Lonsec

AI Private Opportunities Trust

AIX **Author:** Rui Fernandes **Published:** 04 Jun 2026

Data is provided by the manager at 31 Mar 2026, and currency in AUD, unless otherwise stated

Recommended

Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	GCM Grosvenor L.P.
Benchmark	Bloomberg AusBond Bank Bill Index AUD
Product structure	LIT
Market cap. at 31-Mar-2026	IPO
Listing Date	Expected: 2 July 2026
Leverage	No Leverage at Trust or Intermediate Entity level
Asset class	Alternatives
Sector	Growth Alternatives (High)
Peer group	Global Private Equity
Rated peers	23
Annual fees and costs	1.72

Source: FE fundinfo * Refer to Fees section

What is the Product?

The Trust is a close-ended listed private equity vehicle with a defined maturity expected after seven years. The underlying strategy is highly concentrated by the number of names and industry. The strategy's lifecycle comprises reinvestment (years 1 and 2) and then harvest (from year 3).

Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	Low
Key Person Risk	Low
Tenure of Decision Makers	High
Complex (RG240)	No
Transparency	High
ESG Approach	Risk or Value
Peer Relative Fees and Costs	Below median

Product Opinion

The Trust has been provided a **'Recommended'** rating. Grosvenor has a well-regarded private markets capability with an experienced team and robust investment process. The underlying strategy represents a differentiated opportunity to access a concentrated portfolio of private companies exposed to the AI-thematic. In this context, fees are viewed as reasonable. The underlying payoff profile may more closely resemble late stage venture capital / growth and investors should be willing and able to accept significant unit price volatility and divergence from the NAV. The Trust's defined maturity has potential to ameliorate this divergence somewhat.

Lonsec Rating Model

Rating key: ●●● Above ●●○ In-line ●○○ Below

Factor	Peer Rating	YoY Score Change
Business	●●●	—
Team	●●●	—
Process	●●●	—
ESG	●●●	—
Product	●●○	—
Fees	●●●	—
Performance	●●○	—

Allocation Profile

Core		
Satellite		
	Low Complexity	High Complexity

Private Market Profile

High Valuation Risk		
Low Valuation Risk		
	Liquid	Illiquid

Strengths

- Grosvenor has a strong track record in private markets spanning over 20 years and a highly qualified investment team applying a thorough and robust investment process.
- Being listed on the ASX provides investors with daily liquidity for an illiquid asset class.
- The Trust is expected to provide concentrated exposure to an otherwise hard to access private market thematic.
- The defined maturity structure, including reinvestment and harvesting cycles, brings a traditional private equity framework to the ASX.

Weaknesses

- The AI thematic is susceptible to changes and/or reversals in sentiment with material implications for asset values. An investment may be considered speculative.
- There is notable potential for the Trust's traded unit prices to diverge materially from unit NAV.
- The Trust's support of listing costs via a loan to the issuer is not contemporary but reasonable given the vehicle's expected finite life.
- The Trust represents a highly concentrated strategy which resembles a late stage venture capital / growth payoff structure.

Key Facts

Changes Since Last Review

This is Lonsec's initial review of the product.

Key Objectives

Investment objective	The Trust seeks to generate positive long-term capital growth by generally targeting investments in the equity securities of private, non-publicly traded companies that are developing, enabling, or contributing to the adoption of artificial intelligence.
Internal return objective	N/A
Internal risk objective	N/A

Asset Allocation (%) (as at 31/03/2026)

Information hasn't been provided, contact the product provider.

Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

Product Distribution Profile

Frequency	Periodically
Last Missed Distribution	N/A
Number of Missed Distributions in the last 5 years	0

Trading Snapshot (as at 31/03/2026)

Securities on issue	IPO
Ticker	AIX
Last price	10
52 week high/low price	IPO
Last NTA or NAV	IPO
52 week high/low NTA or NAV	IPO
Premium/discount to NTA or NAV	IPO

Rating History

This is the initial review of the Product.

Return Profile

	Defensive	Growth
Income		
Capital		■

Business

Facts

Investment Manager	GCM Grosvenor L.P.
Ultimate Parent Company	GCM Grosvenor Inc. is a public company listed on The Nasdaq Stock Market LLC under the ticker “GCMG”.
Headquarters	Chicago, Illinois.
Inception Date	May 1971
% Staff Ownership	>50%

AUM

Governance

% Independent board members	71
% Female board members	29
Independent chair	No
CEO as Chair	Yes
Separate Audit Committee	Yes

Metrics

Total AUM	US$90.9b
Investment Management Headcount	553
Investment Professionals	185
Sales & Service	59

Who is the Manager?

Pengana Capital Limited ('Pengana') is a wholly owned subsidiary of Pengana Capital Group Limited (ASX:PCG), a diversified funds management group founded in 2003 and headquartered in Sydney. Pengana has appointed GCM Grosvenor, L.P. ('Grosvenor' or 'the Manager') as the investment manager for the Fund.

Grosvenor is an investment manager with US$90.9bn in AUM (Dec. 2025). This was split between 29% in Absolute Return strategies and 71% in private markets as of June 2025, additionally 71% of AUM was managed in customised separate accounts.

Grosvenor became a public company (NASDAQ: GCMG), effective 18 November 2020, after a merger with CF Finance Acquisition Corp. (NASDAQ: CFFA). Post the merger, the Grosvenor investment team continue to own c. 70% of the equity interests of the combined company. Importantly, the Grosvenor leadership team remains unchanged since listing.

Lonsec Opinion

Profitability

Grosvenor is profitable, although derives a material amount of revenue from performance-based fees, which may fluctuate based on the performance of the Manager's investment strategies. The Manager has a well-diversified global client base across a number of investment strategies and vehicles, which typically have long investment periods, as such the client base and subsequent ability to generate revenue is considered strong.

Business Track record

The firm manages a significant amount of capital, with strong AUM growth in a sustainable manner, and a strong track record of operating over many years, with the Manager's private equity capabilities being offered since 1999 and other alternative strategies since 1971. The GCM business has built a decent footprint across Asia Pacific and is considered to be committed to continuing offering products and services in the region.

Business Ownership

GCM is a publicly listed company (NASDAQ: GCMG), that said, the Manager is considered to have a strong boutique culture, with the business being majority staff owned, predominately within the CEO, Michael J. Sacks, who has been CEO since 1994. Long-term focus, steady ownership structure is credited in ensuring a boutique culture is maintained within a large asset manager.

Business Governance

Business governance is in line with many large global asset managers, with no regulatory findings in recent history. There is a high degree of segregation of duties between the investment team and the operations and compliance teams.

Team

Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Jonathan Levin	Portfolio management	No	2026	22/14	22
Frederick Pollock	Portfolio management	No	2026	21/10	22
Corey LoPrete	Portfolio management	No	2026	26/18	15
Ryan Slawin	Portfolio management	No	2026	11/9	9
Michael Mokotoff	Portfolio management	No	2026	23/3	15

KDM Change*

No changes.

* Last 3 years

Profile

Size	177
Structure	Decentralised
Turnover	Medium

Alignment

KDM equity held in manager	Yes
KDM co-investment in strategy	No
Performance-Based bonus	Yes
Long term incentive plan	Yes

Resources

	Number	Average Years Experience
Key decision makers	5	21
Portfolio Managers		
Hybrid portfolio manager/ analysts	6	12
Dedicated analysts		
Dedicated dealers		
Quantitative		
ESG/Sustainability		
Macro		
Investment Specialists	4	16

Who is the Team?

Grosvenor is headquartered in Chicago and has a further nine offices globally. The aggregate investment team totals 185 investment professionals, with the private equity investment platform comprising 55 investors loosely structured according to Primaries, Co-investments, Secondaries, and Opportunistic. The Trust's Investment Committee is responsible for all investment decisions. It includes Grosvenor's President Jonathan Levin (Chair), alongside Fred Pollock (Chief Investment Officer), Corey LoPrete (Head of Private Equity Portfolio Management, inc. day-to-day responsibility for this strategy), Ryan Slawin (Executive Director of Strategic Investments) and Michael Mokotoff (Director of Research, Opportunistic Investments). The Investment Committee holds firm tenure and industry experience averaging 11 and 21 years, respectively.

Team *(continued)*

Lonsec Opinion

Team Size

Overall, the Private Equity Team comprises 55 professionals and executes private equity investments across primary funds, secondaries, and co-investments. Grosvenor's investment team is considered to be highly qualified, to have strong experience in investing in private markets and be sufficiently resourced. Grosvenor also has a well-resourced 17-person Operational Due Diligence Team, who are members of the Finance and Legal Departments and are separate to the investment team. The Operational Due Diligence Team is responsible for separately reviewing investments and managers from a structuring and operations perspective firm-wide and includes members with legal, audit, tax, technology and securities experience.

Skill

The Investment Committee is led by CIO and Portfolio Manager Fred Pollock. The team has long standing GP relationships that enable consistent, high quality deal flow in the late stage venture / growth focus of the strategy across primaries, secondaries and co-investments. Investment decisions require approval by both the Trust's Investment Committee and Grosvenor's Operations Committee. This two-step approval is viewed positively for governance and execution discipline, supported by an operations group with long firm tenure and deep investing experience.

Historical performance across Grosvenor's closed ended funds is solid, indicating durable manager selection and portfolio construction capability. The firm also has a long history of managing closed pools of capital in separately managed accounts that comprise the majority of its FUM, which makes a LIT structure directly comparable and further supports confidence in execution for the Fund.

Track Record/Co-Tenure

The team is significantly experienced with a stability evident across senior members of the senior investment team and various committees. The committees are considered to be highly experienced and of very high calibre. Key Decision Makers are observed to have solid industry experience and reasonable levels of tenure at the Manager. Some turnover in personnel, Executive Director-level positions and above, was noted over the year in the 2025 PE1 report but largely immaterial to the Trust.

Key Person Risk

Given the size and depth of experience in the investment team, coupled with the committee-based decision-making structure, key person risk is considered to be relatively low.

Alignment

The Manager and investment team are considered to be aligned to the performance of the Trust via the performance fee structure, equity held in the Manager and bonuses. Eligible employees also now receive shares/restricted stock units in the firm with vesting periods of over three years. Overall, alignment is considered a strength of the Manager in general.

Process

What is the Investment Process?

The Trust is primarily a private equity investments focused strategy on the Artificial Intelligence ('AI') thematic with an investment objective of generating positive long-term capital growth. There is scope for non-equity investments albeit with the view that these may likely translate into equity exposure in time. Investments are predominantly made through equity securities of Portfolio Companies or interests in Underlying Investments that provide substantially similar economic exposure to a concentrated underlying position in equity securities of Portfolio Companies. Grosvenor has organised the investable AI universe into four areas (and guideline limits): (1) foundation models (20-50%); (2) picks and shovels (20-50%; (3) physical AI (10-30%), and; (4) AI applications (10-30%). The portfolio, when fully ramped, should hold between 12 and 20 names. The ramping period is expected to be up to 12 months in duration but, could be an extra six months longer. Once Grosvenor considers the ramping to be complete and the 'aggregate portfolio' to be in place, there are single name restrictions of 20%. The Trust will be highly concentrated as it begins to deploy capital with potentially 40% to 50% of the portfolio invested in the first four opportunities.

Grosvenor's core investment process applies to this Trust. There is generally a focus on late stage venture / growth, which offers a larger opportunity set, more attractive entry valuations and more conservative capital structures, supporting organic value creation and broader exit options, especially in comparison to early stage venture. Grosvenor has in excess of 550 underlying sponsor relationships with commitments made in over 1,000 underlying funds and investments in over 320 Co-investment and Direct Investment opportunities in private equity.

In secondaries, the team prioritises situations where it has an information edge, seeks meaningful discounts to NAV and targets late stage venture / growth, and may take advisory-board seats where available. For co-investments, the Manager typically invests as a minority alongside the sponsor, works with management on value creation, targets four-to-five-year holds and usually exits via trade sale, while tracking passed deals to refine selectivity.

Due diligence follows a bottom-up approach involving multiple teams to maximise efficiency and ensure appropriate checks and balances, with initial screening followed by detailed analysis of risks, merits and suitability for approved transactions.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Sector	Private Equity
Investment Strategy	AI Thematic
Investment Type	Direct / Co-Investment
Primary geographical focus	Global / North America
Target Market	Late Stage Venture / Growth

The Trust is specifically designed with the aim of providing a concentrated exposure to the AI thematic. Grosvenor through its existing private equity platform benefits from experience with these investments. A number of high profile investments have been identified in the PDS for deployment post IPO although long-term success of the strategy should depend on the pipeline of investments Grosvenor can access.

The underlying strategy represents a prospectively high return and high risk offering. Outcomes are highly dependent on the continuing strong sentiment driving the theme particularly given the new and largely untested nature of business models. Traditional portfolio and risk management techniques, while available to Grosvenor, are not expected to provide meaningful shelter to investors in event of adverse developments with the thematic given the concentrated portfolio and the significant role of sentiment in performance outcomes.

Research Process

Idea generation	Financial market data, Expert networks, Referrals, Direct Outreach, Proprietary deal flow, Brokers, PE sponsors
Deals assessed p.a.	350 (All PE)
Core GP relationships	>550 sponsor relationships

Grosvenor implements a robust and highly detailed due diligence process for new investment opportunities across primaries, secondaries and co-investments. The due diligence process heavily leverages the collective senior expertise of the investment team and is supported via well-resourced investment committees. Pleasingly, the Manager is observed to be highly selective in terms of its investments which is highlighted by the low rate of primary and co-investment opportunities which have been invested into historically (circa 5%). Secondary investments are also made somewhat opportunistically, involving a blend of GP-led and traditional limited partner secondaries. Grosvenor generally seeks to invest with underlying investment managers who have historically managed investment vehicles which have generated upper quartile returns, and whom Grosvenor believes have the potential to continue to do so due to strong deal sourcing capabilities, superior structuring and execution skills, and the ability to add value at an operating level.

Process *(continued)*

Capacity Management

Capacity guidance	N/A
Strategy AUM	Up to A$350m
Portfolio liquidity (1 week)	0.00%

The Trust is capped at $350m in gross proceeds from the capital raise and this quantum is not considered to be a meaningful factor given the scale of Grosvenor's platform. The strategy is expected to be a participant in deal flow and its close-ended nature to further dampen any prospective capacity concerns.

Portfolio Construction

Portfolio management structure	Investment Committee
Approach to benchmark	Benchmark Agnostic
Typical security numbers	18
Typical securities range	12-20
Typical portfolio turnover p.a.	0.00%

Portfolio construction is expected to be opportunistic and framed by the four AI segments identified by Grosvenor and endorsed by Pengana. Grosvenor expects the portfolio to be ramped within 12 months of the IPO at which time the 20% single holding limits will apply. Increased transparency regarding when and how the fully ramped 'aggregate portfolio' is reached would be beneficial for investors. Grosvenor will have discretion to make investments but will nonetheless involve Pengana in the process which is viewed as reasonable. There is an expectation that the portfolio will have a North American focus although this should be driven more by available opportunities rather than any dedicated Grosvenor bias. With the defined seven-year maturity and the distinct reinvestment and harvesting periods, the portfolio closely models traditional private equity structures.

The portfolio construction process generally incorporates top-down and bottom-up elements. Grosvenor analyses target industries, sectors and regions (including economic conditions, the investment environment and the state of private-equity markets) to guide sourcing, due diligence and construction. Similar to other Grosvenor strategies, a group of senior investors will have responsibility for the underlying strategy, encompassing investment selection and capital deployment. While they may additional responsibilities, clarity on their involvement withe the strategy is viewed positively.

Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Daily
Primary risk management system	Proprietary + various off-the-shelf
Security Limits (Min./Max.)	Hard: Absolute, 0-20%
Sector Limits (Min./Max.)	None
Max illiquid	100%
Cash Allocation (Typical, Max.)	Up to 10%
Public Market Allocation	Nil
Credit Line Facility	N/A

Risk is primarily managed through deep analysis at the entry stage, both in terms of the investment capability and ensuring legal rights are preserved, given the Manager invests as a minority Limited Partner ('LP') investor. The Manager will also look to gain Advisory Board seats where possible, however as an LP investor, the Manager will generally be reliant on the skill of third-party managers and sponsors. The Manager's approach to cash flow modelling is considered to be pragmatic, with the vetting of liquidity assumptions by the firm's risk management and treasury teams being viewed favourably. Notably, investments will typically be made into single asset vehicles.

ESG

Manager Positioning - Product

Responsible investment style	ESG Integration
ESG approach	Risk or Value
Sustainability thematic	No Sustainability Thematic
Non-financial objective	None

What is the Manager's ESG approach for this product?

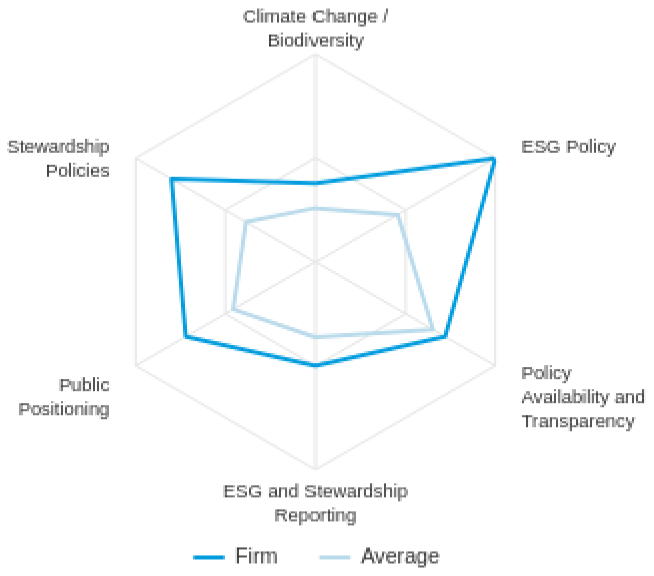
The Manager has indicated that their Responsible Investment style is "ESG Integration" and as such that they take Environmental, Social and Governance factors into consideration when assessing investment opportunities. With a primary ESG style of "Risk or Value" Managers will determine inclusion based on the balance of overall risk (including ESG risk) and potential return. As a result this approach may mean that lower quality ESG companies may be included if the return potential is sufficient and this may conflict with some clients perception of what a strong ESG process would deliver.

Lonsec Opinion & Supporting Facts

Overview

ESG Process Score	ModHigh
Responsible Investment strategy risk: Clarity, measurability & reporting	N/A

ESG Snapshot



Manager Level Approach

The Manager's ESG policy framework and disclosure are ahead of their peers due to their sustainability and impact investment objectives. Robust sustainability and impact objectives support the stewardship policy score, though there is some weakness in the engagement process if an investment misses its impact objectives, as the Manager does not specify the rectification or escalation actions. The Manager's approach to climate and biodiversity could be further developed to align more closely with peers.

Product Level Approach

The Manager has an appropriately structured approach to the collection and use of ESG specific data. The Manager accesses a smaller range of data providers than other managers of their size, but enhances this with an annual structured survey of portfolio companies. There are clear signs of defined ESG elements within the research process for the Fund. Transparency on the transmission from research to portfolio construction is limited. While ESG risks are reflected at the point of investment, there is no clear portfolio level ESG monitoring or management, with all activity focused on individual stocks. Engagement is a clear component of the Manager's approach which is prioritised and tracked in a structured manner. While ESG does not form a component of the compliance framework, portfolio disclosure is strong.

Strategy: Clarity, Measurability & Reporting

This product does not make any specific claim to being a sustainable, ethical or impact offering. As such, an alignment review for the product is not required thus the product's risk of misalignment has been assessed as not applicable.

Product

Service Providers

Responsible entity	Pengana Investment Management Limited
Investment manager	GCM Grosvenor L.P.
Sub-investment manager	
Custodian	BNP Paribas
Administrator	BNP
Fund Auditor	Ernst & Young
Securities lending agent	N/A
Change in Key Providers? (Over last 12 months)	No

Product Details

Market cap	IPO
Premium / disc. (12M ave.)	IPO
Authorised capital management	None
Net asset disclosure frequency	Monthly
Distribution model	Internal / Affiliate
Average Exchange Spread data*	IPO
Investment structure	Direct
Product type	Listed Registered Managed Investment Scheme (Unitised)
Currency hedged	No

What is the Product Structure?

AI Private Opportunities Trust (ASX:AIX) will be a close-ended ASX-listed unit trust with a defined seven year 'soft' maturity. The strategy has an initial two year reinvestment window (where net gains will be paid as distributions) followed by a further five years during which the portfolio will be harvested. This two stage process is common to traditional close-ended private equity trusts. The seven year maturity is a guide only and there is no requirement to realise all investments once this time has elapsed. The Trust will remain listed until all investments have been harvested although no management fees will be paid after the seven-year period. The Trust will provide a loan of up to 4% of capital raised to Pengana to facilitate the listing costs. This loan is to be repaid within two years and fees will be directed and prioritised towards this repayment. Important dates to note: PDS lodgment on 2 June 2026; The Broker Firm Offer and General Offer Opening are scheduled for 10 June 2026 and closing 19 June 2026; with an expected listing date of 2 July 2026.

Lonsec Opinion & Supporting Facts

Price Divergence

This is an IPO and consequently there is no historic trading information available for the Trust. Additionally, the underlying strategy (concentrated AI-focused private companies) is also very different from ASX:PE1 (broad-industry based private equity), likewise offered by Pengana and managed by GCM Grosvenor. For a range of reasons, including but not limited to inherent lags in NAV valuation and the significant sentiment underpinning the AI-thematic, there is the notable potential for the Trust's price to materially diverge from the published NAV. The expected seven-year maturity should help temper this somewhat but likely more so as the harvesting period draws to a close and the harvesting has otherwise been successful.

Liquidity

There is no historic trading information as this represents an IPO and the strategy is very different to ASX:PE1. Sentiment is expected to be a significant contributor to liquidity and the tightness of spreads.

Governance

The six-member Board has a variety of backgrounds and is considered sufficiently qualified to fulfil its governance and oversight responsibilities effectively. It is structured reasonably, with two of its members, including the chairperson, being independent directors.

Secondary Market Support

Pengana's experience in cultivating shareholder support and loyalty, crucial for narrowing the gap between share price and net asset value ('NAV') is considered to be somewhat less than specialised LIT peers. That said, the Manager's website provides regular updates about the strategy, which is considered advantageous for fostering shareholder support

Product *(continued)*

Valuation Details

Internal valuation committee	Yes
Frequency of valuations	Monthly
Independent valuations	Yes (Annually)
Type of valuation	IRR, DCF. Price Multiples

Overall, the valuation policy is reasonable and supported by a robust governance structure, including oversight from both Pengana's and Grosvenor's Valuation Committees, as well as the use of reputable third-party valuers. This dual-committee framework provides additional challenge and scrutiny of valuation outcomes. However, reliance on quarterly GP marks and only annual independent reviews creates a risk of NAV staleness, which is particularly relevant in a listed structure where investors rely on timely and accurate NAVs for secondary market trading. Increasing the frequency of independent valuations would strengthen confidence in reported values and better align with the LIT structure's need for up-to-date pricing.

Structure

Structured as a Listed Investment Trust, Pengana Capital serves as both the Manager and Responsible Entity, outsourcing investment management responsibilities to Grosvenor. The Trust is directly managed by Pengana and indirectly by Grosvenor, with no additional layers of trust or fund complexity at the vehicle level. Grosvenor will generally invest in equity securities of Portfolio Companies or interests in Underlying Investments that provide substantially similar economic exposure to a concentrated underlying position in equity securities of Portfolio Companies. This access is viewed as straightforward given the listed structure.

The Trust is providing Pengana a loan to facilitate the IPO, e.g. meet listing costs. This structure has become less common although Pengana's rationale being that the vehicle has a limited life is reasonable. This will create a drag on performance however this is not expected to be material given the nature of the expected portfolio.

Transparency

The Manager is expected to provide a strong level of transparency, comparable to their other listed private markets product ASX:PE1, with regular reporting offering comprehensive insights into the Trust's underlying holdings, including transaction activity and valuation details. As a listed product, this reporting is made available at least annually and is typically more detailed than that of unlisted peers.

Deal Allocation Policy

The allocation policy is well-structured, transparent, and governed, supporting equitable treatment of investors and consistent application across asset classes. The clear pro rata default, combined with defined iterative allocation rounds and oversight by senior investment and compliance teams, gives confidence in the integrity of the process. While some priority exceptions exist, they are clearly documented and not expected to materially affect the Trust's access to deals, particularly given its sequencing in the allocation queue under the closed-end structure. This framework is considered appropriate and effective for the strategy.

Fees

Annual Fees and Costs (% p.a.)

Management fees & costs	1.45
Performance fee costs	0.00
Annual fees and costs	1.72

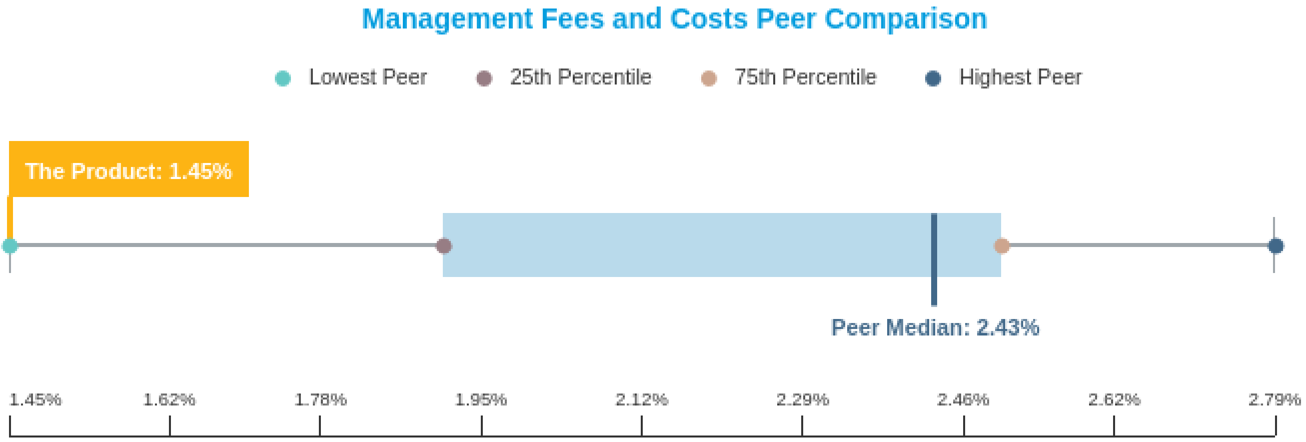
Source: FE fundinfo, Offer Document date: 02/Jun/2026

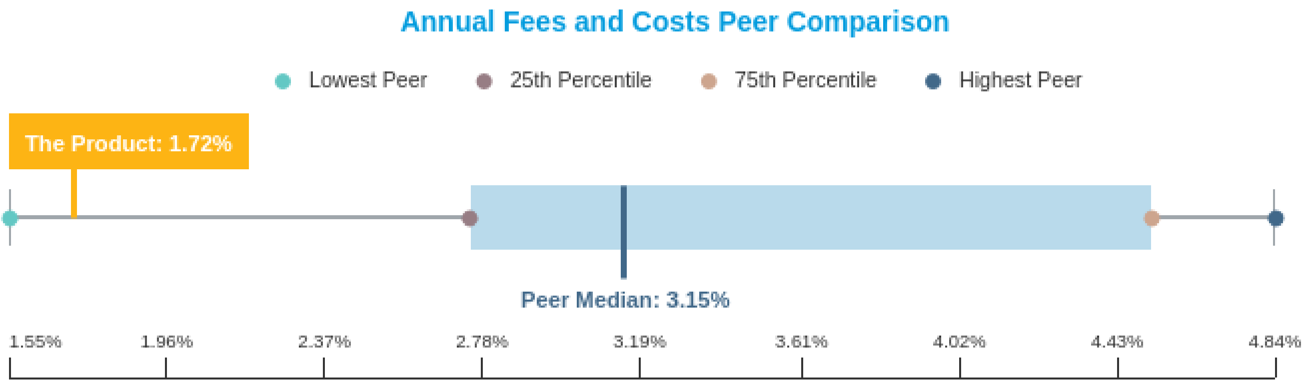
Performance Fees

Applicable	Yes
Hurdle type	Absolute Return
Hurdle	6%
Rate	20%
Fee capping	No
High watermark	Yes
Reset Allowed	No

Fees Explained

The Trust is subject to 1.45% p.a. in management fees and 0.27% p.a. in additional operational costs. Performance fees may also be payable but no estimated costs have been provided in the PDS. Performance fees of 20% apply at the portfolio level and are subject to a 6% hurdle and high watermark. Given the nature of the underlying investments, investors are expected to be exposed to a single layer of management and performance fees.





Peer Universe: Alternatives - Growth Alternatives (High) - Global Private Equity

Lonsec Opinion

Annual Fees and Costs

The Trust's AFC are considered reasonable and attractive given the nature of the opportunity being offered to investors. Given the potential for performance fees and the absence of an estimate, the true costs may be higher than currently quoted.

Fairness

The level of the management costs is viewed as particularly attractive when compared to other private equity strategies. The performance fee, however, applying only from a 6% hurdle has scope to be higher given the strong return potential from the AI thematic. Moreover, it's application to portfolio returns enhances alignment with investors. The Trust currently represents a singular opportunity to access the unlisted AI thematic and the fee load is viewed as fair and reasonable given the circumstances.

Performance

Performance Summary

Investment objective	The Trust seeks to generate positive long-term capital growth by generally targeting investments in the equity securities of private, non-publicly traded companies that are developing, enabling, or contributing to the adoption of artificial intelligence.
Internal return objective	N/A
Internal risk objective	N/A
Product benchmark	Bloomberg AusBond Bank Bill Index AUD
Lonsec peer group	Global Private Equity

Alpha Generation

Performance expectations and the payoff profile are difficult to quantify. The portfolio will be concentrated in unlisted companies tied to the AI thematic that is considered to be driven by significant investor sentiment. This sentiment is vulnerable to sudden and rapid reversals. The prospective return profile may be asymmetric and more closely resemble that of venture capital.

****The Bloomberg AusBond Bank Bill Index AUD has been used as an absolute return proxy only. The PDS does not state a performance benchmark for the Trust.****

Alpha Consistency

The underlying portfolio returns are expected to be lumpy and inconsistent with the potential for step-changes in portfolio NAV. Traded unit price returns are particularly expected to gyrate with investor sentiment towards the AI thematic.

Performance *(continued)*

Benchmark Relativity

The Trust will be invested in a concentrated basket of private companies tied to the AI thematic. The strategy represents a significant and 'all-in' play on AI that is materially different to standard market benchmarks.

Return Volatility

The Trust's traded unit price volatility, as per the TMD, is expected to be extremely high. While the underlying unlisted portfolio will be driven by an established valuation framework, the sentiment-driven nature of the investments may nevertheless drive higher than usual for private equity NAV volatility. This would be considered a characteristic that is in-line with the underlying investments.

Product Defensiveness

The underlying portfolio will be a concentrated basket of private AI-related companies with a payoff and risk profile that more closely resembles a single-industry venture capital investment.

Lonsec

Appendix

Ratings

'**Highly Recommended'** rating indicates that Lonsec has very strong conviction the product can meet its investment objectives.
'**Recommended**' rating indicates that Lonsec has strong conviction the product can meet its investment objectives.
'**Investment Grade'** rating indicates that Lonsec has conviction the product can meet its investment objectives.
'**Approved**' rating indicates that Lonsec believes the product can meet its investment objectives.
'**Not -Approved'** rating indicates that Lonsec does not believe the product can meet its investment objectives.
'**Closed / Wind Up'** status is applied when the product has been closed.
'**Fund Watch'** status is applied when a rating is under review due to the occurrence of a significant event relating to the product.
The '**Redeem**' rating indicates Lonsec no longer has sufficient conviction that the product can meet its investment objectives.
The '**Screened Out'** rating indicates Lonsec was unable to attain sufficient conviction that the product can meet its investment objectives.
'**Discontinued Review'** status is applied where a product issuer withdraws the product from the review process prior to completion, for any reason other than the product being closed or unavailable to investors.
The '**Ceased Coverage'** status is applied when a rated product is withdrawn from the research process by the product issuer.

General

Climate Change / Biodiversity: the extent to which a manager has a leading climate and biodiversity policies.
ESG and Stewardship Reporting: the transparency, accessibility and usefulness of a manager's reporting.
ESG Policy: the strength of commitment to ESG as ascertained by a review of a manager's ESG policies.
Excess return: Return in excess of the benchmark return.
Information ratio: Relative reward for relative risk taken (Excess Returns / Tracking Error).
Key decision maker (KDM): A nominated investment professional who has portfolio decision making discretion for a Fund, e.g. 'buy' or 'sell' decisions.
Market capture ratio: A product's performance during either 'up' or 'down' market trends relative to an index.
Policy Availability / Transparency: the ease of public access to, and transparency of, a manager's overall ESG policy suite.
Public Positioning: the resolve of a manager's commitment to ESG as ascertained by their public positioning.
Returns consistency: The proportion of a product's monthly outperformance during a period relative to the benchmark when it was rising, falling and in aggregate.
Sharpe ratio: Excess return earned for additional volatility experienced when holding riskier assets versus risk-free asset.
Standard deviation: Volatility of monthly Absolute Returns.
Stewardship Policies: the strength of a manager's proxy voting and engagement policies with respect to ESG.
Time to recovery: The number of months taken to recover the Worst Drawdown.
Total return: 'Top line' actual return, after fees.
Tracking error: Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns).
Worst drawdown: The worst cumulative loss ('peak to trough') experienced over the period assessed.

Lonsec Group Disclaimers

Lonsec

Lonsec Group Disclaimers (continued)

You should be aware that the mandate, fees, underlying investments, the issuers of the related and associated financial products and platforms may be different from the financial product specified in this publication.

Disclosures

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Lonsec Research FSG

Financial Services Guide

This Financial Services Guide (FSG) has been prepared and issued by Lonsec Research Pty Ltd ABN 11 151 658 561 (Lonsec Research, we, us, our), holder of Australian Financial Services Licence (AFSL) No. 421445, to assist you in determining whether to use our financial services and products. This is an important document, and you should read it carefully. The contents of this FSG are general information only and does not take into account your personal needs or objectives. Lonsec Research provides no warranty as to the suitability of the services of this FSG for any particular person.

1.1 What is a Financial Services Guide?

This FSG's purpose is to provide you with important information regarding services offered by Lonsec Research. You should read this FSG prior to using our services. This document was prepared to inform you about:

- who we are and our contact details;
- the financial services we provide;
- the remuneration that may be paid to us and other persons in relation to the financial services we provide;
- how we deal with conflicts of interest; and
- how we deal with complaints

1.2 About Lonsec Research and its related parties

ASX listed Generation Development Group Limited (ABN 90 087 334 370) is the parent company of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings). Lonsec Research is a wholly owned subsidiary of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings) and provides in-depth, investigative investment research across a broad range of listed and unlisted investments. Other subsidiaries of Lonsec Holdings include SuperRatings Pty Ltd (ABN 95 100 192 283), Implemented Portfolios Pty Limited (ABN 36 141 881 147) and Lonsec Investment Solutions Pty Ltd (ABN 95 608 837 583). All employees of the Lonsec group entities, including Lonsec Research, are employed by Lonsec Fiscal Pty Ltd (ABN 94 151 658 534).

Contact Details

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1.3 What kind of financial services can Lonsec Research provide?

Lonsec Research is authorised under its Australian Financial Services Licence to provide general financial product advice to retail and wholesale clients on the following types of financial products:

- securities
- deposit and payment products limited to basic product products
- derivatives
- interests in managed investment schemes including investor directed portfolio services
- superannuation
- retirement savings accounts
- foreign exchange products
- life products including:
  - investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
  - life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;

Lonsec Research is also authorised to deal in a financial product by arranging for another person to apply for, acquire, vary, or dispose the above types of products for or by retail and wholesale clients.

1.4 Provision of general advice

Any advice that Lonsec Research provides is of a general nature and does not take into account your personal financial situation, objectives or needs. You should, before acting on the information, consider its appropriateness having regard to your own financial objectives, situation and needs and if appropriate, obtain personal financial advice on the matter from a financial adviser. Before making a decision regarding any financial product, you should obtain and consider a copy of the relevant Product Disclosure Statement or offer document from the financial product issuer.

Lonsec

Lonsec Research FSG (continued)

1.5 How Lonsec Research is paid
Lonsec Research receives fees from Fund Managers and/or financial product issuers for researching their financial product(s) using comprehensive and objective criteria. Lonsec receives subscriptions fees for providing research content to subscribers including financial advisers, fund managers and financial product issuers. Lonsec Research's fees are not linked to the financial rating outcome of a particular financial product. Lonsec Research fees are determined by private agreement with its clients depending on a number of criteria including the number of financial advisors who access Lonsec Research publications, the range of publications accessed and the complexity of a specific research assignment. Due to the specific nature of its charges, disclosure of Lonsec Research fees may not be ascertainable when you receive this FSG, but you are able to request this information in writing before a financial service is provided to you. The fees received by Lonsec Research do not have an effect on the inclusion (or otherwise) of a financial product in portfolios managed by Lonsec Investment Solutions; or in approved product lists as a result of Lonsec Investment Solutions consulting activities. We do not have any direct employees as all employees are contracted, for employment purposes, with Lonsec Fiscal, a subsidiary of Lonsec Holdings. All employees of Lonsec are paid a salary and may receive a discretionary bonus which is not guaranteed. Sales employees may have a sales commission plan, relevant for sales to Wholesale clients, as offered by Lonsec Research from time to time at its discretion.

1.6 How do we manage our compensation arrangements?
Lonsec Research has Professional Indemnity insurance arrangements in place to compensate clients for loss or damage because of breaches of any relevant legislative obligations by Lonsec Research or its representatives which satisfy section 912B of the Corporations Act 2001.

1.7 What should you do if you have a complaint?
Lonsec Research's internal complaints handling process is designed to ensure that your concerns are treated seriously, addressed promptly and fairly. A complaint may be lodged either verbally or in writing and will be dealt with in strict confidence. If you have a complaint relating to Lonsec Research's products, services, its employees, the complaint should be addressed to:

Complaints Manager
Level 39, 25 Martin Place
Sydney NSW 2000
Tel: 1300 826 395
Email: complaints@lonsec.com.au

An individual may request further information about Lonsec Research's internal complaints handling procedure at any time. If an individual is not satisfied with the outcome of their complaint or has not received a response within 30 days from Lonsec Research, the individual can complain to the Australian Financial Complaints Authority (AFCA). AFCA provides an independent dispute resolution service and can be contacted on:
Online: www.afca.org.au
Email: info@afca.org.au
Phone: 1800 931 678
Mail:
Australian Financial Complaints Authority
GPO Box 3
Melbourne, Victoria, 3001.

1.8 Conflicts of Interest
Lonsec Research is aware of the inherent potential conflicts of interest associated with the provision of ratings and how we are remunerated for our services. There are a comprehensive set of policies, and procedures in place at Lonsec Holdings that apply to its subsidiaries including Lonsec Research. Information barriers (both permanent and temporary) consistent with our regulatory obligations under Regulatory Guide 79 are in place to manage either perceived or actual conflicts of interest. Employees of Lonsec also have to abide by Personal Trading and Gifts and Entertainment requirements and are trained on these requirements from time to time.

Lonsec Research review and rate products for Fund and Equity Managers who may from time to time have holdings within Generation Development Group Limited. Lonsec Research manages any potential conflict by disclosing to investors who access the research for these products and by implementing a comprehensive ratings process, information barriers and monitoring program. For further information on how Lonsec manages its conflicts refer to our Conflicts of Interest Statement accessible here. For more information refer to Lonsec Research Ratings Methodology available on our platform iRate or by contacting us on 1300 826 395.

Lonsec Holdings has appointed Australian Retirement Trust Pty Ltd ABN 88 010 720 840, AFSL 228975 as the provider of default superannuation services to its Group employees. Lonsec Holdings appointment of Australian Retirement Trust is not an endorsement of, or opinion on, the Fund.

Australian Retirement Trust is a subscriber to our services and pays a fee to us for this subscription service. Australian Retirement Trust rating and report is issued by an analyst who is aware of Australian Retirement Trust's appointment as default superannuation fund provider but who does not have a personal investment in the fund.

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