SPECIALISED PRIVATE CAPITAL

Unit Pricing and Valuation Policy

Version 4.1
Date: 4 November 2026

Level 24, 1 O'Connell Street
Sydney NSW 2000

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Version	Date	Comments
Version 1.0	5/05/2017	Draft policy
Version 2.0	03/09/2017	Policy updates and sign off
Version 3.0	16/05/2023	Review of policy
Version 4.0	5/03/2026	Rebranding for SPC
Version 4.1	4/11/2026	Review of policy

1. Introduction

This Unit Pricing and Valuation Policy **(Policy)** has been prepared and issued by Specialised Private Capital Ltd, Specialised Private Capital is the responsible entity **(RE)** of a number of registered unitised managed investment schemes (each a **Fund** and together the **Funds**), and registered un-unitised investment schemes **(Scheme).**

It is important that investors understand how the unit prices and values for their investments are determined. This is generally outlined in each Fund's Constitution (each a Constitution). This policy provides guidance on how Specialised Private Capital will exercise the discretions permitted under each Constitution to determine the unit price, issue price and withdrawal price of the Fund.

This policy is designed to meet the requirements of:

- ASIC Corporations (Managed investment product consideration) Instrument 2025/629 **(the Instrument),** for Funds registered prior to 1 October 2013; and
- ASIC Corporations (Discretions for Setting the Issue Price and Withdrawal Price for Interests in Managed Investment Schemes) Instrument 2023/693 ‘provisions about the amount of consideration to acquire interests and withdrawal amounts not covered by ASIC Corporations (Managed investment product consideration) Instrument 2025/629 for Funds registered on or after 1 October 2013; and
- ASIC Corporations (Equality of Treatment Impacting on the Acquisition of Scheme Interests and CCIV Shares) Instrument 2023/697.

The Instrument and the Class Orders allow the RE to decide a matter that affects the method or formula used to calculate the unit price of each Fund (the discretion) where the conditions under the Class Orders are met. This includes the documentation of Specialised Private Capital’s policy on the discretions permitted under each Constitution.

The policy sets out the circumstances in which the RE’s discretion is exercised and aims to ensure that:

- Unit prices are calculated fairly and equitably;
- The process of calculating unit prices is transparent, documented and consistently applied; and

- The methodologies adopted are reviewed at appropriate intervals and revised as necessary to meet commercial and regulatory requirements.

Specialised Private Capital notes the exercise of any discretion is subject to the general duties of a RE under Section 601FC of the Corporations Act, to act in the best interests of each Fund's unit holders and to exercise a degree of care and diligence that a reasonable person would exercise in that position.

This policy is drafted and maintained by Legal, Risk and Compliance, reviewed and approved by Senior Management before adoption.

The Board retains oversight of how management implements it, including monitoring ongoing compliance and addressing any significant issues raised with it under the review process.

2. Outsourcing Arrangements

The discretions permitted under each Constitution are exercised by Specialised Private Capital.

Although Specialised Private Capital has outsourced the functional elements of the unit pricing process for all of its unregistered and registered managed investment schemes to a third party, MUFG Corporate Markets FS Pty Ltd (was Link Fund Solutions Pty Limited) (ABN 44 114 914 215) and State Street Australia Limited (ABN 21 002 965 200), Specialised Private Capital retains the responsibility to unit holders in ensuring the calculation of unit prices are in accordance with this policy.

3. Unit Pricing

How do we calculate our unit prices?

Each Constitution generally provides the formula to be applied in determining the unit price, issue price and withdrawal price of a unit in the particular Fund.

This is expressed as follows:

The unit price is based on the value of the scheme assets less liabilities (being the Net Asset Value (NAV)), at a valuation time, divided by the total number of units on issue.

$$\textbf{Unit Price:} \quad \frac{\text{Net Asset Value}}{\text{Units on Issue}}$$

The issue price is based on the value of the Fund's assets less liabilities (being the NAV), at a valuation time, plus an allowance for transaction costs (if any) and divided by the total number of units on issue.

$$\textbf{Issue Price:} \quad \frac{\text{Net asset value + Transaction costs}}{\text{Units on Issue}}$$

The withdrawal price is based on the value of the scheme assets less liabilities (being the NAV), at a valuation time, less an allowance for transaction costs (if any) and divided by the total number of units on issue.

$$\textbf{Withdrawal Price} = \frac{\text{Net asset value - Transaction costs}}{\text{Units on Issue}}$$

A description of the formula used to calculate issue and withdrawal prices for a Fund is set out in the relevant Product Disclosure Statement (**PDS**).

The number of units on issue is a known amount which does not involve any discretion being exercised by Specialised Private Capital.

Each of the remaining elements identified in the formula to determine a unit price, an issue price and withdrawal price may require Specialised Private Capital to exercise its discretion.

4. Relevant Discretions

Specialised Private Capital has identified the following non-exhaustive list of discretions that are likely to be exercised in calculating the unit price of each Fund:

- Determining the net asset value (including through selecting valuation methods and estimating provisions and accruals);
- Allocating Fund assets, liabilities, revenue and expenses between classes of units;
- Estimating an allowance for transaction costs;
- Determining entry and exit fees;
- Determining when unit prices are calculated;
- Determining a cut-off time;
- Suspension of unit pricing; and
- Rounding of unit prices.

More information regarding these discretions is set out as follows:

4.1 Determining the net asset value of a Fund

The NAV is defined as the gross asset value (GAV) of the Fund less all Fund liabilities, including any distributions payable but not paid to unit holders. The GAV is the sum of the value of all assets. The value of assets and liabilities used in determining the NAV of a Fund are determined by reference to market values, in accordance with ordinary commercial practice, the Constitution, and PDS or other disclosure documents for that Fund issued to unit holders.

Specialised Private Capital exercises its discretion concerning the NAV of a Fund in accordance with generally accepted accounting principles, with reference to the joint Australian Securities and Investments Commission (ASIC) and Australian Prudential Regulation Authority (APRA) RG 94 “Unit pricing: Guide to good practice” and using the principles discussed in Financial Services Council

(FSC) Guidance Note No. 48 “Scheme Pricing” and FSC Guidance Note No.50 “Valuation of Scheme Assets and Liabilities” and / or the relevant Australian Accounting Standards.

4.1.1 Asset valuation methods

To value assets, unless Specialised Private Capital determines otherwise, the market value of an asset is used by applying the relevant accounting policies and FSC Guidance Notes and guidelines. If Specialised Private Capital values at other than market value, or where there is no market value, the valuation methods used by Specialised Private Capital will be independently verifiable.

Security prices are obtained, where possible, from widely used price feeds from independent security pricing services, and are based on market price where the security is traded on a regulated market.

Investments in unlisted managed funds are periodically revalued by determining their fair value. Fair value is determined by reference to the latest financial information for the relevant fund provided by the relevant fund manager. Where Specialised Private Capital reasonably believes that the latest financial information does not accurately reflect the fair value, investments will be valued according to Australian Accounting Standards.

4.1.2 Non-daily priced underlying assets and stale price treatment

Where a Fund invests in assets or underlying funds that are not valued on a daily basis, the Fund may still strike and publish a unit price on each pricing day using the most recently available valuation for those assets. In these circumstances, Specialised Private Capital will assess whether the last available valuation remains a reasonable estimate of fair value at the Fund's valuation time.
Where no new valuation has been received since the previous pricing date, Specialised Private Capital will carry forward the last available unit price or NAV for the relevant underlying asset or fund, provided:

- no fair value review trigger (as defined in section 4.1.3) has been identified; and
- the carried-forward price is not considered by Specialised Private Capital to be materially misleading or inequitable to transacting unit holders.

A valuation will be treated as stale where it has not been updated within the period that would normally be expected given the underlying asset's pricing frequency, or where it is otherwise considered by Specialised Private Capital to be no longer a reliable indicator of current fair value. Stale prices will be reported to the Head of Fund Accounting for review. Where a stale price is considered material (having regard to the size of the holding, the length of time the price has been stale, and market conditions), it will be escalated to a senior delegate of the RE for a decision on whether a fair value adjustment is required.

For the avoidance of doubt, Specialised Private Capital does not represent that unit prices struck using a carried-forward valuation reflect current market value. The use of carried-forward prices will be minimised to the extent practicable and will be subject to ongoing monitoring.

4.1.3 Fair value pricing and valuation adjustments

Specialised Private Capital will conduct a fair value review where one or more of the following trigger events occur between an underlying asset's last valuation date and the Fund's valuation time:

- a material movement in relevant market indices, sectors or strategies consistent with the exposure of the underlying asset or fund (for example a significant fall in equity markets, credit markets, or relevant sector indices);
- a material foreign exchange movement where the underlying exposure is fully or partially unhedged
- a significant increase in market volatility or a material reduction in liquidity in markets relevant to the underlying asset;
- the underlying fund manager delays, qualifies, or withholds a scheduled valuation or NAV;
- the underlying fund gates, suspends, or restricts redemptions, side-pockets assets, applies extraordinary pricing measures (such as swing pricing outside normal parameters), or otherwise indicates the published price may not be reliable or current;
- pricing source issues, including an inability to obtain a price from the usual source, material dispersion between available pricing sources, or other indicators that the published price is unreliable; or
- any other event that Specialised Private Capital considers may have caused a material change in the value of the underlying asset since the last valuation date.

Where a fair value review is triggered, Specialised Private Capital will determine whether an adjustment is required to achieve a reasonable estimate of fair value at the Fund's valuation time. Permissible methods for determining a fair value adjustment include:

- movements in relevant benchmark indices or factor proxies aligned to the asset's strategy or sector;
- observable price movements in comparable listed or traded instruments;
- independent pricing inputs where available (for example broker quotes or independent valuation agent assessments); or
- other valuation techniques consistent with applicable Australian Accounting Standards and FSC Guidance Note No. 26 (Asset Valuation and Unit Pricing for Infrequently Valued Assets).

Where a fair value adjustment is applied, the method must be reasonable, independently supportable, and consistently applied. Each fair value review (including a decision not to adjust following a trigger) will be documented in accordance with section 4.1.4 below.

4.1.4 Governance and documentation of fair value decisions

Fair value reviews and any resulting adjustments will be prepared by Fund Accounting (or the outsourced administrator, where applicable) and approved by an authorised delegate of the RE prior to the relevant unit price being struck.
Where a fair value review is triggered, Specialised Private Capital will consult with relevant internal stakeholders as appropriate (which may include the investment team and Risk and Compliance). Escalation to a senior executive delegate of the RE is required where:

- the fair value adjustment is significant relative to the Fund's NAV;
- the underlying valuation has been stale or unreliable for an extended period;
- the underlying fund has gated, suspended, or restricted redemptions; or
- the event giving rise to the review is prolonged or involves systemic market disruption.

For each pricing day on which a fair value review is conducted, a decision log entry will be maintained by Fund Accounting. The decision log will record at a minimum:

- the date and Fund to which the review relates;

- the trigger event or events identified;
- the data and inputs used in the review;
- the outcome of the review (adjustment applied or no adjustment required, with reasons);
- the name and role of the approver; and
- the next scheduled review date or expected date of receipt of a fresh valuation.

Decision log entries will be retained in accordance with the record-keeping requirements set out in section 8 of this policy and will be available to the Compliance Committee as part of periodic oversight reporting.

4.1.5 Provisions and accruals

Accruals for assets and liabilities are provided for within the NAV where they have a known value or a value that can be reasonably estimated.

Under each Constitution, liabilities are generally defined as all present liabilities of the scheme including any provision which Specialised Private Capital decides should be taken into account in determining the liabilities of the Fund.

Liabilities generally include management fees, performance fees and other expenses, and will be accrued as outlined in the relevant Fund's PDS or where they have a known value or can be reasonably estimated. The actual expenses will be reconciled against the accruals at least annually. Certain of a scheme's liabilities may be incapable of being given values, and therefore Specialised Private Capital must exercise discretion in assigning a value to them for the purpose of determining the NAV.

Asset accruals, such as income receivable for dividends, rent and interest may also be subject to estimation based on latest available information.

4.2 Allocation of Fund assets, liabilities, revenue and expenses between classes of units

In Funds where there is more than one class of units, the allocation of the Fund assets, liabilities, revenue and expenses for each class is generally calculated based on the proportion of the NAV of the scheme to which the class relates.

Where a particular expense (for example management fees or performance fees) is exclusive to a particular class of units, Specialised Private Capital will usually determine the expense applicable to each class of units independently.

4.3 Estimating an allowance for transaction costs

The Constitution of each Fund may provide that the issue and withdrawal prices of a unit may be adjusted by a transaction cost allowance (commonly referred to as a buy/sell spread), that is an allowance for the costs of acquiring assets (in the case of issuing units) and disposing assets (in the case of redeeming units). Specialised Private Capital may, in connection with any particular application or request for withdrawal of units, deem these costs to be a lesser sum or zero. Any

change to transaction costs will be communicated to unit holders as required by the PDS or other disclosure document for the Fund and the Corporations Act.

Specialised Private Capital's method is to apply a transaction cost to ensure, as far as practicable, that any transaction costs incurred as a result of a unit holder leaving or entering the Fund is borne by that unit holder, and not the other unit holders.

The buy/sell spread (which is a pre-determined estimate) is set according to the transaction costs associated with transacting the types of assets in which the Fund invests. The quantum of the spread will be influenced by Specialised Private Capital's experience of the costs involved in trading these assets or the costs that the Fund has actually paid and will be reviewed annually or more frequently where circumstances require to ensure they remain appropriate.

The buy/sell spread may also be reviewed and varied outside the annual cycle where market conditions change materially, including during periods of market disruption where bid/ask spreads widen significantly, liquidity in relevant markets is reduced, or where the transaction costs associated with acquiring or disposing of underlying assets have changed materially since the spread was last set. Any out-of-cycle change to the buy/sell spread will be approved in accordance with the governance requirements in section 4.1.4 and communicated to unit holders where required by the relevant PDS, constitution and the Corporations Act.

In certain Funds, the buy/sell spread may be set to zero where the varying nature and costs of a transaction for a particular underlying asset make it impractical to set a standard spread. In these instances, transaction costs incurred by Specialised Private Capital are borne by the Fund in line with standard market practice for the relevant asset classes.

Specialised Private Capital has the discretion to allow for a spread to be waived or reduced in circumstances where an application and/or a withdrawal request does not require assets to be bought or sold, hence no transaction costs incurred. Examples of such circumstances include:

- an in-specie asset transfer. The buy/sell spread may be waived (or reduced) if an application or withdrawal request is funded (or partially funded in the case of reducing the spread) by an in-specie transfer of assets into or out of the Fund.
- simultaneous purchase and redemption of units of equivalent value by different unit holders.

In both of these instances there is no need to buy or sell assets in the market, and hence no transaction costs will be incurred. If however, the Fund incurs costs on the transfer of assets, these may be passed on to the transacting unit holder.

Specialised Private Capital has discretion to determine whether a transaction cost allowance should apply and the basis of calculating the allowance. Specialised Private Capital considers that its transaction cost methodology is reasonable as it aims to ensure equity between unit holders by applying a standard process consistently to all unit holders. Any profit or loss arising from the application of Specialised Private Capital's transaction cost methodology will benefit, or be borne by, the scheme.

4.4 Determining entry and exit fees

Entry and exit fees are amounts deducted from the application money or withdrawal amount, to reasonably reimburse Specialised Private Capital for the cost of administering entry and exit from the Fund.

Each Constitution sets out the maximum entry and exit fees. Applicable entry, exit fees relevant to each Fund are disclosed in the PDS. Specialised Private Capital has discretion under each relevant Constitution to charge a fee up to the maximum level and it will depend on market practice and competition.

4.5 Determining a time at which unit prices are calculated

Specialised Private Capital has discretion under each Constitution to determine that the unit price of each scheme will generally be calculated daily, weekly, monthly or quarterly as stated in the scheme's PDS.

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. Historic pricing is when applications to buy and sell units are processed using a price calculated prior to the receipt of applications.

Specialised Private Capital calculates unit prices by using forward pricing.

Where a Fund holds assets or investments in underlying funds that are priced less frequently than the Fund's own pricing cycle (for example, monthly or quarterly priced underlying managed funds), the Fund will continue to strike unit prices in accordance with its own pricing frequency using the most recently available valuations for those assets, subject to the stale price and fair value provisions set out in sections 4.1.2 to 4.1.4.

4.6 Determining a cut-off time

When using a forward pricing methodology, a cut-off time must be applied to determine which transactions will receive a particular unit price. Cut-off times are set out in each Fund's PDS. The cut-off time is applied to the time when the transaction is received and accepted by Specialised Private Capital.

Applications or withdrawal requests received before the cut-off time on a pricing day will receive the relevant price for that day. Transaction requests received after the cutoff time are processed using the unit price calculated for the next pricing day following the day of receipt of the transaction request.

4.7 Suspension of unit pricing

There may be circumstances where Specialised Private Capital determines that the value of a Fund's assets or liabilities cannot reasonably be calculated and would give rise to inequity between transacting and non-transacting unit holders. In these circumstances the calculation of unit prices will be suspended.

Examples of circumstances in which a suspension may be appropriate include, but are not limited to: an inability to obtain reliable valuations for a material portion of the Fund's assets; material valuation

uncertainty arising from market disruption or extreme market conditions; suspension, gating or restriction of redemptions by an underlying fund manager where the Fund's exposure to that manager is material; or other circumstances where continued pricing would be likely to result in inequity between transacting and non-transacting unit holders. Where a suspension is implemented, the decision will be documented in accordance with section 4.1.4, including the basis for the decision, the authorising delegate, and the expected conditions for lifting the suspension.

Transactions received during the period of suspension will be processed using the unit price applicable on the first pricing day after the suspension is lifted. Unit prices may also be delayed during interim and year-end distribution periods.

4.8 Rounding of unit prices

The method for the determining unit price rounding is set out in each Constitution. There may be variations in the actual methodology used, however these will be in line with the specific requirements of the relevant Constitution and market practice. Generally, unit prices are calculated to four or more decimal places with the next subsequent decimal place being determined by Specialised Private Capital in accordance with market practice. Where rounding has resulted in fractions of units that are not allocated to unit holders, any excess will remain in the relevant Fund.

5. Unit Pricing Errors

In determining the appropriate treatment of errors Specialised Private Capital will adhere to the FSC Guidance Note No.51 “Errors in Pricing / Crediting Rates when Determining Scheme Interest Rates – Correction and Compensation” when determining the appropriate treatment of errors that may occur from time to time.

Materiality

In assessing if a unit pricing error requires compensation to be considered for each unitholder in a Fund or Scheme, the materiality used for such an assessment must be no more than 0.3% of the price of that unit. The size of the unit pricing error can be assessed by measuring the size of the variance between the incorrect unit price and the correct unit price, as a percentage of the correct unit price at a particular point in time. Where multiple errors impact a unit price on any given day the combined effect of those errors will be measured to verify whether the tolerance level has been reached. Where the tolerance of 0.3% is reached, the total error will be assessed for compensation. Where it is not reached there will be no compensation under this policy.

Procedure

In the event Specialised Private Capital detects a pricing error, there are clear procedures in place to rectify the error and determine its impact on unitholders within each of the funds.

Once an error has been detected the responsible officer must take all appropriate steps to ensure that the following actions are satisfied:

- Contain the error by identifying the extent of the problem;
- Liaise with the Risk Management and Compliance concerning the extent of the problem and appropriate course of action to address the error;
- Ascertain the number of disadvantaged unit holders as a result of the error;

- Ascertain the materiality of the error;
- Consider the need for compensation; and
- Communicate, if necessary, to unit holders.

Compensation

Where Specialised Private Capital has financially benefited from an error (e.g., in the event of overcharging management fees) Specialised Private Capital will pay compensation to unit holders regardless of the materiality to the unit price. Should the amount of compensation for an exited unitholder in this circumstance be less than $20.00, Specialised Private Capital will not pay compensation to the unit holder but will pay the amount back into the Fund so that no financial benefit is retained by Specialised Private Capital.

All unit pricing errors will be reported to the Compliance Committee and monitored to ensure that they are not systemic.

6. Reasonable exercise of discretion

Specialised Private Capital has formulated this policy in line with ordinary commercial practice and industry standards, some of which are outlined in relevant guidance provided by the FSC, ASIC and APRA. Specialised Private Capital therefore considers that it is reasonable to exercise the discretions documented in this policy in accordance with this policy.

7. Departures from this policy

Where Specialised Private Capital exercises a discretion where there is no documented policy current at the time or in a way that involves a departure from this policy, a record of the event (refer record keeping below) will be kept outlining why it was reasonable to do so and by whom the discretion was exercised. The following will be recorded in a register for all and any departures from this policy (including where there is no documented policy in relation to a discretion exercised by Specialised Private Capital):

- Date the discretion was exercised and the Fund to which it related;
- By whom the discretion was exercised including, without limitation, the identification of the nominee if the discretion is exercised by a nominee of Specialised Private Capital;
- Description explaining how the discretion was exercised;
- Explanation as to why it was reasonable to exercise the discretion the way it was exercised;
- If the discretion was not exercised in accordance with ordinary commercial practice, provide an explanation as to why it was impracticable to do so; and
- Who authorised the exercise of discretion.

Specialised Private Capital will only depart from this policy where it is in the best interest of unit holders to do so.

8. Records

Where Specialised Private Capital exercises a discretion consistent with this policy, Specialised Private Capital will retain a record of the result of the exercise of discretion. Specialised Private Capital will keep a record of this policy for seven years after it ceases to be current.

Where Specialised Private Capital exercises a discretion where there is no documented policy current at the time or in a way that involves a departure from a documented policy, Specialised Private Capital will retain the documentation for seven years after it ceases to be current.

This policy and the records of discretions not covered by this policy or that involve a departure from this policy are available free of charge to unit holders of the relevant Fund and to persons who have been (or should have been) given a copy of the applicable PDS.

Fair value decision log entries maintained under section 4.1.4 form part of the records required to be kept under this section and are subject to the same seven-year retention requirement. Decision logs will be made available to the Compliance Committee, external auditors, and ASIC upon request.

9. Compliance with this policy

All Specialised Private Capital staff members are expected to comply with the requirements of this policy.

10. Policy review and update

This policy may be updated from time to time and reviewed periodically to ensure that it remains relevant, current and compliant with all applicable laws, standards and guidance notes.

The current version of this policy can be found on our website www.specialisedprivatecapital.com.au.

Alternatively, you may request a copy at no charge by contacting us on (02) 9250 6500.