Opportunities that Illiquid Investments offer to Managed Accounts

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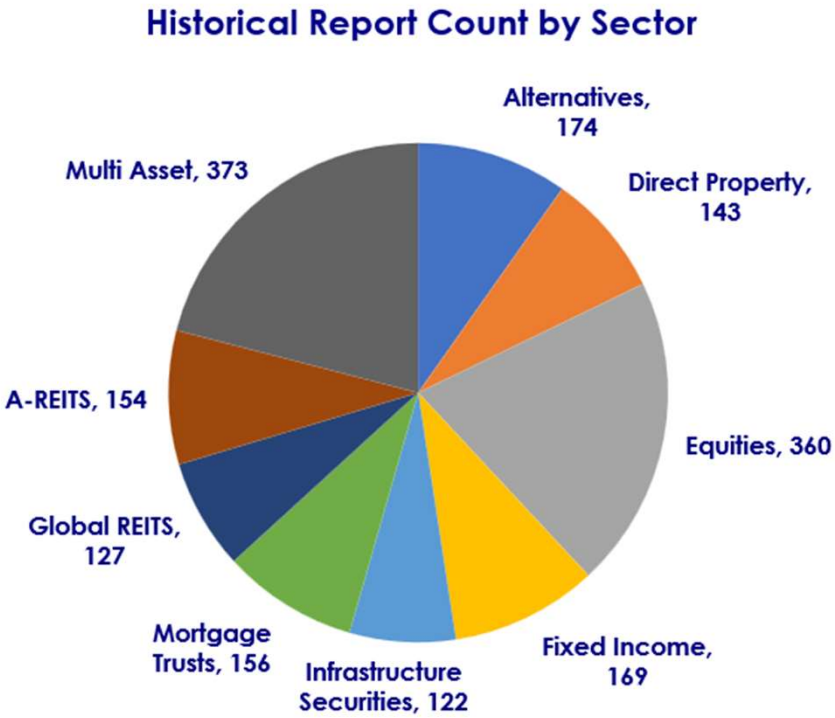
SQM at a Glance

Key Facts

- Established in 2006
- We are Australia's ONLY Analytics and Investment data business that covers ALL asset classes.
- Privately owned – not affiliated with any large institution
- Over 90 advice groups and platforms formally recognise SQM's Qualitative fund Ratings
- All major administration platforms recognise SQM Ratings
- Single largest Researcher/rater of Managed accounts
- Data on over 10,000 funds and all ASX 200 Stocks covered



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Liquidity/Return/Volatility profile of Alternative Asset Funds

Asset Class	Liquidity	Return profile	Volatility
Direct Precious Metal Funds	Medium	Medium	Medium
Precious Metals ETFs	High	Medium	Medium
Hybrid Unlisted Property	Minimal	Medium	Medium
Direct Property	Illiquid	Medium	Low
Private Equity	Illiquid	High	High
Private Debt	Low	Medium	Low
Long/Short Equities	High	High	High
Mortgage trusts	Low	Medium	Low
Agriculture	Low	Medium/high	High
Multi Asset Derivatives	Medium/High	High	High
Multi Asset Feeder Funds	Medium	Medium	Medium
Crypto Funds	Medium	High	High

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Key points

- **Liquidity**
  - Liquidity often can be on a fund-by-fund basis.
  - Some funds may presume to have liquidity based on asset class but can end up with lower liquidity
  - Watch for hybrid orientated funds. We have seen funds freeze even when advertising '80% liquidity'.
  - Funds classed as Illiquid often have longer term liquidity windows. Be sure you understand the exit strategy.
- **Return Profile**
  - Once again, return profile can vary depending on individual fund strategy.
  - There are low return/low risk mortgage funds and vice versa depending on loans invested.
- **Volatility**
  - Be wary of low liquidity funds masquerading as low volatility funds. That maybe the case on a day-to-day basis, simply because no unit price can be calculated and traded.
  - Be sure underlying assets are independently valued. Direct property should be minimum annual. Other assets may be required to be valued more frequently.

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