PRESS RELEASE

Sydney, 21 June 2023 – Foresight Analytics Reaffirms Payton Select Investment and Payton Pooled Investment Funds as STRONG

Foresight Analytics has recently completed a rating assessment of the **Payton Select Investment Fund (PSIF)** and the **Payton Pooled Investment Fund (PPIF)**.

Both funds have been reassigned a **STRONG** rating reflecting Foresight Analytics' strong level of confidence that the fund can deliver a risk-adjusted return in line with its investment objectives. Since its inception in 2018, the PSIF has delivered a weighted average return across its portfolio of 11%, with returns remaining relatively stable over the period. In the first 24 months of trading, the PPIF has successfully delivered its returns targets as well.

The Foresight Product Complexity Indicator for both funds is **COMPLEX**, which indicates the underlying assets require specialist investment skills to acquire and manage. This type of investment is suitable for investors who understand the illiquid characteristics of these types of investments.

The Investment Manager has funded over $2bn of loans and, on 31 March 2023, had AUM of $1.03bn. Payton is forecasting to surpass $1.7bn in AUM in FY2024. The Investment Manager has recorded a strong track record to date regarding returns, losses (nil), and acceptable arrears. That said, at 5-years, the track-record is relatively short and largely during a period of strong growth in the Australian property sector.

In March 2018, Payton launched its first contributory mortgage fund, the Payton Select Investment Fund, which has invested over $1.5bn in commercial real estate loans to date. Since its inception, the PSIF weighted portfolio interest rate was 10.40% with an average portfolio interest rate of 11.42% (at 31 March 2023).

In March 2021, Payton launched the Payton Pooled Income Fund (PPIF), a pooled mortgage trust, which now has $401mn in FUM. Despite having a relatively short track record, the PPIF has performed strongly since its inception, achieving its different and variable target ranges.

Foresight Analytics' analyst Rodney Lay says, 'Payton successfully applies an investment strategy designed to deliver competitive returns and actively manages risk to preserve investor capital. Payton's investment team comprises an experienced group of ex-bankers with significant credit expertise and a deep understanding of real-estate debt structuring. Payton's Board of Directors, Investment Committee and senior management bring together in excess of 200 years of relevant experience in funds management, property development, banking, law, valuation, and commercial mortgage lending.'

He adds, 'Over the last 4 years, significant investment has been made to strengthen the foundation of the business, including expanding the investment team, IT infrastructure, and new office premises in Sydney. Further investment is budgeted for resources, further geographical expansion and marketing to support loan diversification.'

About Foresight Analytics' Investment Due Diligence Rating (IDD Rating)

The objective of Foresight Analytics' Investment Due Diligence Rating (IDD Rating) is to identify the best funds and opportunities for future investment. We assess the fund's historical risk-adjusted performance – compared to its peers – to form a holistic view of the manager's ability to deliver future returns. The IDD rating indicates the quality of the investment option within the context of a diversified portfolio and full investment cycle.

Foresight's analysts use a 5-point scale to determine how the fund will perform against a range of risk factors.

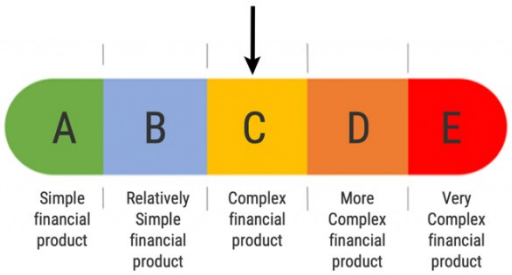
- SUPERIOR indicates the highest level of confidence that the fund can deliver a risk-adjusted return in line with its investment objectives and that it is highly suitable for inclusion on APLs.
- VERY STRONG indicates a very strong conviction that the fund can deliver a risk-adjusted return in line with its investment objectives and that it is suitable for inclusion on most APLs.
- STRONG indicates a strong likelihood that the fund can deliver a risk-adjusted return in line with its investment objectives and that it is suitable for inclusion on most APLs.
- COMPETENT indicates the fund may deliver a risk-adjusted return in line with its relevant benchmark and that it may be suitable for APLs.
- WEAK indicates the fund is unlikely to deliver a risk-adjusted return in line with its investment objective and that it is not suitable for most APLs.

A 'Hold' designation is applied to a fund's rating if a material change impacts the fund manager, and we need to review the rating.

A 'Sell' designation indicates the Foresight Investment Ratings Committee considers risk factors to be elevated enough that maintaining an investment in the fund as part of their diversified portfolio is questionable.

Foresight Complexity Indicator

A Foresight Complexity Indicator (FCI) highlights the complexity of an investment product based on a range of indicators. These typically include its terms and conditions, performance-based fees, liquidity structure, financial leverage, use of derivatives, rare and niche asset class/opportunity set, currency exposure and the level of transparency offered for investors. Foresight believes these factors can disproportionately affect risk-adjusted return outcomes for investors even if a manager is very skilled. Investors can use FCI as a guide to portfolio position sizing within a diversified portfolio context.



The full research report is available on the Foresight 360 Digital platform. The platform can be accessed via www.foresight-analytics.com

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About Foresight Analytics

Foresight Analytics, an independent Sydney-based firm, provides investment diligence, data analytics, and advisory solutions to leading investment management companies, superannuation funds and wealth groups across the Asia Pacific. Foresight's innovative, evidence-based approach blends both human and forensic insights to provide a range of analytical, predictive and market intelligence solutions to investors. Foresight Analytics was founded in 2015 by Jay Kumar, a former executive of Morningstar, Optimix Investment Management, ANZ Wealth & Private Bank and the Reserve Bank of Fiji.

Foresight's fiduciary solutions include Diligence Services (Investment, Operational, ESG & Risk Diligence), Data Analytics and Asset Consulting. Foresight's fund strategy solutions include Data Analytics for asset managers, Fund Strategy Benchmarking Solutions and Strategic Research.

For more information on our capabilities, please visit our website at www.foresight-analytics.com and social media platforms via LinkedIn, Facebook or Twitter.

For additional analyst insights, thematic research and market commentaries, please visit our website at www.foresight-analytics.com and streaming channels YouTube and Podcast.