Fund Valuation and Unit Pricing Policy

1. Overview

Antipodes Fund Services Limited ('AFS') is the Trustee/Responsible Entity for the Antipodes unregistered and registered managed investment schemes ('Funds') domiciled in Australia.

The purpose of this policy is to document how AFS will exercise its discretion, permitted under the trust deed or constitution of the Funds for which it is trustee or responsible entity, in the calculation of unit prices, so as to comply with its legal requirements.

The Head of Investment Operations has ultimate ownership of this Policy and may vary this Policy with the approval of AFS and the Audit Risk and Compliance Committee.

2. Scope

This policy applies to the Investment Operations employees of AFS, and to the CFO and CEO of AFS.

3. Policy

3.1. Calculation of unit prices

The trust deed or constitution of the Funds sets out the method that AFS uses to calculate the application price and redemption price of each class of unit of each fund at a particular time. This is generally expressed as follows:

- Application price = (Net Asset Value / Units on Issue) + buy spread;
- Redemption price = (Net Asset Value / Units on Issue) – sell spread.

The buy and sell spreads represent the estimated transaction costs incurred when buying or selling underlying assets in the fund (e.g., brokerage, stamp duty and other local fees or taxes).

Where stated in an Information Memorandum ('IM'), application units may also be adjusted for equalisation credits.

The trust deeds and constitutions of the Funds for which AFS is trustee or responsible entity permit AFS to exercise discretion in determining the application price and redemption price for the Funds.

3.2. Outsourcing

Although the functional elements of the unit pricing process for the funds are carried out by Citigroup Pty Limited or Apex Fund Services (Sydney) Pty Limited ('Fund Administrators'), AFS does not outsource its responsibility regarding the calculation of unit prices. The ultimate responsibility for ensuring that unit prices are determined appropriately lies with AFS. The Fund Administrators provide unit pricing calculations in accordance with agreed service level requirements and their valuation policies. Their calculations are reviewed at each valuation point, and their performance is monitored on an ongoing basis via reporting to the Audit, Risk and Compliance Committee and formally reviewed by AFS at annual review meetings.

3.3. Discretion exercised

AFS has identified the following discretions that it is most likely to exercise in calculating the application and redemption price of each Fund:

- Estimating an allowance for transaction costs;
- Determining entry, exit or transfer fees;
- Determining the total net asset value of the fund;
- Allocating assets, liabilities, revenue and expenses between classes of units;
- Determining a time at which assets and liabilities are valued;
- Determining a time at which unit prices are calculated;
- Suspension of unit prices; and
- Rounding unit prices.

These are explained in more detail below.

3.3.1 Estimating an allowance for transaction costs

The trust deed or constitution of each fund provides that transaction costs associated with buying or redeeming units in the fund may be recovered from transacting unitholders. Transaction costs are the costs associated with the acquisition or disposal of assets held by the Fund (e.g., brokerage, stamp duty and other local fees or taxes).

As such, the application price for units may be higher than the Net Asset Value ('**NAV**') and the redemption price for units may be lower than the NAV. The estimated transaction costs relevant to each fund are set out in the Product Disclosure Statement ('**PDS**') or the IM of the fund and are generally referred to as buy/sell spreads.

Buy/sell spreads represent AFS's estimate of these transaction costs and aim to ensure that the interests of non-transacting investors are not diluted by the activities of transacting investors. The buy/sell spreads are set by AFS based on an analysis of the actual and estimated costs incurred, and by having regard to industry best practice. AFS reviews the appropriateness of buy/sell spreads once every 2 years or more frequently if the costs or circumstances change.

In circumstances where no transaction cost is incurred because there is no trading of underlying assets, AFS may waive the buy/sell spread at its discretion.

3.3.2 Determining entry, exit or transfer fees

Under each fund's trust deed or constitution, entry, exit and transfer fees are permitted to be charged. These fees are not currently charged and AFS has no intention of charging these fees in the future. Should that position change AFS will update this policy to document how entry, exit and transfer fees will be determined. In addition, AFS will give unitholders written notice of any variation of fees charged by the fund in accordance with the Corporations Act.

3.3.3 Determining the total NAV of the fund

Under each fund's trust deed or constitution, the NAV of the fund is calculated as the gross value of the fund's assets less any liabilities. AFS has discretion to determine how the assets are valued including the valuation methodology and the timing of the valuation.

Investments within each fund are valued at their market value consistent with the Financial Services Council standards and the agreed valuation policies of the fund administrator. The assets of a Fund include all investment assets, capital, income, property and rights of the fund.

Generally, investment assets are valued using the following guidelines:

- Security prices are obtained, where possible, from independent security pricing services, and are based on the last sale price at close of day where the security is traded on a regulated market;
- Where securities are not traded on a regulated market, fair value of financial assets and liabilities are determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market

transactions. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

- If the security or other asset price is not available from an independent source, is stale, is missing or AFS considers that price unreliable or inappropriate, then the last sale price when the security traded may be used. If there is additional information that indicates the last sale price is not appropriate then the valuation of that security is determined by AFS, in conjunction with the relevant fund manager and fund administrator, in accordance with industry standards considering all relevant factors which may affect the security price. AFS will document the rationale for making the decision on the appropriate price;
- The unit price of the Fund does not take into account tax credits collected by the Funds. Tax credits will be notified to unitholders at the end of each financial year; and
- The liabilities of a fund include all borrowings, accrued fees payable, and any other relevant liabilities of the fund. Other assets and liabilities in a Fund are valued in good faith in accordance with industry standards. In particular:
  - Management fees will be accrued at each valuation point (daily for daily priced funds or monthly for monthly priced funds);
  - Expenses will be accrued at the same frequency the fund is valued (daily for daily priced funds and monthly for monthly priced funds) using a reasonable estimate of annual expenses, with reconciliations against actual expenses occurring at least quarterly; and
  - Performance fees will be accrued at each valuation point in line with the methodology stated in the PDS or IM for each fund.

3.3.4 Allocating assets, liabilities, revenue and expenses between classes of units

AFS has discretion under each Fund's trust deed or constitution to issue different classes of units and to determine the rights, liabilities, obligations and restrictions attached to each class.

Where this occurs AFS will generally use opening Net Market Value of each class (or use its discretion to determine an alternative equitable method) to allocate assets, liabilities, revenue and expenses between classes. Determining a time at which assets and liabilities are valued.

AFS has discretion under each Fund's trust deed or constitution to determine when the Fund's assets and liabilities are valued. AFS has exercised its discretion to determine that the assets and liabilities will generally be valued at the close of each valuation point.

If, at a valuation point, the valuation of the Fund's assets and liabilities cannot be reliably determined, and to process transactions on the Fund has the potential to prejudice investors, AFS will suspend calculation of unit prices until the value of the Fund's assets and liabilities can be reliably determined.

Examples of situations in which the Fund's assets and liabilities may not be able to be reliably determined are set out in section 3.3.

3.3.5 Determining a time at which unit prices are calculated

AFS has discretion under each fund's trust deed or constitution to determine when unit prices are calculated.

Unit pricing can be carried out using forward pricing or historic pricing:

- Forward pricing is when applications to buy and sell units are processed using a price based on asset data effective after the applications have been received; and
- Historic pricing is when applications to buy and sell units are processed using a price calculated prior to the receipt of applications.

AFS calculates unit prices by using ***forward pricing***.

AFS applies a cut-off time to determine applicable unit prices for each application and redemption (which is prior to calculation of applicable unit prices. Cut off times are stated in the PDS or IM of each fund).

Valid applications or withdrawal requests accepted before the cut off time will receive the relevant price for that valuation point. Application or withdrawal requests received after the cut-off time are processed using the price at the next valuation point.

3.3.6 Suspension of unit prices

AFS may suspend the calculation of unit prices in circumstances where it considers any situation exists where it is not reasonably practical to acquire or dispose of fund assets or to determine unit prices fairly. These situations include, but are not limited to:

- The closure of, or trading restriction on, a share market or foreign exchange market;
- An emergency (including an emergency caused by a mechanical or electronic malfunction) as a result of which it is not reasonably practicable to acquire or dispose of Fund assets or to determine unit prices fairly; and
- When any moratorium is declared by a government of any country with which a significant proportion of the Fund is invested.

3.3.7 Rounding unit prices

The trust deed of constitution of the Funds allows AFS to use its discretion to round the unit prices calculated. All unit prices are rounded to four (4) decimal places.

Unit prices are rounded to the nearest applicable decimal place (that is, a 4 or less in the next decimal place is rounded down, a 5 or greater in the next decimal place is rounded up).

Rounding adjustments are not accrued and remain in the fund at all times.

4. Unit pricing errors

In the event of a unit pricing error, AFS will apply the principles as set out in chapter 6.3 of ASIC's *Regulatory Guide 94, Unit pricing: Guide to good practice*.

5. Policy update

The policy may be updated from time to time.

The policy is reviewed on a biennial basis to ensure that it remains relevant, current and compliant with all applicable laws, standards and guidance notes.

The most current version of the policy can be found on our website www.bennelongfunds.com. Alternatively, you may request a copy at no charge by contacting us via e-mail client.experience@bennelongfunds.com or phone 1800 895 388.

Important Information

This document is issued by Antipodes Fund Services Limited ABN 39 111 214 085,
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