MoneySpot Investment Fund

This report has been prepared for financial advisers only

Favourable

February 2024

INTRODUCTION

Key Principles

SQM Research considers (but is not restricted to) the following key review elements within its assessment:

1. Business profile - product strategies and future direction
2. Marketing strategies and capabilities, market access
3. Executive Management / Oversight of the investment management firm
4. Corporate Governance / fund compliance / risk management
5. Investment team and investment process
6. Fund performance, investment style, market conditions, investment market outlook
7. Recent material portfolio changes
8. Investment liquidity
9. Investment risks
10. Fund/Trust fees and expenses

Currency of Reports

This Research Report is current as at the date on the report until it is replaced, updated or withdrawn. SQM Research reports are generally valid for a term of approximately 12 months but may be replaced, withdrawn or changed at any time as judged appropriate by SQM Research.

Star Rating*

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This advice will not take into account you, or your clients, objectives, financial situation or needs and will not be provided in respect of any other financial products. Accordingly, it is up to you and your clients to consider whether specific financial products are suitable for your objectives, financial situations or needs.

Report Date: 13 February 2024

Star Rating*	Description	Definition	
4½ stars and above	Outstanding	**Highly suitable for inclusion on APLs** *SQM Research believes the Fund has considerable potential to outperform over the medium-to-long term. Past returns have typically been quite strong. Product disclosure statement (PDS) compliance processes are of a high-calibre. There are no corporate governance concerns. Management is extremely experienced, highly skilled and has access to significant resources.*	High Investment grade
4¼ stars	Superior	**Suitable for inclusion on most APLs** *SQM Research considers the Fund has substantial potential to outperform over the medium-to-long term. Past returns have tended to be strong. PDS compliance processes are high-quality. There are no material corporate governance concerns. Management is of a very high calibre.*	High Investment grade
4 stars	Superior	**Suitable for inclusion on most APLs** *In SQM Research's view, the Fund has an appreciable potential to outperform over the medium-to-long term. Historical performance has tended to be meaningful. PDS compliance processes are strong. There are very little to no corporate governance concerns. Management is of a high calibre.*	High Investment grade
3¾ stars	Favourable	**Consider for APL inclusion** *SQM Research concludes the Fund has a moderate potential to outperform over the medium-to-long term. Past performance has tended to be reasonable. Management is experienced and displays investment-grade quality. There are no corporate governance concerns, or they are of a minor nature.*	Approved
3½ stars	Acceptable	**Consider for APL inclusion** *In SQM Research's view, the potential for future outperformance in the medium-to-long term is somewhat uncertain. Historical performance has tended to be modest or patchy. Management is generally experienced and capable. SQM Research has identified weaknesses which need addressing in order to improve confidence in the Manager.*	Low Investment grade
3¼ stars	Caution Required	**Not suitable for most APLs** *In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is very uncertain. Historical returns have tended to be disappointing or materially below expectations. PDS compliance processes are potential substandard. There are possible corporate governance concerns. Management quality is not of investment-grade standard.*	Unapproved
3 stars	Strong Caution Required	**Not suitable for most APLs** *In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is unlikely. Historical performance has tended to be unacceptable. There may be some material corporate governance concerns. SQM Research has a number of concerns regarding management.*	Unapproved
Below 3 stars	Avoid or redeem	**Not suitable for most APL inclusion**	Unapproved
Event-driven Rating		**Definition**	
Hold		*Rating is suspended until SQM Research receives further information. A rating is typically put on hold for a period of two days to four weeks.*	
Withdrawn		*Rating no longer applies. Significant issues have arisen since the last report date. Investors should consider avoiding or redeeming units in the fund.*	

* The definitions in the table above are not all encompassing and not all individual items mentioned will necessarily be relevant to the rated Fund. Users should read the current rating report for a comprehensive assessment.

CONTENTS

SQM Rating ★★★★½

Favourable. Consider for APL inclusion.

Fund Description	
Fund Name	MoneySpot Investment (MSI) Fund
APIR code	N/A
Asset Class	Fixed Income - Credit
Management and Service Providers	
Fund Manager	MSI Funds Management Limited
Responsible Entity	MSI Funds Management Limited
Fund Information	
Fund Inception Date	3-Feb-17
Fund Size	$101.5 Million
Return Objective (per PDS/IM)	12.8% (Class A)
Internal Return Objective	12.8% (Class A)
Risk Level (per PDS/IM)	Not Specified
Internal Risk Objective	None
Benchmark	Refer to Product Summary Below
Number of stocks/positions	N/A
Fund Leverage	None
Portfolio Turnover	34.78% - 7 yr average ending Dec-23
Top 10 Holdings Weight	N/A
Investor Information	
Management Fee	1.40%
TCR (Total Cost Ratio)	2.2%
Buy Spread	Nil
Sell Spread	Nil
Performance Fee Rate	Nil
Minimum Application	$1,000
Redemption Policy	Illiquid
Distribution Frequency	Monthly
Investment Horizon	6 months
Currency Hedging Policy	N/A

Fund Summary

Description

The **MoneySpot Investment Fund** (the "Fund") is a registered managed investment scheme. The Fund is open-ended and is open to all types of investors, including self-managed superannuation funds, individuals, companies, and trusts resident in Australia.

As a registered managed investment scheme, retail investors can indirectly invest in a highly diversified portfolio of consumer credit loans. The Fund invests in unsecured notes issued by MoneySpot Finance Pty Ltd ("MoneySpot Finance"). In turn, MoneySpot Finance uses the funds to finance its loan book. MoneySpot Finance lends money to multiple retail borrowers, typically for short-term loans in the small, medium, and personal loan segment of the credit market.

The Fund targets a regular income stream with periodic principal redemption/withdrawal windows and well-defined target rates of return commensurate with the risk profile. The Fund is not capital guaranteed and is not designed to generate capital growth.

A series of investment options are offered. See Product Summary Table below.

This report is applicable to all the investment options in the product suite. However, the **Class A** option is used in this Report as the prime example for the product suite. It is the key focus of analysis and the subject of all quantitative charts and tables throughout the report, unless otherwise specified.

Fund Rating

The Fund has achieved the following rating:

Star Rating	Description	Definition	Investment Grading
3.75 stars	**Favourable**	**Consider for APL inclusion**	**Approved**

Previous Rating: 3.75 stars (Issued Dec - 2022)

Product Suite Summary

Investment Option	Class A	Class B	Class C
Investor Qualification	Retail	Retail	Wholesale
Inception Date	13 April 2017	27 April 2021	4 May 2022
Funds on loan	$30.1m	$24.7m	$46.7m
Return Objective	12.8% p.a.	14.8% p.a.	20% p.a.
Investment Period	6 months	12 months	24 months
Minimum Investment	$1,000	$250,000	$2,500,000
Minimum Redemption	$1,000	$25,000	$250,000

SQM Research's Review & Key Observations

About the Manager

MSI Funds Management Limited, an unlisted public company which holds AFS licence number 491268, is the manager for the Fund. MSI Funds Management is wholly owned by MoneySpot Finance Pty Ltd. Two of the three directors of MSI Funds Management are also directors of MoneySpot Finance.

MoneySpot Finance is a Sydney-based private company which operates consumer and business finance brands both locally and abroad and offers loan products including Small and Medium Amount Credit Contracts. MoneySpot Finance Pty Ltd is a credit provider and is the issuer of unsecured notes and other loan products in which the Fund invests. MoneySpot Finance was established in 2014 and holds Australian credit licence No. 450305. The founding shareholders and executive officers collectively control all the capital of MoneySpot Finance.

Investment Team

The investment team primarily consists of two investment professionals, Mr David Trew and Mr David Spessot, both of whom are located in Sydney. Mr Trew and Mr Spessot are directors of the firm with a diverse range of banking, broking and trading backgrounds and have worked together successfully for ten years, including for the entire duration of MoneySpot Finance. MoneySpot employs another 20 staff in Sydney, as well as 150 contractors in the Philippines. Sydney employees staff the Finance, Compliance, Credit Assessment and Software functions.

Investment decisions for the Fund are restricted to ongoing monitoring of the performance of the notes issued by MoneySpot Finance Pty Ltd. Responsibility and accountability for those investments is shared by the two directors. In SQM Research's view, the organisation is presently dependent on the ongoing involvement of the two directors. Key person risk is assessed as high.

1. Investment Philosophy and Process

Investable Universe

The Fund currently invests only in unsecured notes issued by MoneySpot Finance Ltd, as well as cash and term deposits held with Australian Deposit-taking Institutions.

In future the Fund will consider investing in notes issued by other licensed local and overseas credit providers offering consumer credit products similar to those of MoneySpot Finance in the same consumer segment, if MSI Funds Management is of the view those investments can achieve the Fund's targeted return. Those investments will be on similar terms to the Fund's investment in unsecured notes issued by MoneySpot Finance although differences may apply due to the nature of the notes issued and the jurisdiction of the credit provider.

Philosophy / Process / Style

The scheme seeks to achieve the following objectives:

- Monthly distributions,
- Met or exceed targeted rates of return throughout the economic cycle,
- Deliver returns derived from sources other than traditional asset classes,
- Provide significant risk premiums over bank deposit products.

The Fund will invest in unsecured notes issued by MoneySpot Finance Pty Ltd for a face value of $1.00 per note at a coupon rate of approximately 15% per annum(Class A only), although this may fluctuate over time in accordance with changes in credit markets. Interest on the notes will be paid to the Fund monthly. The Fund is a passive investor and typically holds all notes until maturity.

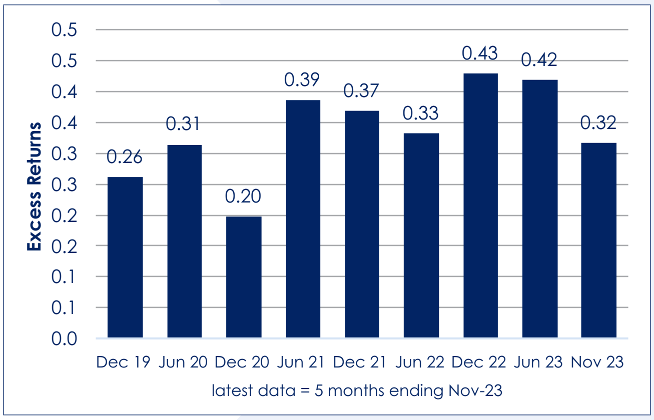
Members' investments are pooled, and the Responsible Entity uses this pool to buy investments and manage them on behalf of all investors. Wholly owned sub-trusts of the Fund are created for each Class (a Sub Trust). Unlike the Fund, the Sub-Trusts are not registered managed investment schemes. The only investor in the Sub-Trusts is the Responsible Entity, which makes investments on behalf of the investors in that Class.

2. Performance & Risk

Return Objective

The different classes of units have different return objectives. Performance-related details in this Report, including the Quantitative Analysis section, refer to the Class A units unless otherwise indicated. Other Class options will have different features that result in different returns.

Fund Excess Returns %: Half-yearly (net of fees)



Length of Track Record

The Fund has a history of 6.5 years (or 78 months).

Observations and analysis of returns will have material statistical meaning as a result of the sample size of observations.

Risk Objective

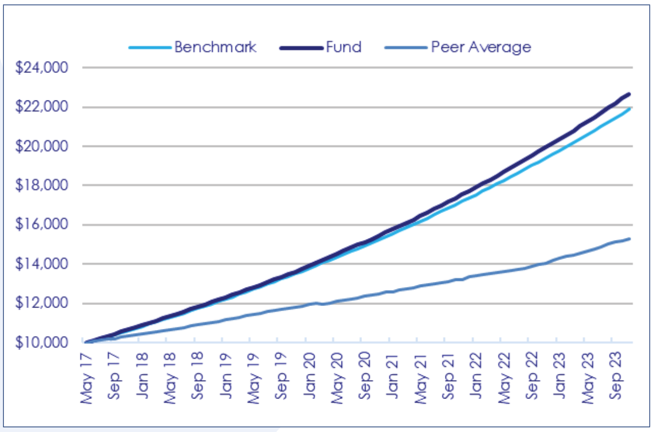
The risk level of the Fund is not specified in the Fund's PDS.

Fund Performance to 30 November 2023 (% p.a.)							
Total Return	**1-Month**	**3-Month**	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception**
Fund	1.04	3.18	6.57	13.69	13.63	13.42	13.41
Benchmark	1.01	3.06	6.21	12.80	12.80	12.80	12.80
Peer Average	0.62	1.77	4.15	8.76	6.82	6.45	6.18
Alpha	0.03	0.13	0.37	0.89	0.83	0.62	0.61

With distributions reinvested. Returns beyond one year are annualised. Return history starts Jun-2017

Benchmark: Target Return of 12.8%

Growth of $10,000



Strengths of the Fund

- A robust and well established credit assessment process designed to identify risky borrowers and price loans accordingly.
- An experienced credit and investment team with the two key investment managers managing the process since 2014.
- High returns, with relatively consistent distributions to investors.
- Superior risk adjusted returns relative to peers.
- The Fund displays substantial defensive characteristics in the face of extreme Australian equity tail risk.
- The Fund's investment returns are unrelated to those generated in other asset classes, such as equities, real estate, bonds, or cash deposits.
- The Class A units have consistently outperformed the benchmark.

Weaknesses of the Fund

- The potential risk of ongoing regulatory reform in the consumer loan sector which may constrain fees charged to borrowers. However, the Regulator only recently conducted a review of the sector (mid 2023) and hence there is unlikely another review in the near future.
- Potential for a higher level of defaults in the event of more challenging economic conditions.
- The considerable overlap across the boards of the parent company, the Investment Manager, the Trustee, the Responsible Entity and the key members of the investment team.
- Concentration risk exists. The Fund currently invests only in unsecured notes issued by MoneySpot Finance.
- As with most boutique business, key person risk is assessed as high.

Other Considerations

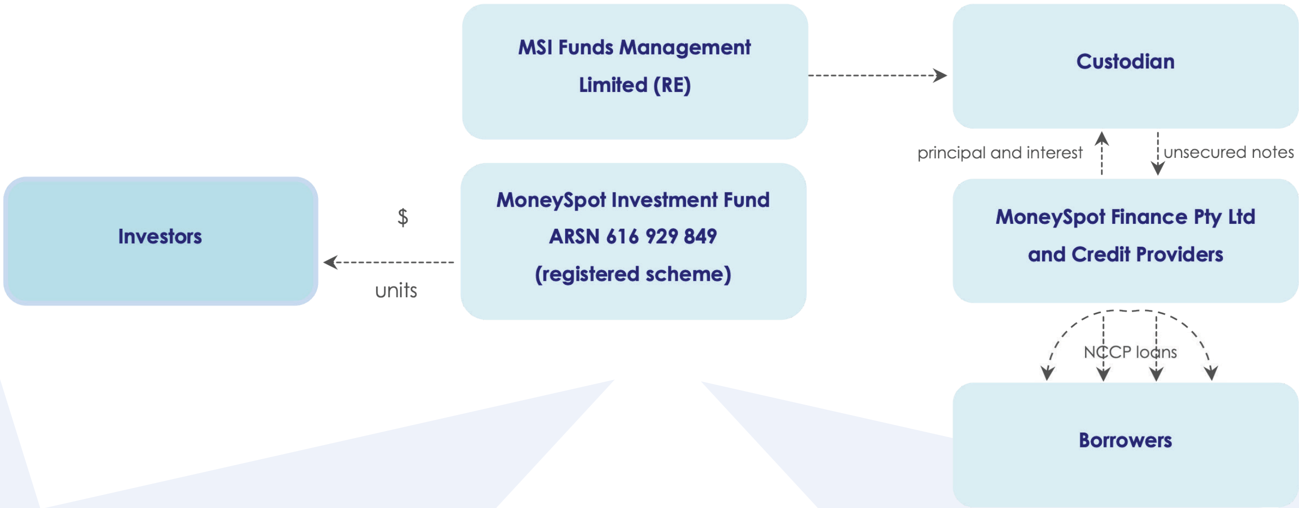
- The Fund offers a very high return on invested funds. Such returns do not come without a commensurate level of risk. Key risks include a higher level of default risk compared to banks. Though, this is to be expected given the unsecured loan book.
- The performance of the Fund is primarily exposed to the credit, regulatory and operational risks of MoneySpot Finance. MoneySpot Finance and the Fund are not regulated by the Australian Prudential Regulation Authority (APRA). An investment in the Fund is not a bank deposit, bank security or bank liability and is subject to investment risk, including the loss of Income or capital. Investors will not have recourse to the investment protections provided to deposits made with Australian Authorised Deposit-taking Institutions (ADIs).

- The Fund is illiquid. Withdrawals can only be made in response to a withdrawal offer made by MoneySpot Finance. MoneySpot Finance intends to make withdrawal offers on a six-monthly basis for Class A units but is not obliged to do so. The Fund is, therefore, not suitable for consumers who may require access to funds at short notice.
- Investors should be aware that, as at 30 June 2023, MoneySpot Finance had $7.5 million in secured debt. This debt ranks ahead of the security granted to Note holders until such time the security is released, and there is no prescribed time frame for repayment of the debt.

Key Changes Since the Last Review

- There have been no significant changes to the investment process since the previous review.

Investment Process Diagram



Process Description

Investment Process	
Loan Origination and Credit Assessment	MoneySpot Finance primarily offers Small and Medium Amount Credit Contracts for personal purposes and personal loans. The following types of loans are offered by the credit providers to borrowers: • A Small Amount Credit Contract (SACC) is a loan that varies in length from 16 days to 1 year, up to $2,000 and carries a 20% establishment fee and monthly fees of 4%. • A Medium Amount Credit Contract (MACC) is a loan that varies in length from 16 days to 2 years, from $2,001 to $5,000 and carries a $400 establishment fee. • A personal loan in Australia is a reducing interest loan limited to a nominal interest rate of 48% per annum. In Australia, consumer loans, such as SACCs, MACCs and personal loans, are regulated by the National Consumer Credit Protection Act 2009, but business loans are not. MoneySpot Finance is responsible for the origination of the underlying consumer loan portfolio. Borrowers apply directly for loans. MoneySpot Finance's origination system is critical in managing the volume and quality of the loan book. The software encompasses a decision engine that interrogates applicant data from three primary sources: • Application form data. • Applicant bank account data. • Credit bureau data.

Investment Process

Loan Origination and Credit Assessment

...continued

The loan origination software was developed in-house and is built on the Salesforce platform that was customised to connect to outside data providers, receive and analyse application data, perform affordability assessments, and send successful loan application data to the loan administration system. The loan origination system is also connected to the broader secondary loan application market, automating MoneySpot Finance's lead acquisition and credit assessment process. The software is also integrated with external vendors for KYC purposes. The credit assessment and loan approval business rules defined in the engine are authorised by the senior management team only to ensure compliance with the relevant regulatory requirements in the respective jurisdiction.

Over 50% of loan applications are processed without human intervention, with the time from when the application is submitted to cleared funds in a customer's bank account usually below 60 seconds. Those applications not approved by the decision engine are reviewed by individual assessors and are managed daily by a separate team within the company.

Lending Guidelines

The Fund does not have a documented lending policy. However, SQM Research notes the following guidelines are applied:

- The Fund will only invest in unsecured notes issued by authorised credit providers offering regulated consumer and small business loans.
- Credit providers' credit criteria require verifiable Income or otherwise demonstrate affordability.
- Credit providers operate in approved jurisdictions unless prior permission is sought from the RE.
- The Fund will seek a registered general security over the note issuer's current and future assets.
- Notes will be denominated in Australian dollars only.
- Notes will have a term of between 90 days and 2 years, although this may vary depending on market conditions and the demand for funds.
- The notes acquired by the Fund will attract a fixed rate of Interest reflecting the credit risk of the borrower, the term of the note, liquidity provided by the Note Issuer and general conditions in the credit markets, including the general level of interest rates.
- Coupon interest is to be payable monthly in arrears.

Loan Management

The loan administration functions are generally shared between two internal departments: the Customer Service and Collections departments. The Collections department deals with all collection activity, including rescheduling repayments, hardship applications and ensuing payment plans. Both functions are administered through the loan administration system. The vast majority of cases are fully automated. The system records approved loans and generate collection activity on those loans.

Investment Process	
Loan Origination and Credit Assessment ***...continued***	Regulated consumer loan products require specialised collection techniques to ensure, for example, in Australia, customers do not experience undue hardship in repaying their loans. These business decisions are automated within the loan administration system. The system is integrated with a secured web-based client portal allowing customers to make hardship applications, extend their repayment duration, take a repayment holiday, or a combination thereof. The system produces SMS and email communications to alter terms on credit contracts and document customer authorisations. **Default Management on Consumer Loan Portfolio** Generally, all the loan types offered by MoneySpot Finance and other credit providers are unsecured, which means that borrowers do not have to pledge any asset that they own to take out the loan. It is inevitable that some of MoneySpot Finance's loans, and loans written by other credit providers, will become delinquent as a result of borrowers' failure or inability to pay, despite the credit assessment measures undertaken by MoneySpot Finance and the credit providers. The Fund's Targeted Return is dependent on MoneySpot Finance meeting its interest and principal repayment obligations and therefore the Note Issuers financial strength and liquidity. This is based, in part, on MoneySpot loan default rates on the principal amounts lent, though the Fund has no direct credit exposure to the underlying borrowers. Historically, portfolio default rates range from 4% to 10% of the principal amount lent, with default rates at the higher end of the range typically experienced during periods of high growth in the loan portfolio. Bad debts are recognised on the Australian consumer portfolio for loans on which: • payment has not been received for 100 days, • the principal has been outstanding for greater than 100 days, • an Interest Hold and Payment Hold status applies, • a Payment Hold status applies, • an Interest Hold status applies, and the last payment was received over 100 days ago. In the event of a default, MoneySpot can either implement a payment plan with the borrower or sell the debt to a third party. If defaults were to occur on a larger-than-expected scale, there might be a negative effect on the Fund's returns due to MoneySpot Finance's inability to pay the coupon rate and principal repayments on the unsecured notes it issues to the Fund.
Portfolio Management	**Rate of Return** The objective of the Fund is to provide regular distributions to investors and to maintain capital value. Each Class of units issued by the Fund has a Targeted Return rate. For Class A units, the Fund is targeting a return of 12.8% p.a. after fees. **Cash Management** The scheme retains a small cash balance to meet minor small redemptions and pay its costs as and when they fall due. Interest income on cash balances is included in the Income of the fund each month and is included for distributions. Interest income is immaterial.

Investment Process

Portfolio Management

...continued

Valuation

Notes held by the scheme are recorded at cost value in the scheme balance sheet, and the Fund is valued each month. The RE assesses the valuation based on a) payment of interest due and payable by the note issuer, and b) past repayment of notes falling due. Where all obligations have been met by the note issuer, valuation at historical cost is deemed reasonable, and no impairment is made. Monthly returns are then derived from income and units on issue at month end. A formal assessment of the valuation of notes is conducted by the Fund's auditor on a six-monthly basis.

Calculation of Returns

Returns are calculated on an accounting basis each month, and typically, a monthly distribution is declared and paid upon the finalisation of the monthly accounting cycle. The critical components of the monthly returns are:

- Income – derived from interest income on notes held by the scheme.
- Accrued Costs – management fees and administrative costs, and any recoverable costs to be charged by the Responsible Entity.
- Asset Valuation – The value of notes held by the scheme.
- Units on Issue – per each class.

Interest on the notes held by the scheme is payable monthly by the Note Issuer. The number of notes held and the Interest due on holdings are confirmed between the Issuer and Unity Administration each month. The interest income is then recorded as a receivable in the scheme books. Costs are estimated based on the service agreements and invoicing of service providers and are accrued each month in the books of the scheme. This includes the management fee due to the Responsible Entity and administrative costs anticipated though not yet invoiced.

Portfolio Risks

Risk to Capital Invested

The application and withdrawal price remains constant at $1.00 per Unit. A capital loss may occur if MoneySpot Finance fails to repay the full amount of a tranche of unsecured notes acquired by the Fund on the date due for repayment. In this event, the withdrawal price will be the amount of money received from MoneySpot Finance, less the costs associated with that investment divided by the number of units on Issue. This may result in a withdrawal price of less than $1.00.

Regulatory risk

The loans made by MoneySpot Finance are unsecured and are typically smaller and of a shorter duration and attract a higher application fee and interest rate than standard secured loans offered by banks and other ADIs. As a result, such high-interest rate loans have attracted attention from government regulators and consumer advocates who have argued for tighter regulation and a lower fee structure. There is a risk there will be further regulation to limit the interest rate a consumer can be charged, which could affect the Fund meeting its investment return objective.

Investment Process	
Portfolio Management ***...continued***	SQM Research notes that borrowers using the MoneySpot Finance loan facility typically take out around two loans per year, both on very short terms. The Interest paid on such loans does not equate to an interest rate of 15% per month paid each month over a full 12 months. **Concentration Risk** The unsecured notes in which the Fund invests are issued by a single entity, MoneySpot Finance. This creates a significant risk in the event of financial problems with MoneySpot Finance. While the Fund itself is unlevered, at 30 June, 2023 MoneySpot Finance had $7.5 million in secured debt. This debt ranks ahead of the security granted to note holders until such time the security is released, and there is no prescribed time frame for repayment of the debt. In addition to its existing debt, MoneySpot Finance may undertake further borrowings to support the growth of its loan book. Although the Fund invests in notes issued by just one issuer, MoneySpot Finance, these notes are underpinned by loans to thousands of individual small borrowers. Concentration risk at the underlying borrower level is assessed as low. **Currency Risk** All loans are made in AUD, with any foreign currency risk borne by the borrower. **Risk Management** MSI Funds Management monitors the performance of MoneySpot Finance on a quarterly basis by reference to both qualitative and quantitative measures, which are reported to the Compliance Committee: • Current levels and/or prospective changes to the Note Issuers indebtedness and any prospective drawdown to any loan facility granted to the Note Issuer. • Any actual or prospective change to security granted over the Note Issuer’s assets or any change to the ranking of security granted. • Actual or announced changes in the external regulatory environment and likely impact on the Note Issuer. • Any regulatory contact and/or correspondence during the reporting period, including notifications or reports. • Information on the loan portfolio, including portfolio value, number of loans written and portfolio loan default rate. • Disclosure of any external legal advice sought or issued. • Risk incidents identified during the reporting period. • Business initiatives and foreign subsidiary commercial progress. SQM Research notes that the shared ownership of MoneySpot Finance Ltd and the responsible entity MSI Funds Management means there is no independent oversight of the investment process or risk management regime.

Investment Process	
Portfolio Management ***...continued***	On a half-yearly basis, MSI Funds Management reviews the financial statements and accompanying management information of the Note Issuer. These reviews coincide with the audit of the Fund's financial statements and a formal assessment of the value of the Note Issuer's loan portfolio and consequent assessment of the carrying value of the Fund's investments. At the consumer loan level, maximum exposure to a borrower is 20% of the borrower's income, and only 1 loan at a time is permitted. The borrower is not permitted to take loans on existing debt. Loans will not be made for the purposes of funding essential expenses such as food and rent, and loans will not be made for gambling purposes. Risk control across the consumer loan portfolio is primarily based on the level of due diligence MoneySpot conducts on the underlying borrowers and MoneySpot's ability to accurately analyse and process a large amount of borrower information in a timely manner. When considering the Fund's portfolio diversification, likely cashflows and loan sizes, SQM Research notes that in the event of an individual loan being a total loss, the large number of loans active at any one time means that the potential aggregate loss is likely to be limited.

Portfolio Characteristics

Portfolio Biases/Preferences

The loan duration of each type of loan offered to borrowers varies, with the average duration approximately 25 weeks.

The consumer loan portfolio to which investors are indirectly exposed is highly diversified by the number of individual loans, economic sectors, and geographies in Australia. MoneySpot Finance has around 70,000 borrowers at any one time, with loan receivables (after provisions) as at June 30, 2023 of around $110 million. Principal amounts lent range from $200 to $5,000, with the average principal being $2,100. Credit issued is unrated and unsecured.

The majority of loans are issued in Australia, although MoneySpot Finance has recently expanded into the United States and South Africa, and is currently anticipating that it will commence lending in a number of Canadian provinces in Q3 FY24.

Portfolio Term and Tenure

The tenure of the notes ranges from 7 days to 2 years in maturity. Typically, the tenure of investments is matched to the schedule of redemptions for the respective class of units. Class A assets typically will invest in notes with a 6-month duration. Notes issued Class B and C assets may have durations of 12 months and 2 years, respectively.

The maximum term of consumer loans can up be up to two years. SQM observes that this provides for a relatively rapid capital turnover, resulting in low duration risk and more frequent opportunities for the return of capital to investors.

Liquidity

The Fund is illiquid. Redemptions can only be made in response to a Redemption Offer. The schedule of Redemption Offers varies for each class, from six months in Class A to 12 months in Class B and 2 years in Class C. Withdrawal offers to investors are not guaranteed and will not be made for a period of at least six months from the date of Issue of units in the Fund in the case of Class A.

Investment Process	
Portfolio Management ***...continued***	The maturity of Notes is matched to the schedule of redemptions for the respective class of units. A very small number of notes with very short duration are maintained. Otherwise, notes with maturities of no less than 186 days are acquired. The Fund is typically fully invested at any given point in time, holding only a small cash balance to meet minor small redemptions and pay its costs as and when they fall due. Cash is held in the scheme custody accounts with Australian Deposit Taking Institutions. **Leverage** This Fund does <u>not</u> employ direct leverage (through borrowing by the Fund) **or** economic leverage (through the use of derivatives).

Key Counterparties

MoneySpot Finance Pty Ltd
Listed Holding Co. / Parent Entity

MSI Funds Management Limited
Fund Manager

One Managed Investment Funds Limited
Perpetual Corporate Trust Limited
Custodian

MoneySpot Investment Fund
Fund Under Review

MSI Funds Management Limited
Responsible Entity

Distributions

Investments

Investors

Parent Company

MoneySpot Finance is a Sydney based private company which operates consumer credit brands both locally and abroad and offers loan products including Small and Medium Amount Credit Contracts and personal loans. MoneySpot Finance Pty Ltd is a credit provider and is the issuer of unsecured notes and other loan products in which the Fund invests. MoneySpot Finance was established in 2014 and holds Australian credit licence No. 450305. The founding shareholders and executive officers collectively control all the capital of MoneySpot Finance.

Fund Manager

MSI Funds Management Limited, an unlisted public company that holds AFS licence number 491268, is the investment manager (and responsible entity) for the Fund. MSI Funds Management is wholly owned by MoneySpot Finance Pty Ltd. Two of the three directors of MSI Funds Management are also directors of MoneySpot Finance.

Governance

Responsible Entity

The Board of Directors of the Responsible Entity (MSI Funds Management Limited) consists of three directors, one of whom is independent. SQM Research prefers the inclusion of independent members on the Board of Directors – it is a meaningful way to enhance governance and oversight. Board members have an average of 28 years of industry experience.

The Responsible Entity's **Compliance Committee** is composed of four members, two of whom are independent. The Chair is independent. SQM Research views independence in a RE oversight body such as the Compliance Committee as a strong and favourable factor in Fund governance. Compliance Committee members have an average of 31years of industry experience.

Management Risk

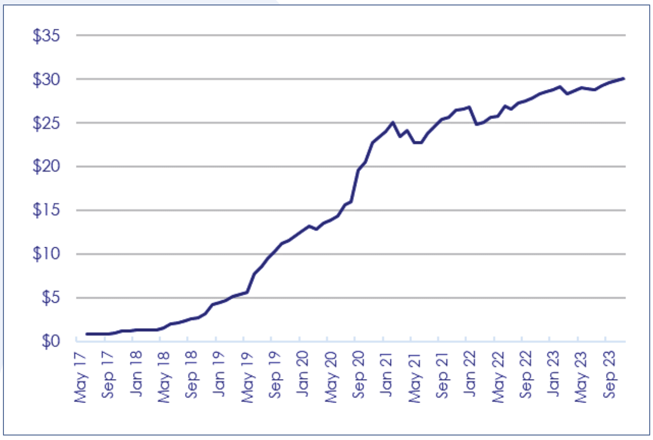
The Compliance Committee performs an oversight role only with respect to the operations of the Fund. That oversight extends to providing assurance that the investments of the Fund are being continually monitored and assessed in accordance with internal processes. There is currently no independent oversight of the investment decisions per se.

Funds management businesses rely on the operational capabilities of key counterparties. A critical element is the ability of the Responsible Entity to monitor operational performance and to meet the regulatory and statutory responsibilities required. For any investment fund, there is a risk that a weak financial position or management performance deterioration of key counterparties could temporarily or permanently compromise their performance and competency. This can adversely affect financial or regulatory outcomes for the Fund or associated entities.

Based on the materials reviewed, SQM Research believes that the Manager and associated key counterparties are appropriately qualified to carry out their assigned responsibilities. Management risk is rated as modest.

Funds under Management (FUM)

FUM for Fund under Review ($mill)



Distributions

Distributions occur on a monthly basis, subject to the availability of distributable income. In a scenario where the Fund's realised losses and expenses exceed income in a distribution period, the Fund may elect not to make a distribution during that time.

Distribution Date	Distribution CPU
Mar-23	1.12
Apr-23	1.06
May-23	1.11
Jun-23	1.05
Jul-23	1.12
Aug-23	1.08
Sep-23	1.03
Oct-23	1.08
Nov-23	1.04

Name	Responsibility / Position	Location	Years at Firm	Years in Industry	Qualifications
David Trew	Responsible Manager	Sydney	10.0	26.0	Bbus Hav AMP
David Spessot	Responsible Manager	Sydney	10.0	26.0	G.Dip Badmin. Dip. Acc
Matthew Collins	Group Financial Controller	Sydney	0.3	20.0	MBA, CPA

Investment Team

The investment team primarily consists of two investment professionals, Mr David Trew and Mr David Spessot, both of whom are located in Sydney. Mr Trew and Mr Spessot are directors of the firm with a diverse range of banking, broking and trading backgrounds and have worked together successfully for ten years, including for the entire duration of MoneySpot Finance.

As the scheme is presently a single-asset fund, investment decisions for the Fund are restricted to ongoing monitoring of the performance of the notes issued by MoneySpot Finance Pty Ltd. Responsibility and accountability for those investments is shared by the two directors and Responsible Managers. Both directors are engaged on a full-time basis in the consumer loans business. As such, they have a significant degree of first-hand experience in the operations of the consumer loans market and the competitive landscape in the sector. The operations of the scheme do not currently include any external research.

Both Directors deal with all issues across the consumer loans sector as it affects Australian Credit Licensees, including but not limited to regulatory issues, loan funding arrangements, credit standards, promotions, hardship and responsible lending obligations, technology, and human resources.

SQM Research notes that the organisation is presently dependent on the ongoing involvement of the two directors. However, the Responsible Entity has, in the past, engaged external individuals to perform the regulatory roles of Responsible Managers. The Directors maintain personal and professional contacts with those and other individuals who they believe are competent and willing to perform those roles in the future should the need arise.

In SQM Research's view, the organisation is presently dependent on the ongoing involvement of the two directors. Key person risk is assessed as high.

Meeting Schedule

As required by the Manager in the normal operation of the Fund.

SQM Research believes the practice of constant communication and the broad-based inclusion of team members in decision-making is a vital ingredient to the success of the process. Interactive peer review and collaboration across a tightly knit group of experienced investors will likely make the best use of their combined intellectual property and shared history.

Staffing Changes

Departures			
Date	Name	Responsibility	Reason for Departure
01-Oct-22	Eugene Salvador	CFO	Personal

Additions			
Date	Name	Position / Responsibility	Previous Position / Employer
01-Jul-23	Matthew Collins	Group Financial Controller	Assistant CFO / Great Southern

SQM Research observes that the levels of investment experience and company tenure are strong across the investment team. The size and nature of staff turnover are not an issue of concern, in SQM's view.

Remuneration and Incentives

The Executive Directors draw no salaries or performance payments from the RE. The Directors control the Responsibility Entity through their interests in MoneySpot Finance. No other employees are shareholders in the parent entity.

All other permanent employees are contracted to MoneySpot Finance Pty Ltd and receive no incentive pay for their roles with respect to the operations of the scheme.

The Directors and a number of staff hold interests in the scheme, which aligns their interests with the performance of the scheme. However, it is not a condition of their employment that they participate in the scheme, and no portion of their remuneration is taken in units in the scheme. Interests in the Fund held by MoneySpot Group executives or staff represent around 8% of FUM.

SQM Research believes remuneration in the form of firm equity and client-focused performance bonuses act as strong incentives for optimising staff engagement, retention, and productivity. The intention (and SQM believes the effect) is to align staff performance with client and shareholder objectives. It focuses on the customers' needs and medium to long-term results.

Fees and Costs	Fund	Peer Avg
Management Fee (% p.a.)	1.40%	1.29%
Expense Recovery / Other Costs (% p.a.)	0.80%	–
Performance Fee (%)	0.00%	17.50%
Total Cost Ratio TCR (% p.a.)	2.20%	1.45%
Buy Spread (%)*	0.00%	0.03%
Sell Spread (%)*	0.00%	0.03%

* This spread is the difference between the Fund's application price and withdrawal price and reflects transaction costs relating to the underlying assets.

Management Fee

The management fee includes GST and is net of any applicable Reduced Input Tax Credits (RITC).

Performance Fee

The Fund does not charge a performance fee

SQM Research observes that:

- ***The Fund management fee is 1.40% p.a., which is 11 basis points higher than the peer group average of 1.29% p.a.***
- ***The Total Cost Ratio (TCR) is 2.20% p.a., which is 75 basis points higher than the peer group average of 1.45% p.a.***

Risk/Return Data to 30 November 2023							
Total Return	**1-Month**	**3-Month**	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception**
Fund	1.04	3.18	6.57	13.69	13.63	13.42	13.41
Benchmark	1.01	3.06	6.21	12.80	12.80	12.80	12.80
Peer Average	0.62	1.77	4.15	8.76	6.82	6.45	6.18
Alpha	0.03	0.13	0.37	0.89	0.83	0.62	0.61
Metrics				**1-Year**	**3-Year**	**5-Year**	**Inception**
Tracking Error (% p.a.) - Fund				0.14	0.14	0.19	0.19
Tracking Error (% p.a.) - Peer Average				0.64	0.84	0.70	0.52
Volatility - Fund (% p.a.)				0.14	0.14	0.19	0.19
Volatility - Peer Average (% p.a.)				0.64	0.84	0.70	0.52
Volatility - Benchmark (% p.a.)				0.00	0.00	0.00	0.00
Beta based on stated Benchmark				.	.	.	.

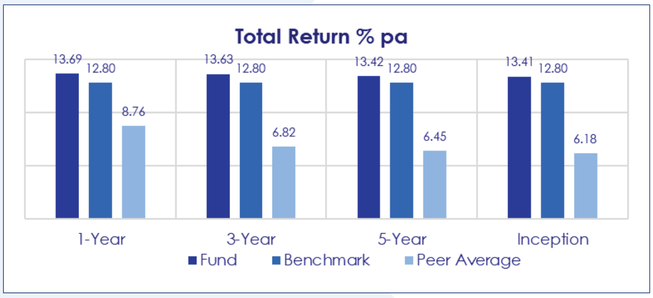
Distributions reinvested. Returns beyond one year are annualised. Return history starts Jun-2017

Benchmark: Target Return of 12.8%

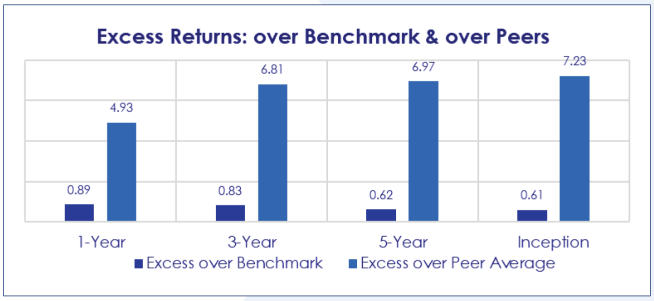
Quantitative Insight[1]

Note: Unless otherwise stated, all return and risk data reported in this section are **after-fees** and for **periods ending Nov-2023.**

Returns



Excess Returns (Alpha)



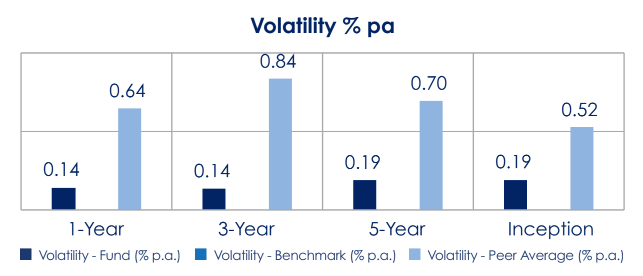
The Fund has displayed strong performance across all periods when compared with benchmark and peers.

The **return outcomes** as described above exceed the PDS objective and exceed SQM's expectations for the Fund relative to its fee level and volatility.

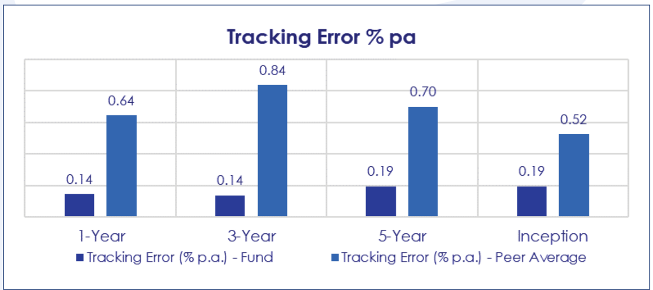
SQM Research notes that strong performances against the benchmark have come with a low level of volatility.

[1] **Note:** Sharpe and Information Ratios are not reliable comparison tools in periods where both the Fund and its peers/benchmark record a negative result

Risk



The Fund's **volatility** (annualised standard deviation of monthly returns) has been lower than its peers. Given that the benchmark is a fixed annualised return of 12.8%, comparisons against the benchmark are meaningless.



The Fund's **tracking error** (annualised standard deviation of monthly **excess** returns) has been lower than peers.

SQM has measured and reported tracking error in the tables above. Since the Fund's benchmark has no volatility, the tracking error readings add no new information to observations gained from studying volatility. The tracking error of the Fund is identical to its volatility (standard deviation).

The **risk outcomes** as described above regarding volatility and tracking error are consistent with the PDS statements about risk and consistent with SQM's expectations for this Fund.

Drawdowns

Drawdown Summary			
Drawdown Size (peak-to-trough)			
	Fund	Bench	Peers
Average	–	–	-1.30%
Number	0	0	1
Smallest	+0.00%	+0.00%	-0.73%
Largest	+0.00%	+0.00%	-2.50%
Length of Drawdown (in months)			
	Fund	Bench	Peers
Average	–	–	4.0

Length of Drawdown = time from peak to trough and back to the previous peak level

There have been no drawdowns since the fund's inception. The benchmark has had zero drawdowns as expected from inflation or cash-based indexes.

Upside/Downside Capture

	Downside Capture		Upside Capture	
	3 years	Inception	3 years	Inception
Fund	.	.	106.1%	104.5%
Peer Avg	.	.	54.5%	49.5%

For a cash benchmark, downside capture is not valid.

Correlation of Fund to Asset Classes

Market	3 years	Inception	Market Indexes
Aust Bonds	+30.6%	-2.2%	Bloomberg AusBond Composite 0+Y TR
Aust Equity	+9.5%	-10.6%	S&P/ASX 300 TR
Global Bonds	+29.8%	-5.1%	Bloomberg Global Aggregate Hdg AUD
Global Equity	+24.7%	-4.7%	MSCI World Ex Australia NR AUD

Correlation Key

Low	High	Description
0%	20%	low, weak
20%	40%	modest, moderate
40%	70%	significant, material
70%	90%	strong, high
90%	100%	substantial

Tail Risk

*(The analysis in the table below looks at the **tail risk performance relationship of the Fund to the ASX300**, a practice that SQM has set as common across asset classes in Fund reviews. This approach recognises that for the large bulk of financial planner clients, their key traditional asset class **risk** regarding **size** and **volatility** is to Australian equities. Exploring that relationship is useful regardless of the asset class of the Fund itself, as it is helpful to understand how a Fund has acted in times of Australian equity market stress in terms of softening or exaggerating the negative performance experienced at such times.)*

The table below details the **largest negative monthly returns** for the ASX 300 **since the inception of the Fund**. This is compared to the Fund's performance over the same months.

Extreme Market Returns vs Fund Return Same Month

Index: S&P/ASX 300 TR **From Jun-17 to Nov-23**

Rank	Date	Market	Fund	Difference
1	Mar-20	-20.83%	+1.12%	+21.95%
2	Jun-22	-8.97%	+1.05%	+10.01%
3	Feb-20	-7.76%	+1.00%	+8.77%
4	Jan-22	-6.45%	+1.09%	+7.55%
5	Sep-22	-6.29%	+1.06%	+7.35%
6	Oct-18	-6.16%	+1.08%	+7.24%
7	Oct-23	-3.80%	+1.08%	+4.88%
8	Mar-18	-3.73%	+1.06%	+4.79%
9	Sep-20	-3.59%	+0.90%	+4.50%
10	Dec-22	-3.29%	+1.10%	+4.39%
Totals		**-70.88%**	**+10.55%**	**+81.43%**

			No. of Months
Correlation	-38.6%	Positive Return	10
Capture	-14.9%	Outperform	10

Tail Risk Observations:

The data in the table above indicate that the Fund displays substantial **defensive characteristics** in the face of extreme Australian equity tail risk.

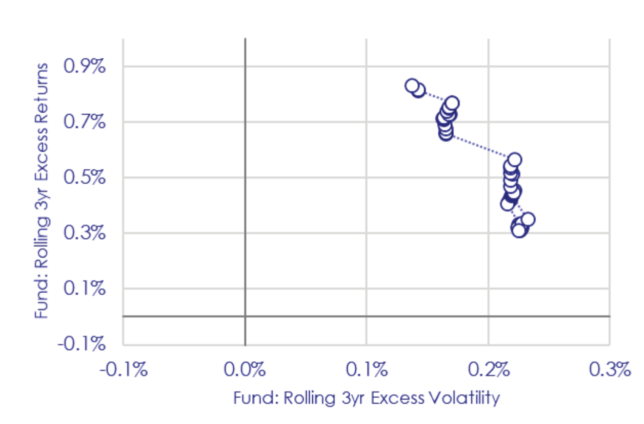
Snail Trail

The snail trail chart and tables below show the combination of the Fund's rolling 3-year excess returns and volatility.

There are 43 observations in total.

The two tables below display the distribution of these observations and their overall frequency across the risk/return quadrants.

Snail Trail Distribution			
Frequency	**Lo-Vol**	**Hi-Vol**	**Total**
Hi-Return	**0**	43	43
Lo-Return	0	0	0
Total	**0**	**43**	**43**
43 rolling 3-year observations			
% of Total	**Lo-Vol**	**Hi-Vol**	**Total**
Hi-Return	**0.0%**	100.0%	100.0%
Lo-Return	0.0%	0.0%	0.0%
Total	**0.0%**	**100.0%**	**100.0%**



In assessing a snail trail it is important to note the following:

Q1 upper left-hand quadrant - higher return than the Fund's market index with lower volatility (less risk). This is the optimal position.

Q2 upper right-hand quadrant - higher return than the Fund's market index with higher volatility (more risk). This can often be a desirable position depending on the attractiveness of the Sharpe ratios produced in this zone. It is important to note that in the case of inflation or cash-style benchmarks, the Q1 top left-hand quadrant is unachievable as it is not possible to deliver lower volatility than what is virtually zero for the benchmark. In such cases, the Q2 zone is the optimal position.

Q3 lower left-hand quadrant - lower return than the Fund's market index with lower volatility (less risk). Less than ideal, and Sharpe ratios can assist in assessing the risk/return trade-off in this zone.

Q4 lower right-hand quadrant - lower return than the Fund's market index with higher volatility (more risk). The least desirable outcome.

Consistency

The more "bunched together" the cluster of dots, the more consistent is the performance. A second indicator of consistency is the trail's nomadic nature. Trails that roam across multiple quadrants over time are indicating **low consistency** in the Fund's risk-return profile. The quadrant that **contains the bulk** of the Fund's snail trail is likely to be more representative of the Fund's risk/return characteristics and identity.

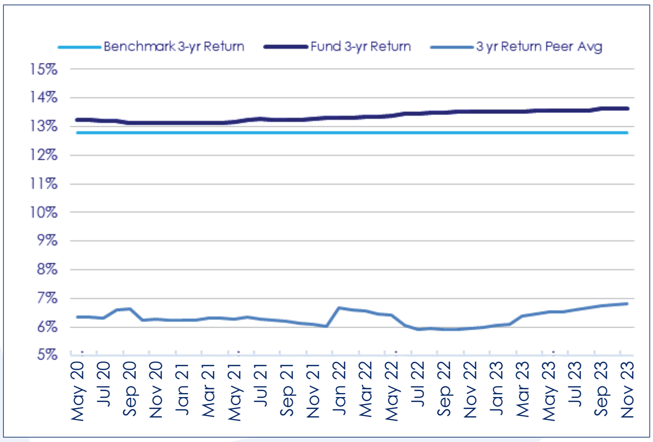
Annual Returns

Year	Fund	Benchmark	Peer Avg	vs. Bench	vs. Peers
2018	+13.09	+12.80	+6.79	**+0.29**	**+6.29**
2019	+12.93	+12.80	+7.11	**+0.13**	**+5.83**
2020	+13.34	+12.80	+5.73	**+0.54**	**+7.62**
2021	+13.60	+12.80	+6.49	**+0.80**	**+7.11**
2022	+13.61	+12.80	+6.05	**+0.81**	**+7.56**
Nov-23	+12.45	+11.67	+7.81	**+0.78**	**+4.64**

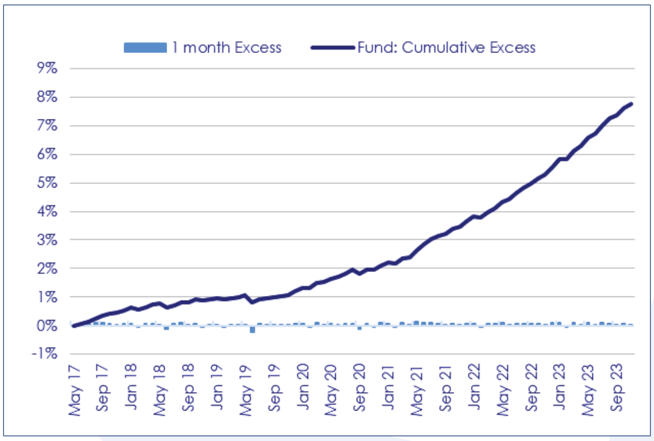
2023 data = 11 months ending Nov-23

Return and Risk

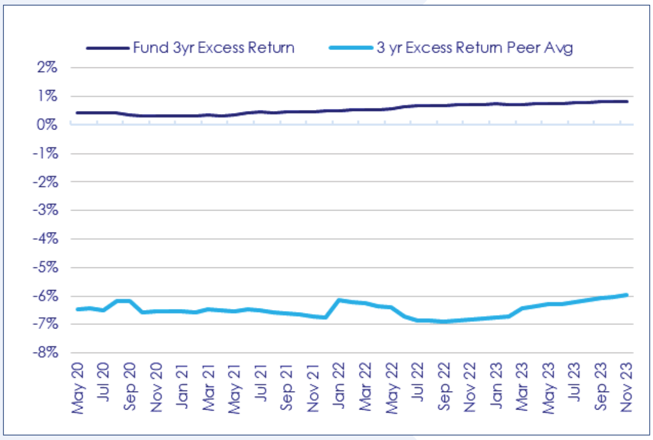
Rolling Returns



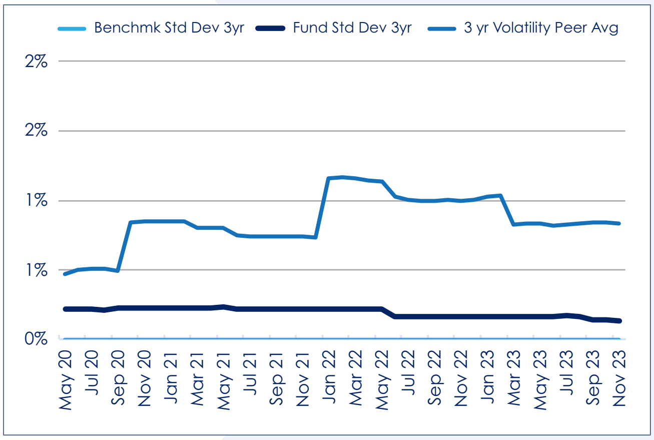
Cumulative Excess Returns



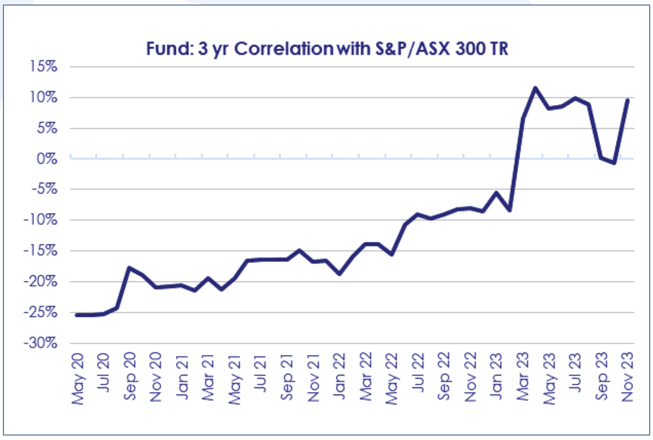
Rolling Excess Returns



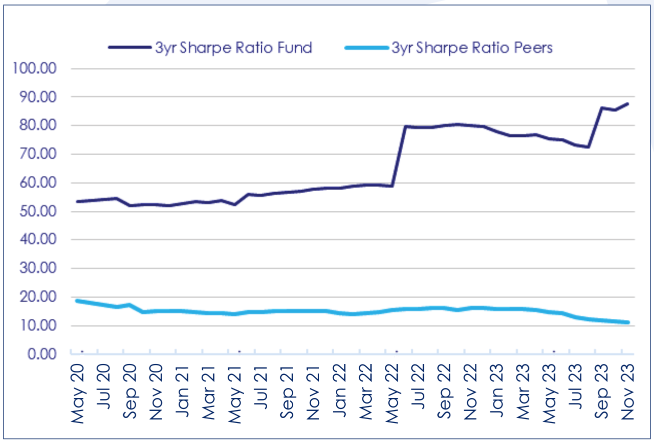
Rolling Volatility



Rolling Correlation

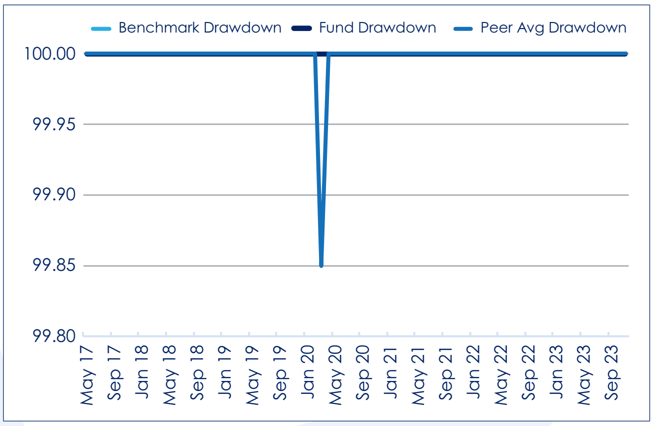


Rolling Sharpe Ratio



Return and Risk

Drawdowns



At the loan level, the loan book is managed to the following constraints.

Portfolio Risk	Risk Constraints
Maximum exposure to single borrower	20% of the borrower's Income
Number of concurrent loans	Only 1 loan at a time permitted
Loans on existing debt	Not permitted
Credit quality	Unrated and unsecured credit exposures
Leverage	None permitted by Fund

Portfolio Holdings*

Name	Coupon	Mkt-Val (AUD)	Weight in Portfolio
MoneySpot Finance A Series 15%	15.0%	$30.0	39.70%
MoneySpot Finance B Series 17%	17.0%	$24.7	31.80%
MoneySpot Finance C Series 22.2%	22.2%	$46.7	28.50%

* As reported to SQM on the return of the RFI – holdings will change over time.

Drawdown

A drawdown tracks the path of the Fund's accumulated NAV (with dividends reinvested). It is measured over the period of a peak-to-trough decline and the subsequent recovery back to that previous peak level. The total return over that entire period is, of course, zero. The metric of interest, the drawdown itself, is quoted as the percentage change between the peak and the trough over that period. Funds typically have multiple drawdowns of varying size and length over their lifetime. The table above shows how many drawdowns have occurred and their average peak-to-trough size.

Alpha

SQM defines **Alpha** as the excess return compared to the Benchmark and is calculated as

Alpha = Fund Return – Benchmark Return

A General Note on Distributions for Managed Funds

The Responsible Entity of a Managed Fund will provide for a regular schedule of distributions, such as monthly/quarterly/semi-annual or annual. This is subject to the Fund having a sufficient distributable income. The official total distributable income available to pay to investors is determined for the period of that Fund's financial year. By distributing the net taxable income of the Fund to investors each year, a Fund itself should not be liable for tax on its net earnings.

If a Fund makes distributions more frequently than once over the financial year, those distributions will be based on estimates of the distributable income for that distribution period. The final total amount of distributable income available for passing on to investors can only be calculated after the close of the financial year, based on the Fund's taxable income for that year.

If the total distributions a Fund pays out exceed total taxable income for that particular financial year, the excess amount may be treated as a return of capital rather than income. This will possibly have tax implications for the investor.

Due to the considerations outlined above, there may be periods in which no distributions are made, or a Fund may make additional distributions.

A Fund's ability to distribute income is determined by the performance of the Fund and general market conditions. Accordingly, there is no guarantee that a Fund will make a distribution in any distribution period.

Total Cost Ratio (TCR)

Managed Investment Schemes: The TCR for Managed Investment Schemes, Exchange Traded Products, and Investment Bond funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, and the impact of dollar-based fees.

Superannuation funds: The TCR for Superannuation and Pension funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, Administration Fees and Costs, the impact of dollar-based fees and a deduction of Super OTC Derivative Costs.

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