

Investa Listed Funds Management Limited

ACN 149 175 655
AFSL 401 414

Charter of Audit and Compliance Committee

Approved by the ILFML Board on 14 December 2017

The Audit and Compliance Committee (**Committee**) reports to the Board of Investa Listed Funds Management Limited and its Charter extends to all activities of Investa Listed Funds Management Limited (**ILFML**) and to all funds managed by ILFML (**Funds**).

1. Overall Purpose/Objectives

The Committee will assist the Board in fulfilling its oversight responsibilities. The Committee will review:

- the financial reporting process;
- the system of internal control;
- the audit process;
- monitoring and reviewing the compliance plan; and
- ILFML's process for monitoring compliance with laws and regulations and Investa's code of conduct.

In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, the external auditors and internal audit.

To perform his or her role effectively, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as ILFML's business, operations, and risks. Each member shall be entitled to training on issues pertinent to the business, including financial accounting and reporting, and compliance.

2. Authority

The Board authorises the Committee, within the scope of its responsibilities, to:

- seek any information it requires from:
 - any employee (and all employees are directed to cooperate with any request made by the Committee); and
 - external parties;
- obtain outside legal or other professional advice; and
- ensure the attendance of company officers at meetings as appropriate.

The Committee may perform oversight responsibilities as requested by the Board from time to time, and if necessary, institute special investigations and hire special counsel or experts to assist.

3. Organisation and Reporting

3.1 Membership

- 3.1.1 The Committee will comprise at least three financially literate members, at least one of whom has accounting or related financial expertise. Each member will have an understanding of the industry in which ILFML conducts business. All members of the Committee will be non-executive directors and a majority will be Independent Directors. The term of each member will be determined by the Board.
- 3.1.2 The Chairman of the Committee will be appointed by the Board from time to time and will be an Independent Director, who is not the Chairman of the Board of Directors.
- 3.1.3 A quorum for any meeting will be two members.
- 3.1.4 The secretary of the Committee will be the Company Secretary, or such other person as nominated by the Board.

3.2 Attendance at Meetings

- 3.2.1 The Committee may invite such other persons to its meetings, as it deems necessary.
- 3.2.2 The External Auditor and the Internal Auditor should be invited to make presentations to the Committee as appropriate.
- 3.2.3 Meetings shall be held not less than four times a year. Special meetings may be convened as required. The External Auditor and the Internal Auditor may request a meeting if they consider that it is necessary.
- 3.2.4 The proceedings of all meetings will be minuted and circulated as soon as practicable after the meeting, targeting five business days.
- 3.2.5 All Directors of the ILFML Board who are not members of the Committee shall have the right to attend meetings of the Committee. The Fund Manager, the Chief Executive Officer, the Chief Investment Officer, the Chief Financial Officer shall be invited to attend all meetings of the Committee (though not necessarily for all agenda items). The External Auditor and the Internal Auditor shall be invited to attend meetings, as appropriate (though not necessarily for all agenda items).

3.3 Reporting Responsibilities

- 3.3.1 The Board will be provided with minutes of Committee meetings, and the Committee will regularly update the Board about its activities and make appropriate recommendations.
- 3.3.2 The Committee will ensure the Board is aware of matters which may significantly impact the financial condition or affairs of the business.

4. Internal Control

The Committee will:

- 4.1 Review, at least annually, the adequacy of the finance resources (quantity, qualifications, structure, etc), to ensure that accounting and reporting processes are of high quality and report thereon to the Board.
- 4.2 Review, at least annually, with the assistance of reports from the Internal Auditor or External Auditor, the adequacy of internal controls, having regard to the design, implementation and operating effectiveness of the controls.
- 4.3 Review the overall assurance framework in relation to internal controls and risk management, including assurance provided by the external auditor, the internal auditor and other external advisers with respect to internal processes and controls and report on that review to the Board.

5. Risk Management and Monitoring

The Committee will:

- 5.1 Review the Investa's risk management policy as it relates to the ILFML and the Funds and the Fund's risk appetite statement annually or more frequently if required and make recommendations to the Board.
- 5.2 Review risk management reports and action plans that are periodically presented to the Committee by management.
- 5.3 Consider any extreme and high risks brought to the Committee's attention and the adequacy of the management's proposed plans.
- 5.4 Review at least annually, the risk management framework of ILFML and the Funds and satisfy itself that it continues to be sound and report on that review to the Board.
- 5.5 Ask the External Auditor and the Internal Auditor about significant risks and exposures and the adequacy of plans to minimize such risks.
- 5.6 Receive reports from the Investa Office Management Audit & Operational Risk Committee on the adequacy of all insurance cover and policies.
- 5.7 Receive regular reports from a member of Investa Office Management Audit & Operational Risk Committee regarding Work Health and Safety and risk matters.
- 5.8 Review the system for monitoring compliance with all relevant legislation and regulations and obtain regular updates from management regarding compliance.
- 5.9 Review observance of the Fund Compliance Plans and consider necessary amendments to them.
- 5.10 Meet with the Compliance Plan Auditor to discuss the findings from the Compliance Plan audit.

- 5.11 Receive reports from the Chief Information Officer in relation to:
- the Business Continuity Plan at least annually including contingency plans for processing financial information in the event of a systems breakdown; and
 - data integrity and security of Investa’s systems.
- 5.12 Receive regular updates regarding taxation issues affecting ILFML and any funds managed by ILFML.
- 5.13 Review, at least annually, the significant financial and operational policies including:
- Financial Risk Management Policy
 - Distribution Policy
 - Tax Risk Management Policy
 - Resolution of Conflicts Policy
 - Continuous Disclosure Policy
 - Valuation Policy
 - Anti-Money Laundering and Counter Terrorism Financing Program
 - Security Trading Policy
 - Diversity Policy
 - Delegated Authorities
- 5.14 Receive updates on material correspondence with Regulators and consider management’s response.

6. Financial Reporting

References to Financial Reporting include where appropriate the Financial Reports of ILFML and to any fund managed by ILFML.

6.1 General

The Committee will:

- 6.1.1 Consider with the External Auditors and Internal Auditor any fraud, illegal acts, deficiencies in internal control or other similar issues.
- 6.1.2 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements and related party transactions, to understand their impact on the financial statements.
- 6.1.3 Review any legal matters which could significantly impact the financial statements including any relevant external legal advice obtained by management.
- 6.1.4 Review, and make any appropriate adjustment to, the level of any provision for doubtful debts.
- 6.1.5 Receive, at least annually, a presentation from a registered valuer on valuation issues relevant to ILFML or the role of the Committee.

6.2 Financial Reports (Year and Half Year)

The Committee will:

- 6.2.1 Review the appropriateness of accounting policies applied in the financial statements for ILFML and for any fund managed by ILFML.
- 6.2.2 Review the Half Year and Annual Financial Reports and determine whether they are complete and consistent with the information known to Committee members and recommend to the Board the adoption of the Financial Reports.
- 6.2.3 Pay particular attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures.
- 6.2.4 Pay particular attention to judgmental areas, for example those involving valuation of assets and liabilities; product or environmental liability; litigation costs; and other commitments and contingencies and will review any relevant reports from external consultants obtained by management in relation thereto.
- 6.2.5 Meet with management and the External Auditors to review the financial statements and the results of the audit.

7. External Audit

The Committee will:

- 7.1 Review the External Auditor's proposed audit scope and approach, ensuring no unjustified restrictions or limitations have been placed on the scope, and review the proposed remuneration, and make recommendations to the Board.
- 7.2 Review the performance and effectiveness of the External Auditors.
- 7.3 Consider the independence of the External Auditor, including the firm's policies and procedures in respect of independence and receive their independence declaration at each half year.
- 7.4 Review, on a six monthly basis the range of services provided by the External Auditor and review annually the quantum of fees involved, including the nature, scope and approach to individual assignments and the total external audit fees.
- 7.5 Ensure that each of the audit partner, review partner and the compliance plan audit partner is rotated every five years but not at the same time. At the time of rotation, the Committee should interview the proposed replacement partner, satisfy itself as to the experience and qualifications of those proposed, and make recommendations to the Board.
- 7.6 Make recommendations to the Board regarding the appointment of External Auditors.
- 7.7 Meet separately with the External Auditors to discuss any matters that the Committee or Auditors believe should be discussed privately.
- 7.8 Ensure that significant findings and recommendations made by the External Auditors are received and discussed on a timely basis.
- 7.9 Ensure that management responds to recommendations by the External Auditors on a timely basis.

8. Internal Audit

The Committee will:

- 8.1 Review the reports of the Internal Auditor and consider management's responses to such reports.
- 8.2 Ensure timely implementation of recommendations arising from Internal Audit reports.
- 8.3 Meet separately with the Internal Auditor to discuss any matter that the Audit and Compliance Committee or the Internal Auditor consider should be discussed privately.
- 8.4 Review at least annually the effectiveness of the internal audit function.

9. Other Responsibilities

The Committee will:

- 9.1 Review and update the Charter on an annual basis and receive approval for changes from the Board.
- 9.2 Evaluate the Committee's own performance on a regular basis.