

# Research Information Document

Bond Adviser Pty Limited



## 1. Introduction

Bond Adviser Pty Limited ABN 31 164 148 467 (“BondAdviser” or “we” or “our”) is the holder of an Australian Financial Services Licence (AFSL: 456783), and, as such, has various obligations under the Corporations Act 2001(Cth).

As part of these obligations, BondAdviser is required to meet licensing and conduct standards.

The Australian Securities and Investments Commission (ASIC) has released Regulatory Guide 79 (RG79) for licensees which are research providers, to assist them and other users in applying relevant standards in their research processes.

The guide focuses on many key phases of the research process to improve the:

- Quality, Methodology and Transparency of Research Report production and distribution.
- Management of any Conflicts of Interest by Research Report providers.
- Ability of users of Research Reports to understand and compare the services offered by different research providers.

We have developed and continually maintain several internal policies and procedures that are designed to maintain the integrity and independence of the research we provide.

This information document sets out a summary of some of these measures as well as an explanation of the broader approach we take when producing research in our role as an independent Research Report provider. It supplements the BondAdviser Compliance Manual & Risk Management Policy. Both are further supplemented by additional disclosures included on the BondAdviser website and our Research Reports.

More detailed information is available to BondAdviser clients.

Please contact us if you have any questions about any aspect of this document, or our research process in general.

## 2. Scope

This information document applies when we provide Research Reports in relation to an investment product in Australia.

Our Research Reports are, by nature, general advice that is in writing and which includes an opinion or recommendation about a named or readily identifiable financial product which is intended to be or which could reasonably be regarded as being intended to be broadly distributed to clients in Australia.

Our business model is that users and prospective users of our Research Reports are either or both Retail and Wholesale clients of the general public.

### **3. Research Quality, Methodology and Transparency**

The following section sets out in broad terms the scope and expertise of our research services and aspects of our research coverage and which filters are applied, research methodologies and the spread of our ratings.

#### **3.1 Scope and Expertise of Research Service**

Our Research Team has over 20 years of industry experience coupled with multiple tertiary and post-graduate qualifications in economic, commerce, finance, accounting, and actuarial studies.

As authorised under our AFSL, we only provide general advice in relation to basic and non-basic deposit products, derivatives, government debentures, stocks or bonds, interests in managed investment schemes (excluding IDPS) and securities.

#### **3.2 Coverage, Methodology and Ratings**

BondAdviser provides a searching facility to subscribers so they can readily identify those companies on which we issue Research Reports via our website ([www.bondadviser.com.au](http://www.bondadviser.com.au)).

A list of all financial products covered is available for users upon accepting our terms and conditions.

BondAdviser's coverage policy defines the investment universe of products which are potentially eligible to receive a recommendation. The investment universe is predominantly made up of fixed income products which are open to investment. Coverage decisions are based on the size of an issue, client demand, information transparency and product complexity.

BondAdviser's management is ultimately responsible for all research coverage decisions. It is important to note that the coverage policy only dictates how the investment universe is compiled and maintained, not how recommendations are then assigned and distributed.

The methodology for how recommendations are assigned can be found on the website: <https://www.bondadviser.com.au/research-process>.

A recommendation key is provided on all our full Research Reports.

A distribution of recommendations and risk ratings can be found in the announcements section of our site or by clicking [here](#)). This information is also available separately on request.

#### **3.3 Credit & Fixed Income Reports and Ratings**

Recommendations contained in our Research Reports are not based on any standard ratings scale. Risk ratings, outlooks and recommendations are based on fundamental inputs including public credit ratings, key economic factors, company-, market- and industry-data as well as general market conditions. Analyst subjective rationale is also a factor which drives our overall recommendation. The extent of coverage will be based on market conditions, resources and client interest.

When rating a bond or hybrid security, we broadly follow the methodologies used by Standard and Poor's ("S&P") and Moody's to shadow rate an entity's credit. These ratings may differ from these agencies' views as the ratings we apply will reflect our own views on the relevant issuers and/or their respective industries. As we are not a rating agency, we do not provide a credit rating on our Research Reports but do assign our assessment of a probability of failure.

The below table outlines our standard recommendation scale:

Primary Offering	Secondary Offering	Description
Subscribe	Buy	Over the next 12 months, we expect the security to outperform the current yield due to credit spread tightening or favourable movements in the underlying yield curve.
	Hold	Over the next 12 months, we expect the security to provide stable returns, broadly in-line with current yield but with little credit spread tightening.
Do Not Subscribe	Sell	Over the next 12 months, we expect the security to underperform the current yield due to credit spread widening or adverse movements in the underlying yield curve.
Not Applicable	Suspended	The recommendation has been suspended temporarily due to the disclosure of new information or market events that may have a significant impact on our recommendation.  This also includes situations where we have been given non-public information and we need to temporarily suspend our coverage in order to comply with applicable regulations and/or internal policies.
	Not Rated	A security that has not been assigned a formal recommendation.

Our probability of failure score is delivered as a descriptive assessment of the likelihood that an entity will fail to meet its expected obligations.

A quantitative score is provided for the possibility that an entity is unable to meet obligations, which is a continuous curve whose function is the fourth power of the overall risk of failure.

Description	Probability of Failure Score
Very Low	1
Low	1
Medium	2 – 5
Upper Medium	8 – 16
High	26 - 81
Very High	123 -256

## 4. Preparation of Research Reports

Our Research Reports are prepared in accordance with global best operating procedures and are designed to ensure that our users' minimum required standards are met or exceeded.

On completion and prior to publication, our draft Research Reports are reviewed by senior members of the Research Team, who are responsible for confirming the Reports meet such benchmarks and that the content and recommendations are materially correct, clear, fair, not misleading and that our recommendations are based on reasonable grounds.

Also, prior to publication, the primary research analyst is required to certify, through our systems, that the views contained in the Research Report accurately reflect their professional views about the subject matter concerned.

Newly issued research recommendations and target prices always supersede previously published research.

Our Research Reports display the publication date on the front page.

Research Reports are valid as at and subsequent to that date, until replaced, which is most-often on a daily (business-day) basis.

## **5. Avoiding, Controlling and Disclosing Conflicts of Interest**

### **5.1 Types of Conflicts**

In the context of the provision of services to our clients, various conflicts of interest may arise as a result of:

- Dealings with Issuers and BondAdviser's representatives.
- Conduct by employees of BondAdviser during their employment.
- A relationship between us and our clients, including as a result of the provision of services to two or more clients.
- The activities of our employees and our clients.
- The relationships we have with our service vendors and our clients.

### **5.2 Business Controls**

To maintain the independence and integrity of our research we have no corporate banking and/or securities execution business. Our research is independent, and we are not aligned with any product providers.

Our research analysts report to management, which in turn reports to the Board of Directors.

We employ several internal controls designed to manage conflicts of interest that may arise as a result of our Research Reports. These controls include:

- The use of information barriers and other information controls designed to ensure that confidential information is only shared on a "need to know" basis and in compliance with our Chinese Wall policies and procedures.

### **5.3 Business Disclosures**

These may include (but are not limited to):

- The existence of any material holding we may have in any relevant financial product referred to in our Research Report.
- Whether we have received compensation from the issuer for the provision of research or financial advisory services in the past year.
- Whether we expect to receive or intend to seek compensation for the provision of any financial advisory services from the relevant issuer in the next three months.
- Whether we act as a sponsor to the relevant issuer.

## **5.4 Personal Disclosures**

These may include (but are not limited to) disclosures where:

- Our research analyst or an individual who assisted in the preparation of the Research Report has a material financial interest in an issuer of a financial product referred to in our Research Report.
- Draft(s) of the Research Report were fact checked by the Issuer / Sponsor.
- Our research analyst is aware of any other fact or circumstance that may create a potential conflict (or the appearance of a potential conflict) relating to their work.

## **5.5 Conflict Avoidance**

At times it may be necessary for us to suspend or restrict our research coverage in the course of meeting our legal and regulatory obligations.

We may also consider it necessary to suspend or restrict our research coverage where we have, or potentially have, a material conflict of interest which we consider will be best managed by restricting or suspending our research coverage.

## **5.6 No Inappropriate Pressure or Communications**

It is our policy that no entity or person should place undue pressure on our research analysts to amend the contents or the timing of a Research Report.

Similarly, it is our policy that no entity or person may directly or indirectly threaten or perceive to threaten a research analyst because the content of a Research Report may adversely affect a present or prospective relationship with a client.

Any material changes in our Research Team's views on ratings, price targets or forecasts is confirmed internally and then first communicated externally via the publication of a new Research Report to all users and not privately, or preferentially communicated.

Generally, non-Research staff are not made aware of an analyst's intention or thoughts on the commission of a specific Research Report, nor its the contents or timing of publication.

## **5.7 Research Analyst Compensation**

Analyst compensation is designed to promote independence and high-quality content, with a significant portion of analyst compensation based on the quality and accuracy of their research work.

Compensation is in no way based on any specific transaction(s), or a view(s) or recommendation(s) expressed about an issuer, financial product or transaction.

## **5.8 Analyst Personal Account Dealing**

In general terms, our policies require any personal account investment transactions to be approved by Research management and Compliance prior to any purchase or sale occurring. With regards to corporate issuers, our Analysts are prohibited from buying or selling any individual product issued by (or whose value is derived from) issuers in their coverage industry.

Analysts are also discouraged from investing in a related sector. Limited exemptions may apply for new employees or in the event an issuer or our coverage responsibilities are restructured.

Minimum holding periods apply where the above approvals have been obtained.

## **5.9 Wall Crossings**

If a research analyst receives, or is to receive, non-generally available materially price sensitive information, our analysts will have to be or will have already been, 'wall-crossed'.

This must be approved by Research management and Compliance and this means that they are identified and recorded as having received this type of information.

The research analysts will then be precluded from:

- Providing further research on any relevant securities;
- Personal account dealing in any relevant securities;
- Encouraging others to deal in any relevant securities; and
- Disclosing the relevant information to anyone else both internally and externally.

## **5.10 External Directorships**

Research analysts must not engage in any activities that would interfere with their duties, contractual or otherwise to us, or that involve or appear to involve a conflict of interest. All external appointments require internal consideration and approval prior to commencing the role.

## **5.11 Gifts and Entertainment**

Staff may receive or give gifts, benefits or entertainment up to a specified value under our policy. Our requirement is that any gifts/entertainment above this specified value must generally be pre-approved by business management and Compliance. Any gifts/entertainment above a minimum threshold must also be recorded. Gifts, benefits or entertainment provided to public or government officials, or other sensitive parties always require Compliance pre- approval.

## **5.12 Fact Checking of Research**

Subject to appropriate approval senior staff or an issuer are permitted to fact check a Research Report prior to publication:

- Under oversight from compliance senior staff may be asked to review draft Research Reports in order to avoid potential conflicts of interest;
- As coordinated by compliance senior staff may fact-check pre-deal initial public offering research; and provided an appropriate approval is in place, certain factual information in a draft Research Report may be provided to the relevant product issuer for fact checking purposes.