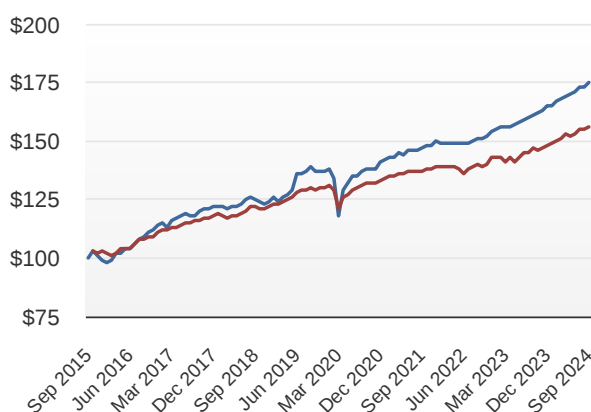
| Period | Returns | | Volatility | |
|---------------------------------------|---------|--------|------------|--------|
| | Fund | Index* | Fund | Index* |
| Sep 2024: | 0.76% | 1.00% | N/A | N/A |
| 3 Months: | 2.03% | 2.09% | N/A | N/A |
| 6 Months: | 3.93% | 3.55% | N/A | N/A |
| 1 Year: | 8.25% | 6.55% | 0.89% | 2.06% |
| 3 Years²: | 5.91% | 4.41% | 1.43% | 2.92% |
| 5 Years²: | 4.71% | 3.81% | 7.48% | 4.37% |
| 7 Years²: | 5.47% | 4.32% | 6.71% | 3.88% |
| Since Inception^{1,2}: | 6.38% | 4.86% | 6.30% | 3.60% |

| Key Terms | | | |
|-----------------------|----------------------|-------------------------|-------------|
| APIR: | EVO3184AU | Status: | Open |
| Peer Group: | Fixed Income - Bonds | Inception Date: | Sep 2015 |
| Strategy: | Fixed Income | Style: | N/A |
| Geography: | Australia | Domicile: | Australia |
| Investors: | Wholesale & Retail | Min. Investment: | AU\$ 10,000 |
| Distributions: | Monthly | Applications: | Daily |
| Fund Size: | AU\$ 290m | Management Fee: | 0.55% |
| Manager FUM: | AU\$ 290m | Performance Fee: | 0.00% |

*Solactive Australian Hybrid Securities Index (Net), ¹Since Oct 2015, ²Annualised

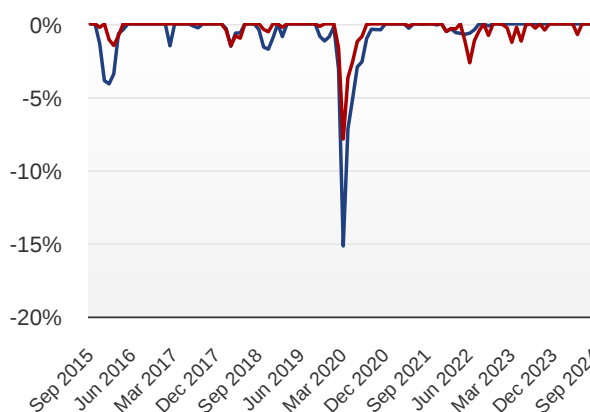
Cumulative Returns

— Fund — Index



Drawdowns

— Fund — Index



Management Company & Key Staff

Seed Funds Management Pty Ltd was incorporated February 2024 to manage the Hybrid Income Fund (HIF), a strategy which commenced in September 2015 with Nicholas Chaplin as Portfolio Manager. This was transferred to become the BondAdviser Financial Capital Income Fund in June 2022, and was then novated to Seed Funds Management in March 2024. Seed Funds Management is owned 60% by Seed Partnerships Pty Ltd and 40% by Nicholas Chaplin, who remains the Senior Portfolio Manager of the Hybrid Income Fund.

Supporting Chaplin as Portfolio Manager of Seed Funds Management is John Corr, an experienced investment professional with extensive market knowledge. The investment team is further supported by Seed Partnerships who have 5 permanent staff, all of whom have significant experience in the funds management sector, and collectively provide a broad background in industry knowledge, fund administration and extensive distribution experience.

Nicholas Chaplin, the Senior Portfolio Manager, has managed the portfolio since its original inception as Paraclete Funds Management in 2015. Portfolio Manager John Corr adds an important depth to the portfolio management function, and is also Chairman of the three person Investment Committee which includes Chris Donohoe. Corr represents an important back-up for Chaplin in the investment team, while Donohoe also provides broad experience from within the funds management industry. Additional staff are planned to be added as required directly for Seed Funds Management (SFM).

Seed Funds Management is a new enterprise, and the investment team, while each having significant and relevant experience, have not previously worked together. Overall the staff of seven constitute a relatively small operation, however the depth and experience of the individuals is extensive, including within Seed Partnerships' administrative and distribution functions.

Key Staff

Nicholas Chaplin

Age: 57, Years in industry: 35
Senior Portfolio Manager

Nick Chaplin has worked in the finance industry for over 30 years, specialising in the structuring and education of financial capital, with a focus on hybrids. Prior to combining with Seed Partnerships to create Seed Funds Management he spent 12 years building and leading NAB's hybrid and structured capital originations business. Prior to NAB, he built the hybrid capital business for Westpac, including originating several rare foreign issues into Australia.

Chaplin has extensive experience in hybrid capital products. From 2002 until 2004, he managed a portfolio of hybrid securities with a volume of over \$250 million for CommSec as part of its Equity Capital Markets business. From 2015 until 2022, he managed the Hybrid Income strategy under the Paraclete Funds Management Trust, investing exclusively in hybrid Tier 1 capital securities, and utilising the same process, objectives and strategy as the Seed Hybrid Income Fund.

Chaplin is a graduate of the University of Wollongong and holds Graduate Diploma's in Applied Finance from both the Securities Institute and the Australian Financial Management Association. He is a graduate of the Australian Institute of Company Directors and has served on numerous not-for-profit Boards of Directors.

Christopher Donohoe

Age: 53, Years in industry: 31, Years at Firm: 9
Director

Chris is the founder of Seed Partnerships and has CEO experience in funds management and in the initiation, capital raising and management of Listed Investment Companies. Chris was a member of the investment committee of the Future Generation Global Investment Company, after serving as the co-CEO in the company's inaugural year.

Prior to forming Seed Partnerships in May 2015, Chris was the CEO, Board Director and Compliance Committee Member at PM CAPITAL Limited. He was also the CEO and Director of the PM CAPITAL Global Opportunities Fund Limited (listed in December 2013) and PM CAPITAL Asian Opportunities Fund Limited (listed in May 2014). Before moving into funds management, Chris gained several years' experience trading in the derivatives and bond markets.

Chris is a Graduate of the Australian Institute of Company Directors. He holds a Masters of Business in Finance, majoring in Funds Management, from the University of Technology, Sydney.

John Corr

Years in industry: 40
Portfolio Manager and Chair of Investment Committee

John Corr's experience in financial markets spans over 40 years and covers banking, broking, proprietary trading and funds management. He was a founder and Chief Investment Officer (CIO) of Aurora Funds Management where he was responsible for the oversight of an investment team that managed a range of funds which invested across both domestic and international equity markets. He was also a founder and CIO of Fortitude Capital, which managed the award winning Fortitude Capital Absolute Return Fund.

Prior to this, Corr held positions at investment banks and broking firms, including as Head of Equity Proprietary Trading at Citigroup, and was a proprietary trader at County Natwest. Corr has a Bachelor of Commerce from the University of Wollongong, and a Graduate Certificate in Financial Markets from Macquarie University.

Fraser McAusland

Years in industry: 26, Years at Firm: 8
Partner at Seed Partnerships, and Head of Compliance

Fraser McAusland is a shareholder of and partner in Seed Partnerships and the designated Compliance Officer for Seed Funds Management, reporting to the Board. He was previously Head of Investment Sales at BT Financial Group, and previously at ABN Amro and Macquarie Bank.

FundMonitors.com Comment

Key staff of both Seed Funds Management and Seed Partnerships have extensive financial market experience in their respective areas.

Nicholas Chaplin, who heads the investment team, has significant understanding and knowledge of the listed hybrid market, including the workings of the regulator, APRA.

Whilst the individual experience of the investment team is undoubted, they have not previously worked together.

Nicholas Chaplin represents key person risk.

Investment Strategy & Process

The Hybrid Market:

The listed hybrid market in Australia includes issues totaling approximately \$45 billion across a broad range of financial and corporate issuers.

"Hybrid Securities" is a term used to describe securities that combine elements of debt securities and equity securities. This includes subordinated notes, convertible preference shares, and capital notes issued by banks, insurance companies and other companies.

Capital notes, convertible preference shares and preference shares pay discretionary income and rank below subordinated notes, but above ordinary shares. They typically have a perpetual term rather than a fixed maturity, however the securities can be called early at the issuer's discretion and can also be converted into equity by the issuer, investor and/or the financial regulator APRA if certain events occur prior to the security's final maturity.

Subordinated notes or bonds are debt securities that pay interest with a fixed legal maturity that rank below senior bonds but above preferred equity and ordinary shares, and which may be converted into equity by the issuer, investor and/or the banking and insurance regulator if certain events occur prior to the security's final maturity.

Hybrids can be either listed and traded on the ASX, or unlisted and traded OTC ("over the counter") directly between buyer and seller. The Fund may also invest in MCI's (Mutual Capital Instruments), which are perpetual securities (no maturity date) issued by a mutual entity (Mutual). A Mutual is a member-owned organisation that is not listed on any stock exchange but is regulated by APRA. The MCI's themselves may be listed on the ASX or be traded "Over the Counter" (OTC).

Typically, a portfolio of hybrid and subordinated instruments will provide a return over the 90 day BBSW rate of approximately 300 basis points. This is generally an attractive alternative to cash investment or senior bond credit funds that are alternative options within the fixed-income asset class.

The Seed Hybrid Income Fund:

The Investment Manager aims to provide investors with access to an actively managed, low-volatility, diversified portfolio with a core focus on capital instruments issued by Australian APRA-regulated issuers including hybrids and subordinated debt, as well as senior debt.

The fund will also hold senior bonds issued by financial companies such as banks, insurance companies and non-bank financial institutions. Senior bonds have a higher priority than subordinated bonds or other hybrid instruments. The manager can hold cash, but will minimise this in most circumstances.

The portfolio typically has between 35 to 40 positions and aims to provide a return in excess of the Solactive Australian Hybrid Index (Net) over the suggested time frame of 5+ years.

The Investment Manager adopts an active management style aimed at identifying and taking advantage of short-term security mis-pricing around a core holding of prudential capital securities.

The fund is limited to issues by Australian or New Zealand issuers only, and there will be no exposure to foreign currencies in managing the portfolio. No hedging or leverage is allowed.

The Manager's active investment style is aimed at identifying and taking advantage of short-term security mispricing around a core holding of hybrid securities. A disciplined risk management framework is a core component of the Fund's investment process. Investments go through a rigorous due diligence process by the investment team, which is overseen by the Investment Committee, chaired by John Corr, and which also includes Chris Donohoe. This approach includes comprehensive on-going reviews of issuers, capital strength analysis, broader regulatory expectations and regular competitor comparisons. Existing and potential portfolio exposures are then assessed against comparable market-issued instruments.

The portfolio also undergoes extensive trade sensitivity, stress testing, and portfolio construction analysis utilising in-house risk analytics. Chaplin as the Senior Portfolio Manager will ultimately make the day-to-day investment decisions, consistent with the investment strategy, and within the Fund's investment objective and risk tolerance.

The Investment Manager utilises the following investment criteria as part of the risk management process to create the strongest platform to achieve the Fund's investment objective:

- As noted above, the Fund is limited to Australian or New Zealand issuers only to ensure there is no exposure to foreign currencies when managing the portfolio. This also ensures that prudential management of relevant investments is limited to Australia, which matches Chaplin's knowledge and career experience in working alongside APRA.
- Majority of holdings are floating rate instruments. Fixed rate bonds can be held, but are limited by the interest rate duration outcome of the portfolio as a whole, and which will be constantly internally monitored.
- Individual and broad exposures to individual issuers are also limited such that concentration risk is managed and portfolio diversification is enhanced. The Manager aims to hold a maximum of 25% portfolio exposure to a single issuing entity, while single issues are limited to a 15% maximum of the overall portfolio exposure.

FundMonitors.com Comment

🚩 The strategy is well thought out and provides a diversified exposure to the listed hybrid market, which is difficult to replicate by an individual investor.

🚩 The investment team provides the specialised expertise, knowledge and understanding of the hybrid market that is required to ensure a satisfactory outcome.

Risk Management

A disciplined risk management framework underscores the Manager's investment process. Investments undergo a rigorous due diligence process by the Portfolio Manager, overseen by the investment committee which consists of John Corr, (Chairman) Nick Chaplin, and Chris Donohoe. The process includes comprehensive and on-going review of issuers, capital strength analysis, broad regulatory expectations, and regular competitor comparisons.

Existing and potential portfolio exposures are then assessed against comparable market-issued instruments. The portfolio also undergoes extensive trade sensitivity, stress testing, and portfolio construction analysis utilising in-house risk analytics. The Investment Team of Chaplin and Corr are responsible for the day-to-day investment analysis and management, ensuring they are consistent with the Fund's investment strategy, the investment objective, and risk limits. The final investment decision is made by Chaplin as Senior Portfolio Manager.

Key risk factors that are considered include macro-economic impacts such as unemployment, CPI, and GDP announcements, as well as day-to-day geo-political influences as they occur. The market's sensitivity to these factors is considered as an ongoing risk factor and is constantly monitored.

Other key risk factors include individual instrument and portfolio liquidity, market sensitivity to price and margin levels, and the influence of prudential regulation. Scenario analysis is utilised to prepare for situations that may arise. These are particularly focused around liquidity constraints, along with historic analysis of market reactions to macro-economic impacts.

Individual exposures and broad exposures to individual issuers are limited, such that concentration risk is managed and portfolio diversification is enhanced. The Manager aims to hold a maximum portfolio exposure of 25% to a single issuing entity, while single issues are limited to a maximum exposure of 15% of the portfolio.

The portfolio has a broad intra-portfolio allowance for the key asset classes of hybrid, subordinated bonds, senior bonds and cash. Typically, one asset class will not dominate the portfolio but the manager will continuously move the proportional holdings of these asset classes as provides the optimal performance outcome. No strict limits are in place.

At the time of writing, the split in assets are as follows:

- Hybrid tier 1 capital instruments - 41%
- Subordinated tier 2 capital instruments - 51%
- Senior bonds - 7%
- Cash - 1%

Liquidity is a key focus in order to fund new investment opportunities and any potential portfolio redemptions. The listed hybrid holdings together with the subordinated bonds held in the portfolio are assessed for liquidity regularly to ensure that holdings can be liquidated quickly without materially impacting the market price. This process incorporates assessment of daily trading volumes for listed issues, and a focus on minimum issue volumes and market-making trading activity for OTC bonds.

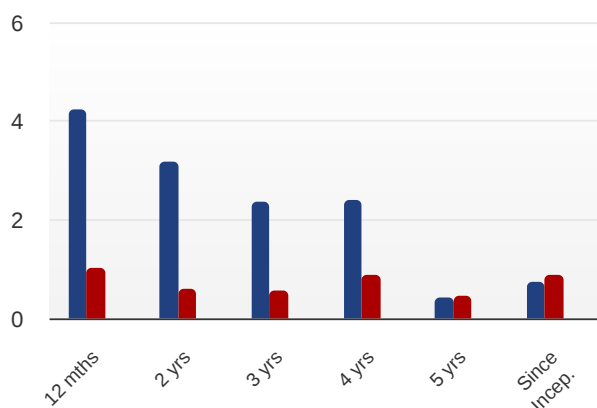
Seed Funds Management uses quantitative risk management tools to assess risk. For internal risk management, proprietary models are used and reconciled daily to the external Fund Administrator, Custodian (Apex) and Sub-Custodian (JPMorgan) who also are contracted to monitor and report on risk management. All other risks are managed by the Seed Funds Management risk management policy.

FundMonitors.com Comment

- Risk management is integrated into and within the investment process.
- The fund only invests in issues by Australian and NZ institutions in Australian dollars ensuring there is no currency risk.
- No hedging or leverage is employed.
- 35-40 positions represents good diversification, with concentration limited by issuer (max 25%) and issue (15%).
- Interest rate risk is managed by predominantly holding floating rate instruments.

Sharpe Ratio

— Fund — Index



Key Statistics¹

| | Fund | Index* |
|--------------------------------|---------|--------|
| Sharpe: | 0.75 | 0.88 |
| Sortino: | 1.00 | 1.21 |
| Best Month: | 9.44% | 4.55% |
| Worst Month: | -12.46% | -6.31% |
| Average Monthly Return: | 0.53% | 0.40% |
| Up-Capture Ratio: | 128% | N/A |
| Down-Capture Ratio: | 98% | N/A |
| Maximum Drawdown: | -15.18% | -7.87% |

*Solactive Australian Hybrid Securities Index (Net), ¹Since Oct 2015

Operational Procedures

Compliance is monitored internally. Fraser McAusland from Seed Partnerships acts as the Chief Compliance Officer for the Investment Manager. As Chief Compliance Officer, McAusland reports to the Board if there are any issues or exceptions.

The Responsible Entity, Evolution Trustees, also monitors fund compliance interdependently, with reporting on an ongoing basis between the Investment Manager.

Staff are provided with details of the Compliance Policy and are regularly updated on changes to regulatory aspects impacting on the Investment Manager.

Seed Funds Management has a formal compliance incidence and breach register where it records any breaches.

No breaches have been reported since the formation of Seed Funds Management.

The Compliance Plan of the fund has been produced by the Responsible Entity (Evolution Trustees) and audited by Deloitte Touche Tohmatsu.




A daily reconciliation is performed in advance of approving each day's unit price calculation and holding report (including individual holding prices). This includes reconciliation of the number of units, and individual prices of holdings. Future settlements are noted as part of the calculations. Approval is required from the Investment Manager (via the Senior Portfolio Manager) before the unit price can be accepted and published.

Performance is calculated only from approved data provided by the Administrator. The two-way approval process, with monitoring by the Responsible Entity, provides significant assurance to the accuracy of published performance numbers.

The investment and operational systems are generally managed externally by the fund's administrator Apex Group.

| Service Providers | |
|---------------------------------|---|
| Trustee/RE: | Evolution Trustees Limited |
| Custodian: | Apex Group with JPMorgan as Sub-Custodian |
| Administrator: | Apex Group |
| Auditor: | Deloitte Touche Tohmatsu |
| Legal Services Provider: | Mont Lawyers |
| Prime Broker: | N/A |

FundMonitors.com Comment

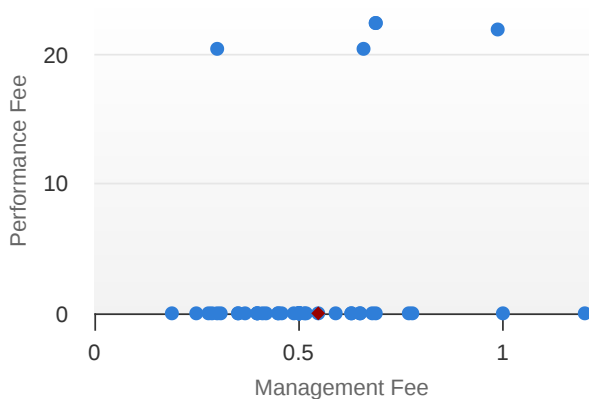
-  Compliance is monitored both internally and independently of the investment team, and externally by the Responsible Entity, Evolution Trustees.
-  Daily reconciliation of unit prices, with approval required from the Investment Manager prior to acceptance and publication.
-  Compliance plan monitored by an external auditor, Deloitte Touche Tohmatsu.

Fees, Terms & Conditions

Terms & Fees

Management fees are 0.55% of Net Asset Value (NAV), payable monthly. The manager does not charge a performance fee.

There is no buy-spread charged when investing in the fund, however, there is a sell-spread of 0.1% on exit to cover transaction costs. Realised income is distributed monthly and may be re-invested or distributed at the investor's discretion.



Investments and redemptions can be made daily, with a minimum initial investment amount of AU\$10,000 and a minimum additional investment amount of AU\$1,000. The minimum withdrawal amount is AU\$1,000.

Investor Relations

The fund issues a monthly performance report to investors which includes the following key information:

- Recent performance
- Long-term performance
- Net returns
- Top holdings
- Performance attribution
- Market outlook

Structure & Compliance

The fund is a Unit Trust domiciled in Australia and is open to Wholesale & Retail investors. Seed Funds Management is a Corporate Authorised Representative (Number 001308397) of Seed Partnerships Pty Ltd (AFSL 492973).

Distribution & Marketing

Distribution is managed by Seed Partnerships Pty Ltd (parent company). Staff at Seed Partnerships are highly experienced in the distribution of managed funds and have an extensive network of investor relationships with which to market the fund. Target markets include brokers, wealth management firms, family offices, self-managed super funds, and high-net-worth individuals. FUM is steadily growing through these relationships and as a result of outperformance and expertise demonstrated through regular education on pertinent asset class performance in the marketplace.

Available on Investment Platforms

HUB24, Netwealth, Powerwrap, Praemium

FundMonitors.com Comment

Monthly distribution provides investors with a regular income stream.

No buy spread and a low sell spread of 0.1%, coupled with no performance fee keeps fees on the low side.

Although early in the Manager's history, Seed Partnerships' track record in distribution and capital raising provides confidence that the FUM will grow substantially.

Performance Summary as at Sep 2024

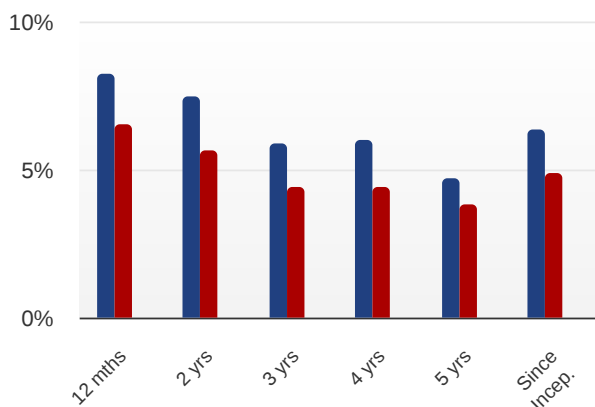
The Seed Funds Management Hybrid Income Fund has a track record of 9 years and has outperformed the Solactive Australian Hybrid Securities (Net) benchmark since inception in October 2015, providing investors with an annualised return of 6.38% compared with the benchmark's return of 4.86% over the same period.

On a calendar year basis, the fund hasn't experienced any negative annual returns in the 9 years since its inception. Over the past 12 months, the fund hasn't had any negative monthly returns and therefore hasn't experienced a drawdown. Over the same period, the index's largest drawdown was -0.73%. Since inception in October 2015, the fund's largest drawdown was -15.18% vs the index's maximum drawdown over the same period of -7.87%. The fund's maximum drawdown began in October 2019 and lasted 1 year and 2 months, reaching its lowest point during March 2020. The fund had completely recovered its losses by December 2020.

The Manager has delivered these returns with 2.7% more volatility than the benchmark, contributing to a Sharpe ratio which has only fallen below 1 once over the past five years and which currently sits at 0.75 since inception. The fund has provided positive monthly returns 88% of the time in rising markets and 44% of the time during periods of market decline, contributing to an up-capture ratio since inception of 128% and a down-capture ratio of 98%.

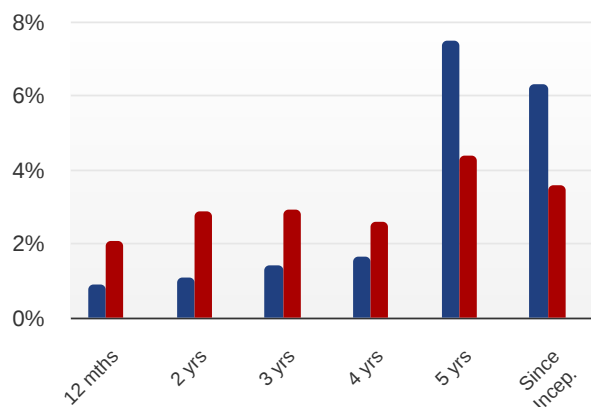
Annual Returns

— Fund — Index



Standard Deviation

— Fund — Index

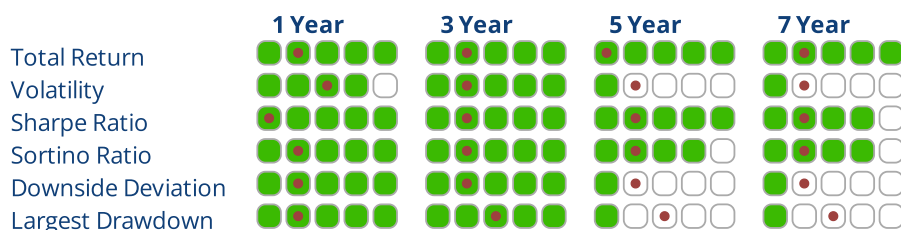


Quintile Ranking vs. Fixed Income - Bonds as at September 2024

The performance of the Seed Funds Management Hybrid Income Fund ranked it in the first quintile for Total Return and second quintile for Sharpe and Sortino over 7 years and ranked in the first quintile for Total Return and Sharpe and second quintile for Sortino over 5 years, while over 1 & 3 years the fund ranked in the first or second quintile for all KPIs.

Over the past 12 months, the fund has risen by +8.25% compared with the peer group which has returned an average of +7.85%, for a difference of +0.4%.

The fund's returns over the past 12 months have been achieved with a volatility of 0.89% vs the peer group's average volatility of 3.64%. The annualised volatility of the fund's returns since inception in October 2015 is 6.3% vs the peer group's 3.82%. Over all other periods, the fund's volatility relative to the peer group has been varied.



Quintile Rankings display Key Performance Indicators (KPI's) against the fund's Peer Group. Each green square ranks the fund in one quintile (or 20%) of its peer group - five green squares indicate the fund is in the best quintile for each KPI. The performance of the peer group's underlying index is shown by a red dot.

■ Seed Funds Management Hybrid Income Fund
● Bloomberg AusBond Composite 0+ Yr Index

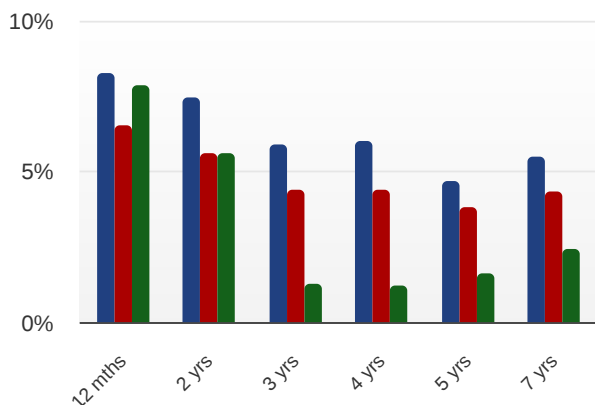
Performance Review (Peer Group: Fixed Income - Bonds)

The Seed Funds Management Hybrid Income Fund rose by +0.76% in September, a difference of -0.24% compared with the Solactive Australian Hybrid Securities (Net) benchmark which rose by +1%. Over the past 12 months, the fund's best monthly return was +1.03% compared with the benchmark's best return of +1.19%, and its worst monthly return was +0.23% vs the benchmark's worst return over the same period of -0.73%.

| Year | Jan % | Feb % | Mar % | Apr % | May % | Jun % | Jul % | Aug % | Sep % | Oct % | Nov % | Dec % | YTD % |
|------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2024 | 0.45 | 0.75 | 0.72 | 0.84 | 0.40 | 0.61 | 0.98 | 0.28 | 0.76 | NA | NA | NA | 5.95 |
| 2023 | 0.59 | 0.59 | 0.08 | 0.41 | 0.17 | 0.63 | 1.09 | 0.62 | 0.58 | 0.23 | 0.89 | 1.03 | 7.12 |
| 2022 | -0.52 | 0.18 | -0.26 | -0.06 | -0.06 | 0.07 | 0.24 | 0.77 | 0.67 | -0.14 | 0.79 | 1.07 | 2.78 |
| 2021 | 1.16 | 0.58 | 0.08 | 0.99 | -0.30 | 1.18 | 0.04 | 0.11 | 0.58 | 0.73 | -0.07 | 1.18 | 6.45 |
| 2020 | 0.69 | -2.93 | -12.46 | 9.44 | 2.22 | 2.29 | 0.36 | 1.63 | 0.63 | -0.02 | -0.01 | 1.78 | 2.27 |
| 2019 | 0.96 | -0.87 | 1.38 | 0.81 | 1.72 | 5.00 | 0.43 | 0.29 | 1.30 | -0.85 | -0.33 | 0.30 | 10.51 |
| 2018 | 0.38 | -0.32 | -1.22 | 0.91 | 0.01 | 0.98 | 1.40 | 0.77 | -0.40 | -1.20 | -0.14 | 0.79 | 1.96 |
| 2017 | 1.03 | -1.50 | 1.85 | 1.27 | 1.11 | 0.18 | -0.15 | -0.12 | 1.69 | 0.70 | 0.11 | 0.64 | 6.99 |
| 2016 | -0.23 | 0.71 | 2.85 | 0.27 | 1.39 | 0.18 | 2.45 | 1.10 | 1.23 | 1.83 | 0.99 | 1.88 | 15.60 |
| 2015 | NA | NA | NA | NA | NA | NA | NA | NA | NA | 2.61 | -1.36 | -2.55 | -1.37 |

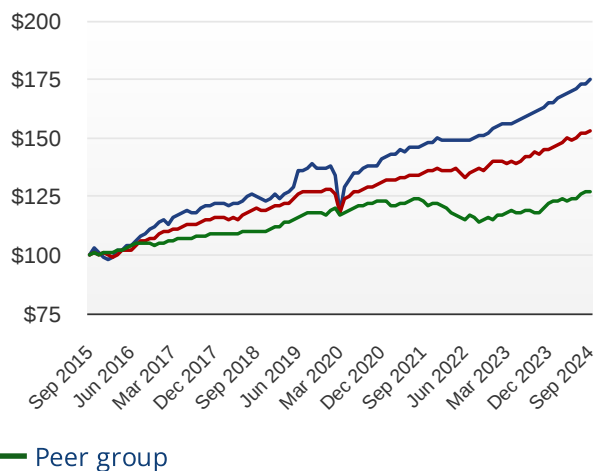
Annual Returns

Over the past 12 months, the fund has risen by +8.25% compared with the benchmark which has returned +6.55%, for a difference of +1.7%. Since inception in October 2015, the fund has returned +6.38% per annum, a difference of +1.52% relative to the benchmark which has returned +4.86% on an annualised basis over the same period.



Cumulative Returns

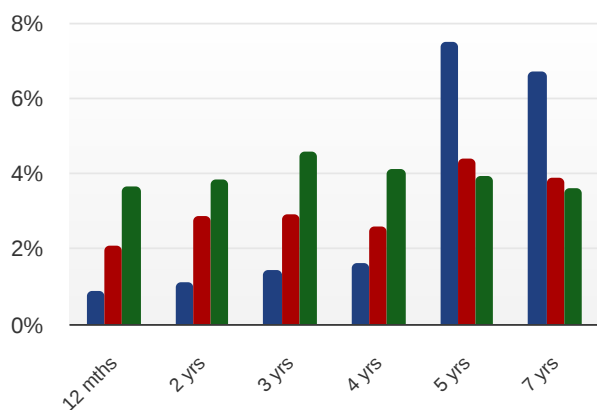
On a cumulative basis (assuming reinvestment of distributions), \$100 invested since inception would have become \$174. The same amount invested in the benchmark over the same period would have become \$153.



Volatility and Risk

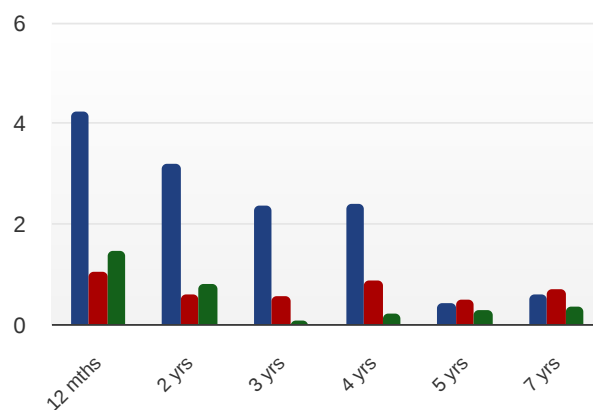
Annual Standard Deviation

The fund's returns over the past 12 months have been achieved with a volatility of 0.89% vs the index's 2.06%. The annualised volatility of the fund's returns since inception in October 2015 is 6.3% vs the index's 3.6%. Over all other periods, the fund's volatility relative to the benchmark has been varied.



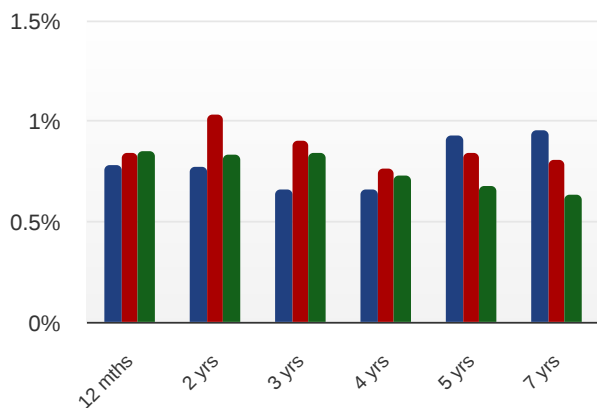
Sharpe Ratio

The fund's Sharpe ratio has ranged from a high of 4.23 for performance over the most recent 12 months to a low of 0.42 over the latest 60 months, and is 0.75 for performance since inception. By contrast, the Solactive Australian Hybrid Securities (Net) Index's Sharpe for performance since October 2015 is 0.88.



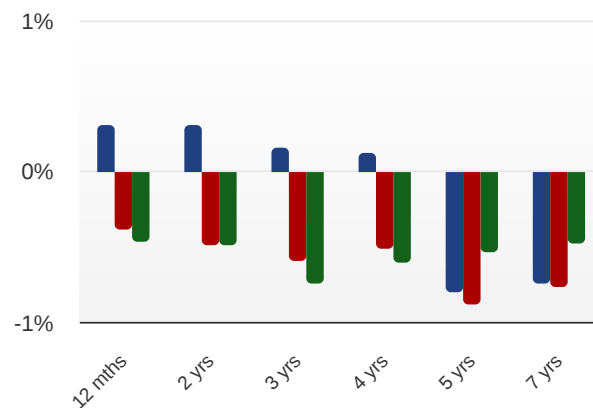
Performance in Positive Markets

Since inception in October 2015 in the months where the market was positive, the fund has provided positive returns 88% of the time, contributing to an up-capture ratio for returns since inception of 128.37%. Over all other periods, the fund's up-capture ratio has ranged from a high of 111.58% over the most recent 60 months to a low of 71.48% over the latest 36 months. An up-capture ratio greater than 100% indicates that, on average, the fund has outperformed in the market's positive months.



Performance in Negative Markets

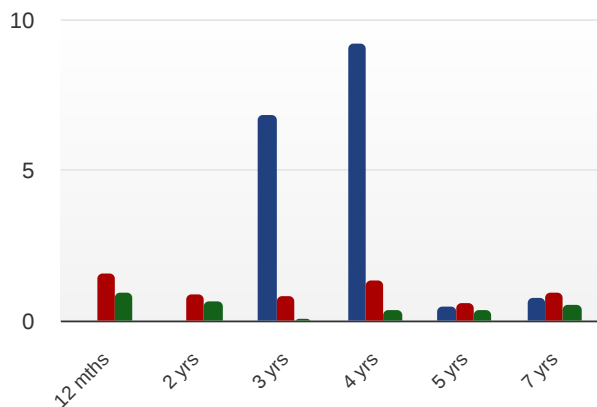
Since inception in October 2015 in the months where the market was negative, the fund has provided positive returns 44% of the time, contributing to a down-capture ratio for returns since inception of 97.78%. Over all other periods, the fund's down-capture ratio has ranged from a high of 94.46% over the most recent 60 months to a low of -79.5% over the latest 12 months. A down-capture ratio less than 100% indicates that, on average, the fund has outperformed in the market's negative months, and a negative down-capture ratio indicates that, on average, the fund delivered positive returns in the months the market fell.



— Fund — Index — Peer group

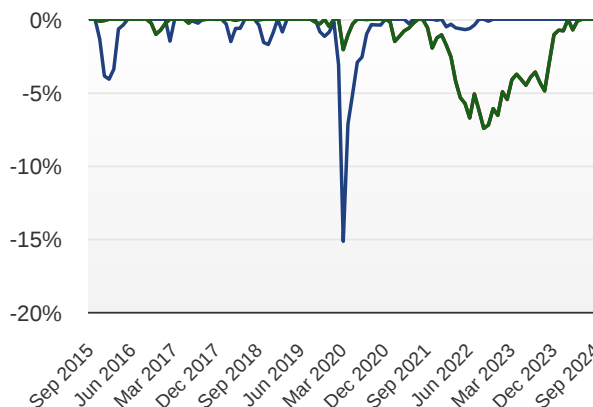
Sortino Ratio

The fund has had too few negative returns over the past 12 months for a Sortino ratio to be calculated. Over all other periods its Sortino ratio (which excludes volatility in positive months) has ranged from a high of 9.18 for performance over the most recent 48 months to a low of 0 over the latest 24 months. By contrast, the Solactive Australian Hybrid Securities (Net) Index's Sortino for performance since October 2015 is 1.21.

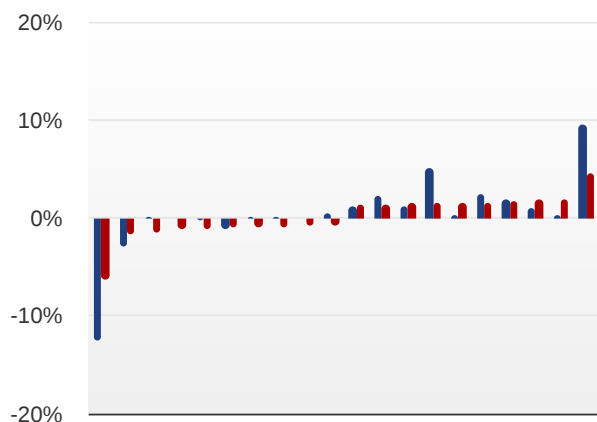


Drawdown

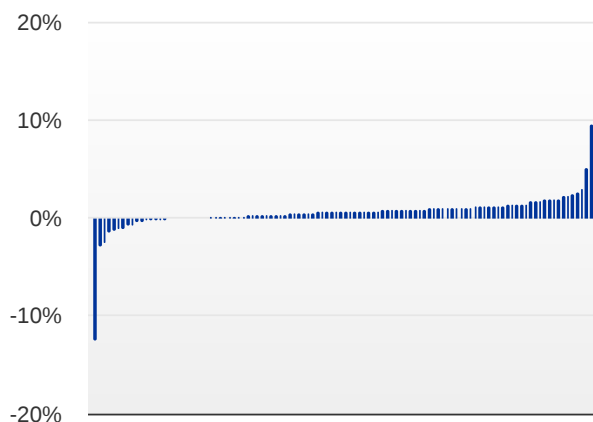
Over the past 12 months, the fund hasn't had any negative monthly returns and therefore hasn't experienced a drawdown. Over the same period, the index's largest drawdown was -0.73%. Since inception in October 2015, the fund's largest drawdown was -15.18% vs the index's maximum drawdown over the same period of -7.87%.



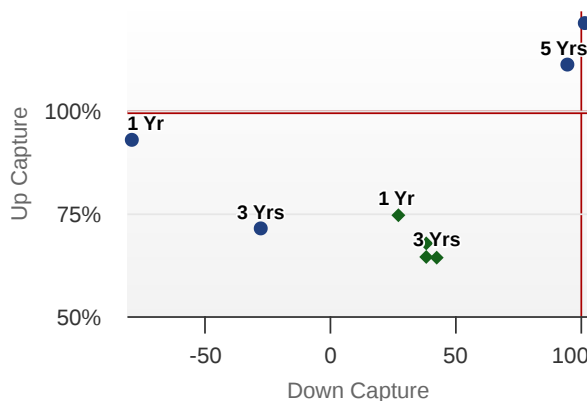
Return in Index's 10 Best & 10 Worst Months %



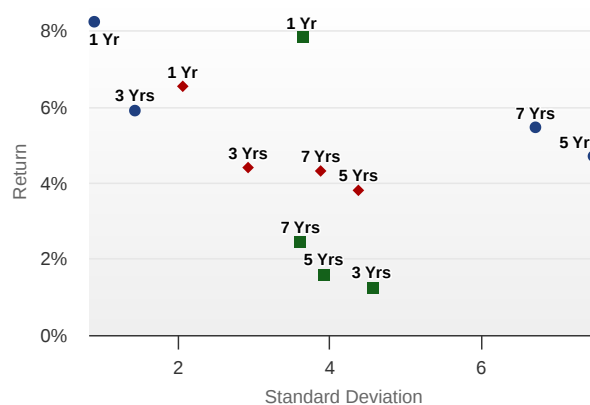
Distribution of Returns



Up-capture vs Down-capture



Standard Deviation vs Return



| Annual Returns and Analytics | 12 months | 24 months | 36 months | 48 months | 60 months | Inception |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Fund Annual Return per annum | 8.25% | 7.45% | 5.91% | 6.02% | 4.71% | 6.38% |
| Index Annual Return per annum | 6.55% | 5.63% | 4.41% | 4.39% | 3.81% | 4.86% |
| Fund Cumulative Return (on \$100) | \$108.25 | \$115.45 | \$118.80 | \$126.34 | \$125.87 | \$174.54 |
| Index Cumulative Return (on \$100) | \$106.55 | \$111.58 | \$113.81 | \$118.77 | \$120.54 | \$153.31 |
| Fund Annualised Standard Deviation | 0.89 | 1.09 | 1.43 | 1.63 | 7.48 | 6.30 |
| Index Annualised Standard Deviation | 2.06 | 2.85 | 2.92 | 2.60 | 4.37 | 3.60 |
| Fund Sharpe Ratio | 4.23 | 3.18 | 2.37 | 2.40 | 0.42 | 0.75 |
| Index Sharpe Ratio | 1.04 | 0.59 | 0.56 | 0.88 | 0.47 | 0.88 |
| Fund Sortino Ratio | N/A | N/A | 6.83 | 9.18 | 0.49 | 1.00 |
| Index Sortino Ratio | 1.54 | 0.88 | 0.81 | 1.32 | 0.60 | 1.21 |
| Monthly Returns and Analytics | 12 months | 24 months | 36 months | 48 months | 60 months | Inception |
| Fund Average monthly return | 0.66% | 0.60% | 0.48% | 0.49% | 0.38% | 0.53% |
| Index Average monthly return | 0.53% | 0.46% | 0.36% | 0.36% | 0.31% | 0.40% |
| Fund % of Positive Months | 100% | 96% | 83% | 81% | 78% | 77% |
| Index % of Positive Months | 75% | 63% | 64% | 69% | 70% | 74% |
| Fund Average +ve Return | 0.66% | 0.63% | 0.61% | 0.64% | 0.90% | 1.03% |
| Index Average +ve Return | 0.84% | 1.03% | 0.90% | 0.76% | 0.84% | 0.79% |
| Fund Best Month | 1.03% | 1.09% | 1.18% | 1.78% | 9.44% | 9.44% |
| Index Best Month | 1.19% | 1.90% | 1.90% | 1.90% | 4.55% | 4.55% |
| Fund Average -ve Return | N/A | -0.14% | -0.18% | -0.16% | -1.38% | -1.12% |
| Index Average -ve Return | N/A | -0.49% | -0.59% | -0.52% | -0.89% | -0.75% |
| Fund Worst Month | 0.23% | -0.14% | -0.52% | -0.52% | -12.46% | -12.46% |
| Index Worst Month | -0.73% | -0.99% | -1.48% | -1.48% | -6.31% | -6.31% |
| Fund Largest Drawdown | 0.00% | 0.00% | -0.71% | -0.71% | -15.02% | -15.18% |
| Index Largest Drawdown | -0.73% | -1.26% | -2.66% | -2.66% | -7.87% | -7.87% |
| Fund Downside Deviation | 0.13 | 0.32 | 0.44 | 0.41 | 5.77 | 4.53 |
| Index Downside Deviation | 1.37 | 1.85 | 1.92 | 1.66 | 3.30 | 2.55 |
| Performance in Positive Markets | 12 months | 24 months | 36 months | 48 months | 60 months | Inception |
| Number of months market was positive | 9 | 15 | 23 | 33 | 42 | 80 |
| Fund % positive months, when market positive | 100% | 100% | 91% | 88% | 88% | 88% |
| Cumulative Fund return in positive market | 7.26% | 12.25% | 16.40% | 24.02% | 46.64% | 113.02% |
| Cumulative Index return in positive market | 7.79% | 16.67% | 22.94% | 28.52% | 41.80% | 88.04% |
| Up Capture Ratio | 93.16% | 73.47% | 71.48% | 84.22% | 111.58% | 128.37% |
| Performance in Negative Markets | 12 months | 24 months | 36 months | 48 months | 60 months | Inception |
| Number of months market was negative | 3 | 9 | 13 | 15 | 18 | 27 |
| Fund % positive months, when market negative | 100% | 89% | 69% | 67% | 56% | 44% |
| Cumulative Fund return in negative market | 0.92% | 2.85% | 2.06% | 1.87% | -14.17% | -18.06% |
| Cumulative Index return in negative market | -1.16% | -4.37% | -7.43% | -7.58% | -15.00% | -18.47% |
| Down Capture Ratio | -79.50% | -65.22% | -27.77% | -24.68% | 94.46% | 97.78% |

AFM FACTORS Process and Methodology:

The processes involved in AFM FACTORS Research include:

- Extensive interviews with the directors, key staff and service providers of the Management Company and the fund.
- Objective analysis of the responses to interviews and questionnaires regarding the Fund's Investment Strategy & Risk Processes.
- Objective analysis of the responses to interviews and questionnaires regarding the Operational Processes, Compliance and Risks of the Management Company and Fund.
- Analysis of the Fund's documentation, Fees, Terms, Conditions and Investor Relations.
- Quantitative analysis of the Fund's track record to provide key performance and risk indicators.




The quantitative approach to the FACTORS reports is adjusted following qualitative assessment by AFM's Investment Committee depending on the level of conviction attached to each score. This score is weighted and calculated as a percentage in the tables below.

FACTORS Rating, Weightings and Scoring Methodology

| Category and Factors considered | Weighting to Total |
|--|--------------------|
| 1 Management Company & Key Staff: Includes board composition and independence; meetings and processes; relevance, depth and experience of key staff; overall staffing levels; staff turnover; roles and separation of duties; equity in management company; co-investment in the fund. | 25% |
| 2 Investment Strategy & Process: Edge; logical and clear; difference; research sources; consistency; liquidity; processes; derivatives; currency; concentration; | 25% |
| 3 Risk Management: Separation of risk management; risk limits and processes; risk committee. | 20% |
| 4 Operational Procedures: Back office; trade processes; compliance; counter parties; IT systems; disaster recovery; insurance; AML; service providers. | 20% |
| 5 Fees, Terms & Conditions: Liquidity; investment and redemption terms; management fees; performance fees; HWM; hurdles; reporting; transparency. | 10% |
| Total | 100% |

Flags

FACTORS reports use a series of Comments boxes with Flags to denote areas which are believed to be of interest or relevance to Advisors and Investors. These are provided as a guide only and do not guarantee that the points raised or opinions noted (red or yellow flag) are the sole risks involved, or that a positive comment (green flag) indicates that there is no risk involved in the investment.

| | |
|--|--|
|  | Denotes an area which FACTORS Research considers to be positive, or exceeds general industry standards, taking into account the Manager's size or Fund strategy. |
|  | Denotes an area that investors should be aware of, but is not considered to be either a major issue, or is appropriate given the circumstances. |
|  | Denotes an area or factor which is considered to be a serious weakness, or might cause investors to avoid the Manager or Fund. |

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AFM FACTORS Research

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