

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

Meeting details: 12.00pm (WST) Wednesday 19th October 2016
 Members present: s 47F (Chair), [REDACTED] s [REDACTED]
 Apologies: NIL
 Guests: Robert Marie
 s [REDACTED] (by phone)

Scheme Names: Valuestream: [REDACTED]
 s 22
 Theta: Sterling Income Trust
 s 22

Previous minutes: Sharepoint: Item 1	The minutes of the previous Compliance Committee meeting held on 3 rd August 2016 in Perth were previously confirmed and will be signed, by s 47F as the Chairman of the Compliance Committee following the meeting.
ASIC and PSL correspondence:	<p>s 22</p> <p>[REDACTED]</p> <p>s 22 then gave a brief update to the committee about:</p> <ul style="list-style-type: none"> s 22 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Board Papers NTA & cash-flow VIML & TAML: Sharepoint: 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>
Registers: Breaches	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>One breach related to the PDS loaded to the website at launch being the incorrect PDS. The breach was picked up quickly by the Sydney Compliance team and the breach was rectified almost immediately following detection.</p> <p>s 22</p> <p>[REDACTED]</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>
Complaints Sharepoint: 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>
Conflicts & Related Parties	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>

Scheme update	<p>An updated ESP register is available on Sharepoint under the registers folder number 3. Reports have been received from all external service providers.</p> <p>s 22</p>
	<p>s 22</p>
	<p><i>Sterling First schemes:</i></p> <ul style="list-style-type: none"> Interim audited accounts remain outstanding with Pitcher Partners, which have delayed the FY2016 audit. Focus of the finance manager is heavily on completion of the audit work by Pitcher Partners and with the asset manager. SIT distributions have been paid for 3 of the 4 new classes of the SIT. The two scheme that made up the Sterling Seniors Property Trust have been deregistered with ASIC, negating the requirement for the FY2016 audit. Although much improved, the Sterling schemes remain profiled as the highest risk within the suite of schemes provided by both Valuestream and Theta.

		<p>s 22</p>
<p><i>Mandate Compliance and Offer documents</i></p>	<p>Fund 88i 138i 158i 17Ai 178i 19Ci</p>	<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>
<p><i>Quarterly custodial reporting</i></p>	<p>RE 1Ai 1Bi 18ii</p>	<p>Quarterly Custodial reports for the period ending 30 September 2016 have been received from:</p> <ul style="list-style-type: none"> s 22 s 22 AETL for SIT, s 22 <p>No issues were identified in any of the reports.</p>
<p><i>Quarterly KPI review of ESP's</i></p>	<p>RE 78ii 78iii Fund 12Ai 13Ai 13Aii 138i 14Ai 14Aii 148i 15Ai 15Aii</p>	<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"> Fees and expenses Unit Pricing and valuation Income and distributions Applications and redemptions for unit registry services Custodial Investment Management <p>No issues have been noted for any of the registered or unregistered schemes during the reporting period.</p> <p>s 22</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>
<p><i>30 September 16 distributions:</i></p>		<p>No distributable income has been collected for the newly opened AIM Gateway Fund.</p> <p>s 22</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>s 22</p> <p>No issues identified in relation to income collection.</p>
Promotional material:	<p>11Ai</p> <p>11Aii</p> <p>19Ai</p> <p>19Bi</p> <p>19Di</p>	<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 an even greater increase in the volume of promotional material to be reviewed by the Compliance staff s 22 [REDACTED] [REDACTED] [REDACTED] [REDACTED].</p> <p>s 22</p> <p>[REDACTED]</p> <p><i>SIT and SSPT:</i></p> <ul style="list-style-type: none"> • Unitholder statements are being sent by registry direct. • Tax statements have been delayed due to the delays with the audited accounts. • Nothing further has been received from the manager for the SIT and for the SSPT which is currently in the process of being deregistered. <p>s 22</p> <p>[REDACTED]</p>
		<p>There is no outstanding promotional material.</p>
Change of auditor notifications		<p>s 22</p> <p>[REDACTED]</p>

<p>31 December 2015 interim audits</p>		<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 [REDACTED]</p>
<p>30 June 2016 statutory audits</p>		<p>s 22 [REDACTED]</p>
<p>Annual CP & Policy document reviews</p>		<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"> • Business Continuity and Disaster Recovery Policy • Employee Trading Policy • Marketing and Promotional Policy • Outsourcing Policy <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>General business: <i>Sharepoint:</i> Items 6 & 9</p>	<p>RE 3Ai 3Aii 4Dii 4Diii 7Bi 9Bi Fund 5Ci RE 19Ei</p>	<p>Other matters:</p> <p>The CC noted the following matters:</p> <ul style="list-style-type: none"> • The annual FOS certificates of currency for both Valuestream and Theta have been issued. • As noted earlier, the PI Insurance for both responsible entities has been renewed from London and will extend into November 2017. <p>s 22 [REDACTED]</p> <p>• [REDACTED]</p> <p>Upcoming reporting:</p> <ul style="list-style-type: none"> • [REDACTED] s 22 [REDACTED] APRA reporting on Form 701 with the details for AFS licences with insurance under their AFSL for both Theta and Valuestream for the period 1 July to 31 December 2016 will be due after 1 January 2017. <p><i>New business:</i> Prospects were discussed in general terms only.</p>
<p>Next meeting:</p>		<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: