

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 3<sup>rd</sup> August 2016  
**Members present:** s 47F (Chair), s 47F and s 47F (by phone)  
**Apologies:** NIL  
**Guests:** Robert Marie (by phone)  
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 27 <sup>th</sup> April 2016 in Perth were previously confirmed and will be signed, by s 47F as the Chairman of the Compliance Committee following the meeting.
s 22		
<b>Board Papers</b> <b>NTA &amp; cash-flow</b> <b>VIML &amp; TAML:</b> Sharepoint: Item 2	RE 2Ai 2Di 2Dii 5Ci 19Ei	Board minutes and copies of the NTA calculations for April, May and June 2016 are available in Sharepoint. A copy of the 12 months forward cash flow for both VIML and TAML are also included as an excel file. No issues have been identified with either the NTA or forward cash flows for the reporting period.
<b>Registers:</b> <b>Breaches</b>	<b>Fund</b> 20Ai 20Aii	Updated registers for Complaints, Breaches, Conflicts and related party matters are in Sharepoint under Item 3. Breaches and Complaints Registers have been circulated via email prior to the meeting. One new breach has been added to the register for the reporting period 1 April to the 30 June 2016. The breach was added to the register for Theta for May 2016, due to a delay in processing the new monthly unit pricing for the SIT by Acquest in their capacity as the administrator of the scheme. Under the PDS which was rolled in March 2016, unit pricing was to be added to the manager's website as at the last day of the month, this timeframe was not achieved. The breaches for the delayed lodgement of the SIT interim audit and SSPT audit for FY2016 remain outstanding. ASIC were notified by email – open breaches as not yet completed.

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<b>Complaints</b> Sharepoint: Item 3	RE 16Bi	s 22
<b>Conflicts &amp; Related Parties</b>	RE 8Ai Fund 8Ci 8Di	<p>Related party and conflict registers have been updated with the new related party matters for a wholesale scheme being operated by Theta as a JV with TeamInvest, and for the new scheme fund accounting and registry services being undertaken by Garigal Financial Services a related party to Theta and Valuestream.</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>
<b>Scheme update</b>		<p>An updated ESP register is available on Sharepoint under the registers folder number 3. All reports have been received from all external service providers.</p> <p>s 22</p>

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		<p>s 22</p> <p><i>Sterling First schemes:</i></p> <ul style="list-style-type: none"> <li>• Interim audited accounts remain outstanding with Pitcher Partners.</li> <li>• Focus of the finance manager is heavily on completion of the audit work by Pitcher Partners and with the asset manager.</li> <li>• SIT distributions continue to be paid regularly as required under the PDS.</li> <li>• An application to deregister the Sterling Seniors Property Trust has now been lodged with the ASIC.</li> <li>• Sterling have located a replacement AFS licensee to replace Theta as the CAR AFSL provider for their authorisation and negotiations are well underway.</li> <li>• Although much improved, the Sterling schemes remain profiled as the highest risk within the suite of schemes provided by both Valuestream and Theta.</li> </ul> <p>s 22</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 June 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> <p>The annual onsite meetings with the custodian service providers were conducted during the months of May and June 2016. No issues were identified, despite increased monitoring and reporting from each party.</p>

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<b>Quarterly KPI review of ESP's</b>	RE 7Bii 7Biii Fund 12Ai 13Ai 13Aii 13Bi 14Ai 14Aii 14Bi 15Ai 15Aii	<p>Quarterly KPI reviews for ESP's providing custody, registry and fund accounting for the period ending 30 June 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>As previously noted under the breaches section, one breach has been noted with the unit pricing for the SIT. No other issues have been noted for any of the other registered schemes during the reporting period. No issues noted with an unregistered schemes.</p> <p>All other ESP's performed as expected during the quarter.</p> <p>The annual on-site reviews of all Administrators has been undertaken in May and June 2016, in preparation for the 30 June 2016 scheme audits.</p>
<b>30 June 16 distributions:</b>		<p>s 22</p> <p>Stirling First paid the accrued income for the June 2016 quarterly distribution for the SIT at the end of July 2016. Unitholder notices were sent to investors in the scheme for CD obligations.</p> <p>s 22</p> <p>No issues identified in relation to income collection.</p>
<b>Promotional material:</b>	11Ai 11Aii 19Ai 19Bi 19Di	<p>The list of new promotional material is in Sharepoint. It has not been circulated to the committee members via email. This quarter has seen a huge influx in the volume of promotional material to be reviewed by the Compliance staff of both RE's, with a new wholesale JV between Theta and TeamInvest and two new registered managed investment schemes s 22</p> <p>s 22</p> <p>s 22</p> <p>SIT s 22:</p> <ul style="list-style-type: none"> <li>• Nothing has been received from the manager for the SIT s 22</li> </ul> <p>s 22</p> <p>There is no other outstanding promotional material.</p>

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<b>31 December 2015 interim audits</b>		Delays continue with the field work for the Sterling Income Trust s 22 with extensive queries raised with the audit and technical team of Pitcher Partners. The finance manager is working with the staff of the Sterling group and auditors to complete the audits as soon as possible.
<b>Annual CP &amp; Policy document reviews</b>		Following the review schedule of Policy document, reviews continue throughout the year. The new risk management committee that was formed during the prior reporting period, continues to function, looking at key risks for the business. The risk reports generated from the CompliSpace program are available in Sharepoint.
<b>General business:</b> <i>Sharepoint:</i> Items 6 & 9	RE 3Ai 3Aii 4Dii 4Diii 7Bi 9Bi  Fund 5Ci RE 19Ei	<p><i>Other matters:</i></p> <p>The CC noted the following matters:</p> <ul style="list-style-type: none"> <li>The annual FOS invoices for both Valuestream and Theta were paid in July, and certificates of currency should be available in August 2016.</li> <li>Form 701 with the details for AFS licences with insurance under their AFSL were completed for both Theta and Valuestream and were submitted to APRA to meet compliance requirements for the period 1 January 2016 to 30 June 2016.</li> <li>The PI Insurance renewal process for both Theta and Valuestream will commence with the broker in August in preparation for meeting the renewal deadline of 3<sup>rd</sup> October.</li> </ul> <p>s 22</p> <p>2</p> <p>2</p> <p>RE</p> <p>19Ei</p> <p>New business: Prospects were discussed in general terms only.</p>
<b>Next meeting:</b>		Proposed date of next meeting: Tentatively Wednesday 19th October 2016, will be confirmed via email.

Signed as a true and correct record:

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Chairman\_\_\_\_\_  
Dated: