

FOI 061-2022

## Compliance Committee Minutes for the Theta Asset Group Theta Asset Management Ltd and Valuestream Investment Management Ltd

**Meeting details:** 12.00pm (WST) Wednesday 19<sup>th</sup> October 2016  
**Members present:** s 47F (Chair), s 47F and s 47F  
**Apologies:** NIL  
**Guests:** Robert Marie  
s 47F (by phone)

**Scheme Names:**

s 22

**Theta:**

Sterling Income Trust

s 22

<b>Previous minutes:</b> Sharepoint: Item 1	The minutes of the previous Compliance Committee meeting held on 3 <sup>rd</sup> August 2016 in Perth were previously confirmed and will be signed, by s 47F as the Chairman of the Compliance Committee following the meeting.
<b>ASIC and PSL correspondence:</b>	<div data-bbox="431 901 1555 1390" data-label="Text"> <p>s 22</p> </div> <p>Robert Marie then gave a brief update to the committee about:</p> <div data-bbox="487 1433 1518 1627" data-label="Text"> <p>s 22</p> </div> <ul style="list-style-type: none"> <li>Liberty choose not to renew our PI Policy for FY2017. Tenders were put out to other Australian based insurers by our broker but all insurers in Australian refused to offer PI.</li> <li>Our broker canvassed insurers in London with a positive result and both VIML and TAML were finally offered cover and are now insured. Cover has also been extended to November to ease the workload of renewal putting it outside of the busy audit season. A copy of the Coc is available in Sharepoint.</li> <li>Our broker noted during the process that the reticence of the Australian insurers is due to 5 other RE's claims currently being in the market place, all well in excess of \$2-5Mn each.</li> <li>s 22</li> </ul>

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<b>Board Papers</b> <b>NTA &amp; cash-flow</b> <b>VIML &amp; TAML:</b> <i>Sharepoint:</i> Item 2	RE 2Ai 2Di 2Dii 5Ci 19Ei	<p>Board minutes and copies of the NTA calculations for July, August and September 2016 are available in Sharepoint.</p> <p>A copy of the 12 months forward cash flow for both VIML and TAML are also included as an excel file.</p> <p>No issues have been identified with either the NTA or forward cash flows for the reporting period.</p> <p>In light of the increasing FUM of the new scheme being offered by Theta, the Finance Manager has undertaken the modelling of several FUM scenarios and increased monitoring is being undertaken to ensure no issues arise with the NTA.</p>
<b>Registers:</b> <b>Breaches</b>	Fund 20Ai 20Aii	<p>Updated registers for Complaints, Breaches, Conflicts and related party matters are in Sharepoint under Item 3. As usual the full Breaches and Complaints Registers have been circulated via email prior to the meeting.</p> <p>Apologies for the registers in the current format, this was due to completion of the PI insurance process, new and open items on the registers had to be closed out.</p> <p>s 22</p> <p>A breach has been added to the register since the close of the quarter. The breach is for the FY2016 SIT statutory reporting.</p> <p>s 22</p> <p>The delay with the interim audit for the SIT has meant that the FY2016 for the SIT could not be undertaken. A breach notification was sent to ASIC prior to the 30 September 2016 deadline for lodgement of the financial statements.</p> <p>A standard letter has been received from ASIC noting their right to ask for further information from Theta over the delay. A meeting has been scheduled between senior executives of Sterling, the partner and senior audit associates of Pitcher Partners and Theta staff for tomorrow Thursday 20 October to go over outstanding matters and resolve the issues to finalise the audit.</p>
<b>Complaints</b> <i>Sharepoint:</i> Item 3	RE 16Bi	<p>No new complaint have been added to the register for either Theta or Valuestream during the reporting period.</p> <p>FOS have issued the Certificate of Currency for both Theta and Valuestream to show the continued cover of both Responsible Entities by the External Dispute Resolution scheme.</p> <p>A copy of both certificates is available in Sharepoint under section 9, for other items.</p>
<b>Conflicts &amp; Related Parties</b>	RE 8Ai Fund 8Ci 8Di	<p>The updated related party and conflict registers have been circulated via email to the Compliance Committee members to show that they have been updated with the related party matters arising from fund accounting and registry services being undertaken by Garigal Financial Services.</p> <p>All transactions have received Board review and approval, as being undertaken at an arm's length basis to both RE's and AFS licensees.</p>

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		<p>s 22</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
<b>Mandate Compliance and Offer documents</b>	<b>Fund</b> <b>8Bi</b> <b>13Bi</b> <b>15Bi</b> <b>17Ai</b> <b>17Bi</b> <b>19Ci</b>	<p>All schemes remain invested within their specific mandates, as stated in the offer document for each scheme and class.</p> <p>No issues have arisen over the reporting period.</p>
<b>Quarterly custodial reporting</b>	<b>RE</b> <b>1Ai</b> <b>1Bi</b> <b>1Bii</b>	<p>Quarterly Custodial reports for the period ending 30 September 2016 have been received from:</p> <ul style="list-style-type: none"> <li>• s 22</li> <li>• s 22</li> <li>• AETL for s 22, SIT, s 22</li> </ul> <p>No issues were identified in any of the reports.</p>
<b>Quarterly KPI review of ESP's</b>	<b>RE</b> <b>7Bii</b> <b>7Biii</b> <b>Fund</b> <b>12Ai</b> <b>13Ai</b> <b>13Aii</b> <b>13Bi</b> <b>14Ai</b> <b>14Aii</b> <b>14Bi</b> <b>15Ai</b> <b>15Aii</b>	<p>Quarterly KPI reviews for ESP's providing custody, registry and fund accounting for the period ending 30 September 2016 have been completed based on the above information received and email communication over the period. The KPI reviews are based on the following criteria:</p> <ul style="list-style-type: none"> <li>• Fees and expenses</li> <li>• Unit Pricing and valuation</li> <li>• Income and distributions</li> <li>• Applications and redemptions for unit registry services</li> <li>• Custodial</li> <li>• Investment Management</li> </ul> <p>No issues have been noted for any of the registered or unregistered schemes during the reporting period.</p> <p>s 22</p> <p>[REDACTED]</p> <p>All other ESP's performed as expected during the quarter.</p> <p>No issued were raised with any ESP by any of the individual auditors during the 30 June 2016 scheme audits.</p>
<b>30 September 16 distributions:</b>		<p>No distributable income has been collected for the newly opened AIM Gateway Fund.</p> <p>s 22</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>SIT 3 out of 4 classes have distributed income. However, the Management units did not distribute as there was no income for this class of the SIT.</p> <p>s 22</p> <p>[REDACTED]</p> <p>[REDACTED]</p>

s 22

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31 December 2015 interim audits		<p>Delays continue with the field work for the interim audit of the Sterling Income Trust have meant that the statutory audit for the FY2016 period for the SIT has not been able to be completed and lodged with ASIC on time. A breach notice has been sent to ASIC notifying of the delay in the audited accounts. A standard letter has been received from ASIC noting their right to ask for further information from Theta over the delay. A meeting has been scheduled between senior executives of Sterling, the partner and senior audit associates of Pitcher Partners and Theta staff for tomorrow Thursday 20 October to go over outstanding matters and resolve the issues to finalise the audit.</p> <p>s 22</p>
Annual CP & Policy document reviews		<p>In accordance with the review schedule of Policy document, reviews continue throughout the year. The following Policy documents were updated in September 2016:</p> <ul style="list-style-type: none"> <li>• Business Continuity and Disaster Recovery Policy</li> <li>• Employee Trading Policy</li> <li>• Marketing and Promotional Policy</li> <li>• Outsourcing Policy</li> </ul> <p>Copies are available under section 7 of the Sharepoint Compliance Committee files.</p> <p>Work to rebrand the Policy documents for the sole use of Theta has commenced and will continue during the quieter months of the end of the year.</p> <p>During the heavier workload period of the audit season, a break has been taken from the newly risk management committee formed earlier in the year, to look at key risks for the business. It is anticipated that meetings will resume either in late October or early November.</p> <p>The risk reports generated from the CompliSpace program are available in Sharepoint.</p>
<p><b>General business:</b></p> <p>Sharepoint:</p> <p>Items 6 &amp; 9</p>	<p>RE</p> <p>3Ai</p> <p>3Aii</p> <p>4Dii</p> <p>4Di</p> <p>7Bi</p> <p>9Bi</p> <p>Fund</p> <p>5Ci</p> <p>RE</p> <p>19Ei</p>	<p><i>Other matters:</i></p> <p>The CC noted the following matters:</p> <ul style="list-style-type: none"> <li>• The annual FOS certificates of currency for both Valuestream and Theta have been issued.</li> <li>• As noted earlier, the PI Insurance for both responsible entities has been renewed from London and will extend into November 2017.</li> <li>• s 22</li> </ul> <p>s 22</p> <p><i>New business:</i> Prospects were discussed in general terms only.</p>
Next meeting:		<p>Proposed date of next meeting: Tentatively Wednesday 15th February 2017, will be confirmed via email.</p>

Signed as a true and correct record:

Chairman

Dated: