

## Unit Pricing Discretions Policy

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## Statement of Purpose

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Introduction and purpose	<p>The ASIC Class Orders and ASIC Instrument (as defined in this Policy) allow the responsible entity of certain registered managed investment schemes (<b>Schemes</b>) to exercise its discretion to decide a matter that affects the method or formula used to calculate the unit price for a relevant Scheme, where the conditions of the ASIC Class Orders or the ASIC Instrument are met.</p> <p>The exercise of any discretion by a responsible entity of a managed investment scheme is subject to the general duties of a responsible entity under section 601FC of the Corporations Act, including in particular, to act in the best interests of unitholders and to exercise a degree of care and diligence that a reasonable person would exercise in that position.</p> <p>The purpose of this Unit Pricing Discretions Policy is to provide the framework to meet the regulatory requirements of the ASIC Instrument and the ASIC Class Orders where they apply in relation to Schemes for which Equity Trustees, or another Equity Trustees Group entity, is responsible entity.</p>
Application	<p>This Unit Pricing Policy overall will apply to each Equity Trustees Group entity which is the responsible entity of a Scheme:</p> <ul style="list-style-type: none"> <li>• Registered prior to 1 October 2013, to which the ASIC Instrument applies; or</li> <li>• Registered on or after 1 October 2013, to which the ASIC Class Orders apply.</li> </ul>
Regulatory and member requirements	<p>Corporations Act, particularly including section 601FC.</p> <p>The ASIC Instrument and the ASIC Class Orders</p> <p>Relevant Accounting Standards</p> <p>Joint ASIC and APRA Unit Pricing Guide to Good Practice (ASIC RG 94)</p> <p>FSC Standards 8 and 17</p>
Review	<p>This Policy will be reviewed at least once every two years, and at any other time as required to ensure that the Policy remains current, including in the following circumstances:</p> <ul style="list-style-type: none"> <li>• A change in any regulatory requirement which is relevant to the exercise of discretions in relation to unit pricing;</li> <li>• The introduction of a new relevant Scheme, or a material change in the operation or management of a relevant Scheme; or</li> <li>• A relevant change in the constitution of a relevant Scheme or the business model applicable to unit pricing calculation and management for any relevant Scheme, including any material change in IT systems, a change in the operations of a relevant material outsourced provider, a decision to change a relevant outsourced provider, or a decision to outsource or insource, or vary the extent or nature of outsourcing of, any activities relating to unit pricing.</li> </ul>

## Exercise of Discretions

Compliance with scheme constitution, Equity Trustees policies and accounting standards	Unit pricing must, generally, be undertaken in accordance with the relevant Scheme constitution, the Equity Trustees Group Unit Pricing Policy and Valuation Policy, and relevant accounting standards. However, determination of some matters may be at the discretion of the relevant Equity Trustees Group entity.
Areas where discretions may apply	<p>The following elements may be open to the exercise of discretion by or on behalf of the Equity Trustees Group entity which is the responsible entity for a particular Scheme:</p> <ul style="list-style-type: none"> <li>• Unit pricing methodology;</li> <li>• Pricing frequency;</li> <li>• The effective date for implementing unit Transactions;</li> <li>• The methodology for determining transaction costs;</li> <li>• The methodology for calculating investment manager performance fees;</li> <li>• The circumstances, methodology, timing and processes for the use of estimated, rather than actual, values;</li> <li>• The circumstances and timing for the suspension of unit pricing, and the resumption of pricing following a suspension; and</li> <li>• Principles, processes and procedures to be used where there is a “last man standing” risk, where it is apparent that circumstances may, or are likely to, arise where one, or only a small number of unitholders will remain in the relevant Scheme at winding up.</li> </ul>
Exercise of discretions	<p>All decisions on a matter which is the subject of discretion must be:</p> <ul style="list-style-type: none"> <li>• Made to achieve equitable, fair and reasonable outcomes for all affected unitholders, including (where applicable) equitable fair and reasonable outcomes for unitholders of different classes;</li> <li>• Made by a person properly exercising delegated authority granted by the relevant Equity Trustees Group entity;</li> <li>• Fully documented;</li> <li>• Well founded and made in accordance with the principles contained in this Policy.</li> </ul>

## Applicable Discretions

Discretions	Discretions may be exercisable in relation to the follow matters affecting unit pricing.
Unit pricing methodology	<p>Generally:</p> <ul style="list-style-type: none"> <li>• the calculation of unit prices is undertaken in accordance with a methodology specified in the relevant Scheme constitution, and is based on dividing the Scheme's Net Asset Value (as determined in accordance with the Equity Trustees Group Valuations Policy) by the number of units on issue;</li> <li>• determination of the Scheme's Net Asset Value takes into account many factors which ultimately affect the price attributable to units, including the valuation methodologies adopted for assets and liabilities and the timing and frequency of valuations; and</li> <li>• forward pricing principles apply, such that unit transactions are processed at a price calculated and published after the transaction request has been received; and</li> <li>• an alternative methodology may be necessary because a different methodology is prescribed by the relevant Scheme constitution, or because the scheme constitution is silent or provides flexibility as to the appropriate methodology. Where an alternative methodology is to be adopted, an appropriate methodology must be determined, having regard to the nature of the Scheme, the assets in which it is invested and the way in which it is operated and managed.</li> </ul>
Pricing frequency	<p>Generally, unit pricing will be undertaken daily. If unit prices are not calculated daily, they must be calculated at least as frequently as units in the Scheme are transacted.</p> <p>Where in relation to a Scheme there is flexibility to determine frequency of pricing, consideration will be given to relevant factors including the frequency of Unit Transactions and the nature and availability of valuations for underlying Scheme assets.</p> <p>The release of a unit price may be temporarily delayed if there is uncertainty as to the correctness of a component of the of the unit price.</p>
Effective date for unit transactions	<p>Generally, Unit Transactions will be affected at the price applicable to the date the Unit Transaction application was received.</p> <p>In some circumstances it may be necessary or appropriate for a Unit Transaction to be "backdated", that is, processed at a price applicable to an earlier date.</p>
Transaction costs	<p>Transaction costs for a Scheme (or class of units in a relevant Scheme) must be allocated in a fair and transparent way between transacting and non-transacting unitholders, and so there is no disadvantage to ongoing unitholders. The transaction cost methodology must take account of factors including the following:</p> <ul style="list-style-type: none"> <li>• The nature of the transaction costs;</li> <li>• Whether actual costs can be clearly identified or whether costs will need to be estimated;</li> <li>• The nature of the relevant Scheme and its underlying investments;</li> <li>• The netting effect of applications for, and redemptions of, units; and</li> <li>• The general direction of capital flows in the relevant Scheme (for example,</li> </ul>

	<p>whether the Scheme is closed to new investors.</p> <p>The relevant Equity Trustees Group entity may determine that an allowance for transaction costs may be waived or reduced in circumstances where no transaction costs are actually incurred or where an application or withdrawal is to the advantage of the relevant Scheme. For example, this may be appropriate if there is an in specie transfer of assets into or out of the Scheme supporting the relevant Transaction application; if there is a simultaneous purchase and redemption of units of equivalent value by different unitholder; or where Unit Transactions are required in circumstances instigated by the relevant Equity Trustees Group entity and it would be inequitable to allocate the costs to the affected unitholders, for example where units are issued or redeemed to correct an error.</p>
Performance fees	<p>Performance fees may be payable in relation to some Schemes where provided for in the relevant Scheme constitution.</p> <p>Subject to the relevant Scheme constitution, the relevant Equity Trustees Group entity will determine the appropriate methodology for calculating performance fees, including detailing the testing and review of the methodology to ensure that it remains current and appropriate for the relevant Scheme.</p>
Estimates and adjustments	<p>There may be circumstances where the actual value of inputs into unit pricing are not available, for example because of the nature of the relevant asset or cost. For example, tax liabilities or actual costs may not be known at the time of unit pricing, or the nature of some assets may mean that accurate, up to date values are not available, and estimated values must be used.</p> <p>Where estimates are to be adopted, the relevant Equity Trustees Group entity must exercise discretion to determine:</p> <ul style="list-style-type: none"> <li>• The nature of the value for which an estimated, rather than an actual, value may be used;</li> <li>• The methodology for determining the applicable estimate;</li> <li>• The methodology and timing for ongoing review of estimated values, considering actual values or updated estimates;</li> <li>• The methodology, timing and processes for making adjustments to unit prices where required following a review.</li> </ul> <p>Further principles relating to determination of estimates are set out in the Unit Pricing Policy.</p>
Suspension and resumption of pricing	<p>It may be necessary to:</p> <ul style="list-style-type: none"> <li>• suspend unit pricing where the value of assets and liabilities cannot be appropriately valued or estimated; or</li> <li>• suspend unit Transactions where unit prices cannot be determined.</li> </ul> <p>For example, this may be necessary where a Scheme invests in listed securities, and the relevant securities exchange closes or suspends trading unexpectedly.</p>
Last man standing risk	<p>There may be circumstances where only a limited number of unitholders remain in a Scheme, and there is a risk (often referred to as the “last man standing” risk) that further redemptions of units may result in unfair or inequitable treatment of unitholders (or unitholders of different classes). For example, this might occur if the last remaining unitholders had to bear a disproportionate level of costs, could not receive full value for their investment because of an insufficiency of assets, or received a windfall gain because of surplus assets.</p> <p>A Scheme constitution may not deal in detail with the methodology, processes and</p>

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procedures for managing a last man standing risk. In this case it will be necessary for the relevant Equity Trustees Group entity to determine the processes and procedures to be followed, having regard to the fair and equitable treatment of all unitholders (which may include exited unitholders) and other stakeholders in the relevant Scheme.

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#### Errors and compensation

Where an error occurs which results in incorrect values being attributed to unitholders in a Scheme, then the relevant Equity Trustees Group entity must determine:

- The manner in which compensation will be paid to unitholders in the scheme where the error arose from a miscalculation of fees which has disadvantaged unitholders;
  - Whether, the circumstances in which, and calculation of, compensation payable to unitholders who have suffered a loss as a result of the error, where the value of that loss is less than 0.3% or \$20, and the unitholder has already redeemed their investment in the Scheme;
  - The circumstances (if any) and the manner in which, the relevant Equity Trustees Group entity will seek to recover money from a unitholder where an error has been to the unitholder's advantage.
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## Accountabilities

Managing Director	The Managing Director of the Equity Trustees Group is responsible for, and must approve, the Unit Pricing Discretions Policy. The Managing Director is responsible for reviewing unit pricing issues escalated from the Board Audit Committee.
Board Audit Committee	The Board Audit Committee is responsible for the oversight of this Policy, including reviewing, escalating and reporting unit pricing issues to the Managing Director where required.
Group Leadership Team	The Group Leadership Team is responsible for holding staff accountable for unit pricing discretion management and ensuring that the Principles and requirements of the Policy are communicated to all relevant staff.
Policy Owner	The CFO has responsibility for the development, maintenance and oversight of this Policy.
Business unit operational managers	Managers within the Equity Trustees Group responsible for the operation, management and compliance of Schemes are responsible for the: <ul style="list-style-type: none"> <li>• development and approval; and</li> <li>• ongoing monitoring, testing, review and updating,</li> </ul> of processes and procedures for implementation of unit pricing discretions in accordance with this Policy. Where relevant, this includes ensuring that appropriate processes and procedures are developed in accordance with this Policy by outsourced providers who undertake unit pricing functions.
Employees	All employees of the Equity Trustees Group engaged in, or whose roles are relevant to or affect, unit pricing discretions: <ul style="list-style-type: none"> <li>• are responsible for ensuring that unit pricing is undertaken and managed in accordance with this Policy; and</li> <li>• must identify and report any breaches or incidents relating to unit pricing discretions in accordance with the Compliance Framework.</li> </ul>
Exercise of delegated authority	All Committees and staff of each Equity Trustees Group entity with delegated authority to make determinations, establish processes and procedures or implement matters relating to or affecting unit pricing discretions are responsible for exercising that authority as specified in and subject to the relevant delegation, and in accordance with this Policy and the Unit Pricing Policy.



## Glossary

Adjustment	Means a change to a previously declared unit price resulting from the updating of an estimated value used in the unit pricing calculation or the replacement of an estimated value with an actual value, where the original (and any subsequent) estimates and the updating or replacement have been properly done and duly authorised in accordance with relevant delegations.
ASIC Class Orders	Means the ASIC Class Order 13/655 (and associated Class Orders) where applicable to managed investment schemes registered on or after 1 October 2013.
ASIC Instrument	Means ASIC Corporations (Managed investment product consideration) Instrument 2015/847 (which replaced ASIC Class Order 05/26) where applicable to managed investment schemes registered prior to 1 October 2013.
Constitution	Means the constitution of a Scheme.
Equity Trustees Group	EQTHL, ETL, ETSL and ETWS collectively, together with any other related body corporate of any other them which provides or manages unitised investment, superannuation or common funds.
EQTHL	EQT Holdings Limited, ABN 22 607 797 615.
ETL	Equity Trustees Limited, ABN 46 100 031 298.
ETSL	Equity Trustees Superannuation Limited, ABN 50 055 641 757
ETWS	Equity Trustees Wealth Services Limited, ABN 33 006 132 332
Principles	Means the Principles as set out in this Policy in relation to unit pricing across the Equity Trustees Group, including the Overarching Principles and the Key Operational Principles.
Scheme	Means a registered managed investment scheme for which Equity Trustees or another Equity Trustees Group entity is the responsible entity, and in relation to which discretions in relation to unit pricing apply under the Unit Pricing Policy.
Suspended or Suspension	In relation to unit prices or Unit Transactions means the temporary cessation of the calculation of prices or ability to conduct Unit Transactions.
Unitholder	Means a unitholder in a Scheme.
Unit Transactions	Means all allocations, issues, redemptions or dealing with Units.

