EQT GROUP UNIT PRICING DISCRETIONS POLICY

Equity Trustees

Policy Level: Level 1

Policy Owner: CFO/COO

Approval Date: 23rd June 2022

Effective Date: 23rd June 2022

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Contents

PURPOSE

This Unit Pricing Discretions Policy provides a framework for Equity Trustee Group (EQT Group) to exercise its discretion to decide a matter that affects the method or formula used to calculate the unit price for where the conditions of the ASIC Class Orders or the ASIC Instrument are met. This discretion will apply for all unitised products (**Products**), including managed investment schemes (**Schemes**), superannuation funds and common funds for which an Equity Trustees Group ("EQT Group") entity is the Trustee, Responsible Entity, provider, issuer or operator.

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 or Part 12 of the Superannuation Industry (Supervision) Act including 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.

The purpose of this Unit Pricing Discretions Policy is to meet the regulatory requirements of the ASIC Instrument and the ASIC Class Orders where they apply in relation to Schemes as well as regulatory guidance issued as part of ASIC RG 94 for Superannuation Products for which Equity Trustees, or another EQT Group entity, is the Trustee or Responsible Entity.

APPLICATION

The EQT Group Unit Pricing Discretions Policy will apply to all EQT Group entities in relation to all Products issued in Australia.

The principles provided in this document will apply to all Products, irrespective of the nature of the Product (for example, superannuation fund, managed investment scheme or common fund), and whether unit pricing activities are undertaken internally within the relevant EQT Group entity or are wholly or partly outsourced.

Processes and procedures will be developed by each EQT Group entity consistent with, and to provide for the implementation of, this Policy across all Products, as required, having regard to the nature of the Product, the relevant law and regulatory requirements and the Product's Constituent Documents.

REGULATORY AND RELEVANT GUIDANCE

As applicable:

- *Corporations Act 2001*
- *Superannuation Industry (Supervision) Act 1993*
- Other State Trustee Acts.

The terms of each EQT Group entity's regulatory licenses (AFSL and RSEL and applicable):

- Joint ASIC and APRA Unit Pricing Guide to Good Practice (ASIC RG 94)
- Relevant accounting standards
- Financial Services Council (FSC) Standards 8 and 17.

OTHER RELEVANT POLICIES

This Policy must be read in conjunction with Equity Trustees':

- Unit Pricing Policy
- Valuation Policy
- Compliance Management Framework
- Outsourcing Framework
- Reserves Policy
- Governance Management Framework.

REVIEW

This Policy will be reviewed at least every three years, or earlier if there is a material change to business operations, organisational structure or regulatory environment.

EXERCISE OF UNIT PRICING DISCRETIONS

AREAS DISCRETIONS MAY APPLY

The following elements may be open to the exercise of unit pricing discretion by or on behalf of the Responsible Entity or Trustee:

- unit pricing methodology
- pricing frequency
- the effective date for implementing unit transactions
- the methodology for determining transaction costs
- the methodology for calculating investment manager performance fees
- the circumstances, methodology, timing and processes for the use of estimated, rather than actual, values
- the circumstances and timing for the suspension of unit pricing, and the resumption of pricing following a suspension
- principles, processes and procedures to be used where there is a "last person 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.

EXERCISE OF DISCRETIONS

The exercise of a discretion concerning unit pricing by the Responsible Entity or Trustee must meet the requirements of any relevant authorities' orders and must be:

- 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
- made by a person properly exercising delegated authority granted by the relevant EQT Group entity
- documented
- well-founded and made in accordance with the principles contained in this Policy.

AREA WHERE EXERCISE OF DISCRETIONS MAY BE REQUIRED

DISCRETIONS

Generally, the Scheme Constitution or Trust Deed sets out the methodology. However, in certain circumstances the Responsible Entity or Trustee may be required to exercise discretion in relation to determining unit prices.

Discretions may be exercisable in relation to the follow matters affecting unit pricing.

UNIT PRICING METHODOLOGY

Generally:

- the calculation of unit prices is undertaken in accordance with a methodology specified in the Scheme's Constitution or the Trust Deed, and is based on dividing the Net Asset Value (as determined in accordance with the EQT Group Valuations Policy) by the number of units on issue
- determination of the Net Asset Value considers many factors which may ultimately affect the price attributable to units, including the valuation methodologies adopted for Assets and Liabilities and the timing and frequency of valuations
- forward pricing principles apply, such that Unit Transactions are processed at a price calculated and published after the transaction request has been received
- an alternative methodology may be necessary because a different methodology is prescribed by the Scheme constitution or the trust deed, 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, regarding the nature of the Product, the Assets in which it is invested, and the way in which it is operated and managed.

ACCOUNTING ESTIMATES

Where accounting estimates are used for items such as accruals and tax provisions, reconciliations, and adjustments to reflect actual (rather than estimated) values must occur on a regular basis. The frequency of reconciliations or adjustments between estimates and actuals will take into consideration:

1. The nature of the Product (for example, superannuation products)
2. The nature of the investments (e.g. cash assets, bonds or equities)
3. The type of transaction (for example, actualisation of monthly accruals compared to annual tax provisions).

The frequency of true ups performed will take the above into consideration and also where it is practical to do so. At a minimum, all accounting estimates must be reassessed annually or as frequently as required under the Product's financial reporting obligations. For example, superannuation products should be reconciled at least quarterly where possible, cash accounts may require more frequent (for example, monthly) reconciliation, and illiquid and irregularly traded property schemes should be reconciled at least annually.

PRICING FREQUENCY

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 fund are transacted or as stipulated within either the fund constitution or trust deed.

EFFECTIVE DATE OF UNIT TRANSACTION

Generally, Unit Transactions will be affected at the price applicable to the date the Client Unit Transaction application was received.

In some circumstances it may be necessary or appropriate for a Client Unit Transaction to be "backdated", that is, processed at a price applicable to an earlier date. The effect of backdating is that Client Unit Transactions are processed at a date that potentially differs from the actual trade date and depending on price movement in the meantime, may have a positive or negative impact on the product. Where backdating occurs, this will be done in accordance with the governing documents of the product or in the absence of specific guidance, at the discretion of the Responsible Entity or Trustee.

If the backdating of Client Unit Transaction is due to administrative delays or error, we will assess whether affected unit holders and ongoing unit holders have suffered a material loss or gain as a result. The Responsible Entity or Trustee will consider the following factors in determining whether the impact is material to unitholders:

1. The size of the backdated transactions and time that has elapsed
2. The size of the fund
3. The nature of the product
4. The nature of the investments held
5. The impact on the unit price
6. Fair and equitable to all members in the fund.

Where there is a material negative dollar or investment return impact for transacting and/or existing unit holders resulting from a material backdated transaction, the Responsible Entity or Trustee, at its discretion, will consider whether the Scheme is compensated for the cost of backdating or processing a good value claim for the client.

Should backdating Client Unit Transaction be required for scenarios other than administrative delays or error, the Responsible Entity or Trustee will consider the circumstances of the scenario and whether it may materially impact all unitholders based on the considerations listed above. The Responsible Entity or Trustee will then apply its discretion as to whether the backdating of a unit transaction will be accepted.

CUT-OFF TIMES

The Responsibility Entity or Trustee may determine a cut-off time for each fund or investment option for applications and withdrawals, which in turn determines the entry/exit prices that will apply to a particular application or withdrawal. All applications/withdrawals deemed effective for a particular day receive the unit price effective for that day. Equity Trustees has discretion to amend cut-off times if deemed necessary, for example to allow sufficient time for the processing of applications and withdrawals. However, it is expected this would only occur in rare circumstances.

TRANSACTION COSTS

Transaction costs for the fund (or class of units in a Scheme) must be allocated in a fair and transparent way between transacting and non-transacting unitholders, so that neither transacting nor non-transacting unitholders are unfairly treated. The transaction cost methodology must take account of factors including:

- The nature of the transaction costs
- Whether actual costs can be clearly identified, or whether these will need to be estimated
- The nature of the relevant Scheme and its underlying investments
- The netting effect of applications for, and redemptions of, units
- The general direction of capital flows in the relevant Scheme (for example, whether the Scheme is closed to new investors).

The Responsible Entity or Trustee may determine that an allowance for transaction costs may be waived or reduced in circumstances where no transaction costs are 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
- a simultaneous purchase and redemption of units of equivalent value by different unitholders
- where unit transactions are required in circumstances instigated by the relevant Responsible Entity or Trustee 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).

PERFORMANCE FEES

Performance fees may be payable in relation to some Schemes where provided for in the relevant Scheme constitution.

Subject to the relevant Scheme constitution, the Responsible Entity or Trustee 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 Product.

LAST PERSON STANDING RISK

There may be circumstances where only a limited number of unitholders remain in a Product, and there is a risk (often referred to as the "last person 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 but could not receive full value for their investment because of an insufficiency of assets; or received a windfall gain because of surplus assets.

A Scheme constitution or trust deed may not deal in detail with the methodology, processes, and procedures for managing a last person standing risk. In this case, it will be necessary for the Responsible Entity or Trustee to determine the processes and procedures to be followed, having regard to the fair and equitable treatment of all unitholders (which may include former unitholders).

ERROR AND COMPENSATION

Where an error occurs which results in incorrect values being attributed to unitholders in a Product, then the Responsible Entity or Trustee must assess the error and any potential compensation in accordance with the following guiding principles:

- Compensation should be considered to ensure that Investor interests have not been adversely impacted by the error identified.
- EQT Group will not profit at the individual Investor's expense because of a unit pricing error.
- Errors will be evaluated on their absolute impact on investors over the full time the error has been effective.
- EQT Group will ensure corrective action is taken for all errors but will exercise its discretion when determining whether compensation is required.
- Where an error has resulted in a net benefit to an individual Investor's interest, EQT Group will consider commercial and reputational issues, equity between Investors and any other relevant matters before recouping any erroneous benefit from the individual Investors.

A unit pricing error can arise as a result of:

1. incorrect information being applied in the unit pricing process. These flaws in the unit pricing process include but are not limited to:
    a. Management fees incorrectly represented in the unit pricing process
    b. Incorrect application of unit pricing methodology
    c. Incorrect asset values applied
    d. Incorrect units on issue
    e. Incorrect unit pricing process.
2. Unreasonable assumptions applied within the unit pricing process. Unreasonable assumptions made in the unit pricing process encompass both assumptions that are unreasonable at initial onset and assumptions that have not been reviewed and maintained appropriately.
3. Incorrect application of terms and conditions in constituent documents, e.g. Constitution, Trust Deed.
4. Non-compliance with an approved Policy.

The following do not constitute unit pricing errors:

1. Truing up accruals on a timely basis (i.e. differences between estimates and actual)
2. Improvements effected in the process where the previous process has not been incorrect
3. Impacts of large movement in Asset values or major transactions
4. New information received after a decision being made, if the decision was made with the best available information at the time
5. Periodic revaluation adjustments for infrequently valued Assets for which market values are not readily available
6. Valuation adjustments for infrequently traded market Assets because of better information subsequently becoming available
7. Adjustments made for estimating performance fees on a reasonable basis
8. Fund performance inefficiencies resulting from product design
9. Estimating tax accruals on a reasonable basis.

EQT Group's objective regarding compensation is to return each affected investor as far as reasonably practicable to the financial position they would have been in if the error had not occurred.

There are circumstances where the Responsible Entity or Trustee will seek to recover money from unitholders who have been unfairly advantaged by an error.

In some cases, there should be a threshold below which compensation will not be paid, given:

- the significant costs involved in investigating and correcting unit pricing incidents
- the costs involved in the compensation payment process, particularly processing payments to investors who have exited
- the fact that below a certain threshold, it is very difficult to demonstrate loss due to inherent variability arising from assumptions and estimations
- thresholds acceptable from time to time by relevant regulators.

EQT Group has adopted the following compensation thresholds:

For APRA-regulated Products

- Where error/loss is not fee-related and is greater than the following thresholds for the following types of Asset classes:
    - Equities (30 bps)
    - Fixed interest (10 bps)
    - Cash (5 bps)

  the Responsibility Entity or Trustee will compensate the member appropriately. However, if the member has already exited the scheme, the Responsible Entity or Trustee will only compensate if the loss is greater than $20.

- Where error/loss is lower than the thresholds outlined above, the Responsible Entity or Trustee may exercise discretion on compensation.

For all other Products

- Where error/loss is not fee-related and is greater than 30 bps, the Responsible Entity or Trustee will compensate the member appropriately. However, if the member has already exited the Scheme, the Responsible Entity or Trustee will only compensate if the loss is greater than $20.
- Where error/loss is lower than 30 bps, the Responsible Entity or Trustee may apply discretion on compensation.

ACCOUNTABILITIES

EMPLOYEES

All employees of the EQT Group engaged in, or whose roles relate to or affect, unit pricing functions:

- are responsible for ensuring that unit pricing functions are undertaken and managed in accordance with this Policy
- must identify and report any breaches or incidents relating to unit pricing in accordance with the EQT Group Incident and Breach Policy.

The relevant managers within each business unit of the EQT Group are responsible for the:

- development and approval
- ongoing monitoring, testing, review and updating

of processes and procedures for implementation of unit pricing functions in accordance with this Policy. This includes ensuring that appropriate processes and procedures are developed in accordance with this Policy by outsourced providers who undertake valuation functions.

SERVICE PROVIDERS

Even though Equity Trustees may outsource a service or contract with a third party, EQT remains responsible for ensuring that the service provider complies with all relevant accounting standards and regulatory obligations.

Appointed service providers are required to comply with the terms of their contractual obligations and the principles outlined within this Policy. This extends too promptly:

- seeking approval from Equity Trustees for exceptions or departures from this Policy
- advising Equity Trustees of incidents or breaches of this Policy and the valuation process.

ENTERPRISE RISK (SECOND LINE OF DEFENCE)

As the Second line of defence, Enterprise Risk provides monitoring for the obligations and controls associated with the unit pricing process.

INTERNAL AUDIT (THIRD LINE OF DEFENCE)

Internal Audit is responsible for providing independent assurance of the adequacy and effectiveness of EQT Group's key controls within the unit pricing/valuation activities.

BOARD

The EQT Group and its controlled entities are ultimately responsible for the Unit Pricing Discretion Policy, which must be approved by the relevant Boards and Committees of EQT Group entities.

Those charged with governance may fulfil their obligations through Committees, and, in relation to the Unit Pricing Discretion Policy, have delegated oversight of the Policy to the Board Audit Committee (BAC), EQTL, EQTRES & ETWSL Audit Committee, and ETSL & HTFS Audit Committee for APRA-regulated products.

Management is responsible for reviewing valuation issues delegated from the Board Audit Committee or EQTL, EQTRES & ETWSL Audit Committee, ETSL & HTFS Audit Committee for APRA-regulated products if necessary.

EXERCISE OF DELEGATED AUTHORITY

All Committees and employees of each EQT Group entity with delegated authority to make determinations and unit pricing discretions, establish processes and procedures, or implement matters relating to or affecting valuations are responsible for exercising that authority as specified in and subject to the relevant delegation, and in accordance with the principles in this Policy.

GLOSSARY

Assets	Are to be defined in accordance with applicable Australian Accounting Standards and generally accepted accounting principles.
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.
Constituent Documents	Means the Trust Deed, Constitution, governing rules, enabling document or legislation or other document or terms under which a Product was established and operates, including relevant offer documents and product disclosure statements.
Corporations Legislation	Means the *Corporations Act 2001 (Commonwealth)* and all Regulations and regulatory requirements made under or arising from that Act, as amended from time to time.
Delegated Authority	Means a decision made by a duly authorised person on behalf of an EQT Group entity, in accordance with the relevant delegations.
Equity Trustees Group ('EQT Group')	EQTHL, ETL, ETSL, ETWSL and HTFS collectively, together with any other related body corporate of any other than 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
ETWSL	Equity Trustees Wealth Services Limited, ABN 33 006 132 332
Exception	An Exception arises in a circumstance where there is a valid and appropriate reason why the Unit Pricing Policy should not apply.
Going Concern	Subject to the requirements of relevant accounting standards, reference to a Going Concern assumes that an entity or a Product will continue to operate indefinitely and requires Assets and Liabilities of that entity or Product to be valued at a Market Price which ignores the

	impact on that valuation should the Assets or Liabilities actually be acquired or realised.
Gross Assets	Means the total Assets of a Product before allowances for costs of acquisition or disposal and before deduction of Liabilities relating to the entity or the Product. For example, Gross Assets include all assets and investments of the entity or Product, and all other amounts due to and received by the entity or the product, including, for example, claims for the repayment of tax levied before the Valuation Point and accrued interest, dividends or rent.
HTFS Nominees Pty Ltd	HTFS Nominees Pty Ltd, ABN 78 000 880 553
Interest	Means an undivided portion of the equity of a Product.
Liabilities	Are to be defined in accordance with applicable Australian Accounting Standards and generally accepted accounting principles, and: • include (but are not limited to) tax provisions, expenses, ongoing management fees and performance fees • exclude Liabilities relating to unitholder balances. For example, Liabilities may include: • amounts payable in relation to investments and in respect of taxation relating to completed accounting periods and the current accounting period (up to the Valuation Point) • the amount of the relevant EQT Group company's entitlements such as management fees, performance fees and reimbursable expenses • interest accrued on any borrowings for the Product (where permitted and applicable) • all other Liabilities payable out of the Gross Assets of the Product.
Market Price	Subject to the requirements of relevant accounting standards, reference to Market Price means the last sale price immediately prior to the Valuation Point or current price available at the Valuation Point from a market maker. Market Price must exclude any provision for the costs of acquisition or disposal of an Asset.
Net Asset Value	In relation to a Product means the result obtained by deducting the value of Liabilities of the Product from the value of Gross Assets of the Product.
Product	An investment that has been unitised into an offering for Investors for which EQT Group has responsibility. Examples include managed investment schemes, superannuation funds and common funds.
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.
Superannuation Legislation	Means the *Superannuation Industry (Supervision) Act 1993 (Commonwealth)* and all Regulations, prudential standards and

	regulatory requirements made under or arising from that Act, as amended from time to time.
Third-Party Valuation	Means a valuation provided by a reputable, independent third party (such as a professional valuer or tax agent) who has been properly briefed as to the purpose of the valuation and any relevant regulatory requirements, or requirements of the product's constituent documents. A third-party valuer must be suitably qualified and appointed in writing (if appropriate).
Valuation Point	Means the point in time at which a cut-off is made to value the Assets and Liabilities of a Product.
Valuation Policies and Procedures	The detailed policies and procedures which are to be established as part of this Policy for the valuation of Assets and Liabilities by EQT Group companies.
Valuation Principles	Means the principles as set out in this Policy in relation to the valuation of Assets and Liabilities across the EQT Group.
Unit Transactions	Means all allocations, issues, redemptions or dealing with units.

POLICY ADMINISTRATION

Document Title	EQT Group Unit Pricing Discretions Policy
Policy Level	Level 1
Version No.	V.2/2022
Policy Owner	CFO/COO
Policy Administrator	Finance
Related Policies (These must be read in conjunction with Policy)	EQT Group Outsourcing Framework EQT Group Valuations Policy EQT Group Vendor Contracts Policy EQT Group Incident & Breach Management Policy EQT Group Unit Pricing Policy
Supporting Procedures or Guidelines (These must be read in conjunction with Policy)	Register of Relevant Duties and Interests *Superannuation (Industry) Supervision Act 1993* *Corporations Act 2001* ASIC Regulatory Guide 181 ASIC Report 474 ACNC Governance Standard 5 Prudential Standard SPS 521 – Conflicts of Interest ASX Corporate Governance Principles AASB 124 – Related Party Disclosures
Approval Date	23rd June 2022
Effective Date	23rd June 2022
Next scheduled review	June 2025
Regulator (if applicable)	ASIC, APRA, ACNC, ASX
Review and Approval Body	BAC, EQTHL, EQTL, ETWSL, ETSL and HTFS Boards

DOCUMENT VERSION CONTROL HISTORY

VERSION NO.	UPDATED/PREPARED BY	DATE	APPROVED BY
V.1.2.2020	Ext consultant & BUs	17/5/2022	MARCC, BAC & EQTHL
V.2/2022	Enterprise Risk/CFO	23/06/2022	ETSL/HTFS Audit Committee & Board