



THE TA  
Asset Management Ltd

## Unit Pricing Policy

May 2008

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## Unit Pricing Policy

### 1. Outline

This document is dated 1 May 2008

This unit pricing policy (“**Policy**”) sets out a description of the Unit pricing processes that are to be followed by Theta in accordance with ASIC Class Order 05/26 (“**Class Order**”).

The Class Order requires Valuestream, or its nominee, to act reasonably in exercising Unit pricing discretions by according with ordinary commercial practice where practicable.

The constitution for each Schemes operated by Theta allows certain discretions to be exercised when calculating Unit prices. The following matters are dealt with in this Policy:

- (a) what is a Unit price and how it is determined;
- (b) the methodology and documentation relevant to each discretion;
- (c) the procedure for departure from this Policy;
- (d) error management; and
- (e) review.

The information in this document is general information and is a description of the discretions which may be exercised by Valuestream. Further information relating to the exercise of discretions is contained in the disclosure document and constitution for each relevant Scheme.

### 2. Unit prices

Under the Scheme’s constitution, the exercise of discretion is involved in calculating both the Issue Price and the Redemption Price for Units in a relevant Scheme. Unless it is set out otherwise in a relevant Scheme’s constitution, the following apply:

#### 2.1 Issue Price

The initial Issue Price for each Unit is the price for the first issue of Units after an application for Units is accepted by Valuestream. Generally the Issue Price will be \$1.00 plus the Issue Provision (see 3.3) or as specified in the relevant offer document. However, in any other case, the Issue Price for a Unit is equal to:

$$\frac{\text{Net Scheme Value} + \text{Issue Provision}}{\text{Total number of Units In Issue}}$$

#### 2.2 Redemption Price

The Redemption Price is equal to:

$$\frac{\text{Net Scheme Value} - \text{Redemption Provision}}{\text{Total number of Units In Issue}}$$

While the relevant Scheme is not liquid, the relevant Scheme constitution may provide Theta with the discretion to reduce the Net Scheme Value by an amount other than the Redemption Provision (see 3.3).

### **3. Method used to calculate components of the Unit price**

#### **3.1 General**

This section sets out the general approach to the exercise of discretion in calculating Net Scheme Value and transaction costs (Issue Provision and Redemption Provision). Where one or more of the methods outlined below are not applied then the discretion is to be exercised in accordance with Section 6.

#### **3.2 Net Scheme Value**

Net Scheme Value is generally determined in accordance with Australian Accounting Standards. It equals the total Scheme Value less the Scheme Liabilities at the time of calculation. The timing of the calculation of Net Scheme Value must be in accordance with this Policy (see 4.1(b)).

Determining Net Scheme Value involves the exercise of discretion by Theta in order to determine the value of the Scheme's asset and the value of those Scheme Liabilities which are contingent at the time of calculation.

##### **(a) Scheme Value**

The method for calculating the value of all assets of the relevant Scheme will be, as far as practicable, in accordance with Australian Accounting Standards and consistent with ordinary commercial practice for valuing assets of the relevant kind.

The timing of asset valuations must be in accordance with this Policy (see 4.1(b)). If the assets of the relevant Scheme are valued in a manner inconsistent with ordinary commercial practice then the basis of valuation will be determined by Theta in accordance with its duties as a responsible entity and in conjunction with the Scheme's financial auditor.

##### **(b) Scheme Liabilities**

Where relevant Scheme Liabilities are evidenced through documentation and are independently verifiable, no discretion is exercised in their valuation. However, the discretion of Theta is employed when the value of a liability is contingent or anticipated in which case the liability will, to the extent practicable, be valued in accordance with Australian Accounting Standards and in a manner consistent with ordinary commercial practice for valuing that type of liability supported by relevant invoices and statements of accrual.

Where Theta must exercise a discretion in assigning a value to a liability, it will use the amount shown on the most recent published accounts or most recent balance sheet of the relevant Scheme.

However, if Theta reasonably believes the amount does not represent its true value, or an amount is not shown in the accounts, then the basis of valuation will be determined by Theta in accordance with its duties as a responsible entity and in conjunction with the Scheme's financial auditor.

#### **3.3 Transaction costs**

The Issue Provision is, subject to the relevant Scheme constitution, an amount (if any) determined by Theta in respect of, or as allowance for, matters in the nature of costs and disbursements, commissions, expenses, etc, associated with the acquisition of assets.

The Redemption Provision is, subject to the relevant Scheme constitution, an amount (if any) determined by Theta in respect of, or as allowance for, matters in the nature of costs and disbursements, commissions, expenses, legal fees, etc, associated with the disposal of

assets.

Where transaction costs associated with acquiring or disposing an asset are historical and the amount can be evidenced through documentation (such as invoices), no discretion is exercised.

However, if a transaction cost is yet to be incurred at the time of valuation, Theta must exercise its discretion in estimating the value. In such instances, the basis of valuation will be determined by Theta in accordance with its duties as a responsible entity and in conjunction with the relevant Scheme's financial auditor.

### **3.4 Number of Units**

The number of Units In Issue is a predetermined amount and therefore does not involve Theta exercising any discretion. The timing of the issue of units must be in accordance with this Policy (see 4.1(a)).

## **4. General discretions**

Each of the general discretions described below are subject to the terms of the relevant Scheme's constitution and the disclosure document. Where one or more of the methods outlined below are not complied with, refer to Section 6 for the approach to dealing with a departure from this Policy.

### **4.1 Timing**

#### **(a) Issue of Units**

Subject to the relevant Scheme's constitution, Units may be issued and allotted at anytime and Units in any class, once issued or allotted, are taken to be issued or allotted at the time at which Theta calculates the Net Scheme Value.

However, if Units are to be issued on a reinvestment of distributions, Theta will be treated as having received and accepted an application to reinvest distributions immediately before the first valuation after the end of the relevant income distribution period.

#### **(b) Valuation**

Subject to the terms of the relevant Scheme constitution, Theta may cause any assets of the Scheme to be valued at any time (not limited to once a day) in accordance with the asset valuation method (see 3.2(a)).

Theta may calculate the Net Scheme Value at any time (not limited to once a day) in accordance with this Policy (see 3.2). If the constitution for a relevant Scheme allows for redemption or the issue of new units, Theta may calculate Net Scheme Value for each relevant Scheme at the time of redemption or application of Units.

### **4.2 Allocating**

Where assets or liabilities are referable to particular classes of Units, Theta may subject to the terms of the relevant Scheme constitution allocate the value in proportion to the class' rights in the relevant Scheme.

### **4.3 Rounding**

The Issue Price and Redemption Price will be rounded up or down to the number of decimal places specified in the Constitution for the relevant Scheme.

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## **4.4 Foreign Currency**

Where applicable, conversion of foreign currency must be carried out for each unit pricing calculation in accordance with the relevant Australian Accounting Standards. This includes relevant Schemes with international investments or investment in an underlying relevant Scheme with reporting in a foreign currency.

## **5. Maintenance of records**

Theta will maintain all records relating to the exercise of discretions in accordance with its obligations under the Class Order and Valuestream's Archiving Policy.

## **6. Departure from the Policy**

### **6.1 Process**

In the event that there is a departure from the method of exercising discretion that is referred to in this Policy (see Sections 3 and 4), the departure will be referred to the Scheme's compliance committee by Valuestream's compliance officer who will make recommendations to the committee regarding action to be taken. The Scheme compliance committee will make the final determination regarding the appropriate action to be taken.

### **6.2 Documentation**

If there is a departure from this Policy by Valuestream, or its nominee, a document will be prepared which satisfies the following requirements (and such other requirements of the Class Order from time to time):

- (a) the date on which the discretion is exercised;
- (b) the identity of the nominee (if applicable);
- (c) how the discretion is exercised;
- (d) an explanation why it is reasonable to exercise the discretion the way it was exercised; and
- (e) an explanation of why it was impracticable to exercise the discretion in accordance with ordinary commercial practice (if applicable).

## **7. Management of errors**

### **7.1 Identification**

Errors may arise as part of the Unit pricing process adopted by Valuestream, or its nominee, in:

- (a) the number of Units allocated; or
- (b) the price per Unit.

Where errors are identified as material, they will be referred to Valuestream's compliance officer who will refer the error to the relevant Scheme's compliance committee to make appropriate recommendations.

## 7.2 Error Materiality

In relation to the error management, Theta will have regard to applicable industry standards and ASIC policy and guidance notes relevant to determining whether an error is material.

## 8. Approval and Review

Board in May 2008. This Policy will be reviewed to reflect and adapt to changed circumstances and industry best practice for unit pricing. The review will also take into account changes in market conditions and/or applicable legislation and regulatory requirements.

It is intended the Policy will be reviewed annually.

## 9. Defined Terms

Unless the context permits otherwise, the terms below have the following meaning:

**ASIC** means the Australian Securities and Investments Commission.

**Australian Accounting Standards** means the applicable accounting standards under the Corporations Act 2001 (Cth) and other mandatory professional reporting requirements in Australia. **Class Order** means ASIC's Class Order 05/26 as amended or varied by subsequent instruments.

**In Issue** means the total number of Units (for each and in any class) that have been issued for the Scheme.

**Issue Price** is as defined in clause 2.1 of this Policy.

**Issue Provision** is as defined in clause 3.3 of this Policy.

**Theta** means Theta Investment Management Ltd 66 094 107 034 AFSL 246621 in their capacity as responsible entities of a relevant Scheme.

**Member** means a member of a relevant Scheme.

**Net Scheme Value** is as defined in clause 3.2 of this Policy.

**Policy** means this Unit Pricing Policy.

**Scheme** means a managed investment scheme registered under Chapter 5C of the Corporations Act 2001(Cth) to which this Policy applies.

**Scheme Liabilities** is as defined in clause 3.2(b) of this Policy.

**Redemption Provision** is as defined in clause 3.3 of this Policy.

**Transaction Costs** means Issue Provision plus Redemption Provision.

**Unit** means an interest in a relevant Scheme divided into units.

**End of Policy**