

Unit Pricing Discretion Policy

What is this policy about?

This policy details the background considerations and guidance on how Sandhurst Trustees Limited (Sandhurst) will exercise the discretions permitted under the constitution of each of Sandhurst's unitised funds in calculating unit prices, including determining application price and withdrawal price. This policy is prepared as reliance on relief under ASIC Corporations (Discretions for Setting the Issue Price and Withdrawal Price for Interests in Managed Investment Schemes) Instrument 2023/693.

Our policy may change from time to time, and we will ensure that the latest policy is available upon request at no cost to an investor in any of the funds to which this policy applies.

Which funds does this policy apply to?

Sandhurst applies this policy to the unitised managed investment schemes listed below, collectively referred to as the "Funds" in this policy or individually as the "Fund".

- Sandhurst IML Industrial Share Fund (ARSN 095 143 294)
- Sandhurst Industrial Share Fund (ARSN 090 472 325)
- Sandhurst Strategic Income Fund (ARSN 151 201 106)

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How do we calculate our unit prices?

Unit prices are calculated each business day (i.e. any day that is not a weekend or a public holiday in Melbourne, Victoria).

The application and withdrawal price for each Fund will be calculated in accordance with its constitution and Product Disclosure Statement (PDS).

Multi-class pricing

For Funds with more than one class of units, the unit price for a particular class is calculated based on the proportion of the net asset value of the Fund which relates to that class divided by the total units issued in that class. All classes of a multi-class Fund share common assets, transactional and operational costs, and some common liabilities, such as audit fees. Each class may have different management fees.

What type of discretions do we exercise?

The Funds' constitutions permit Sandhurst to exercise discretion in determining the Funds' application price and withdrawal price.

Discretions are likely to be exercised in calculating the application price and withdrawal price of each Fund when:

- Determining the transaction costs (buy/sell spread);
- Determining the total net asset value of the Fund and selection of valuation methods;
- Determining a time at which unit prices are calculated;
- Allocating units in the relevant Fund;
- Rounding unit prices;
- Suspending unit prices; and/or
- Determining management costs.

Determining the transaction costs (buy/sell spread)

The buy/sell spread is based on Sandhurst's estimates of the historical average transaction costs incurred by the Fund, as well as experience in buying or selling similar assets. The estimated transaction costs are reviewed regularly. The approach taken in the review will vary depending on the nature of the assets held by the Fund.

There are a number of factors that are considered when determining the buy/sell spread. Transaction costs that are typically incurred on the purchase or sale of assets include:

- Brokerage;
- Transaction costs charged by fund managers that we may invest with;
- taxes and expenses; and
- the difference between the bid/offer prices of investments traded. The buy/sell spread is retained by the Fund and is not a fee payable to Sandhurst.

Where actual transaction costs vary from the buy/sell spread, the impact will be borne by the relevant Fund. Sandhurst may waive or reduce transaction costs in circumstances where no actual costs are incurred. For example, a buy spread is not charged on distribution reinvestments by unit holders into a Fund as no transaction costs are incurred.

The buy/sell spread may change from time to time without prior notice. The Fund's application and withdrawal prices are updated regularly and can be found at bendigobank.com.au/managedfundsprices.

Determining the total net asset value of the Fund and valuation methods

Sandhurst is permitted to determine valuation methods and policies for each category of asset in respect of a Fund and is permitted to change these methods and policies from time to time. Sources of valuation and the specific procedures to calculate fund asset values are documented in a separate internal document and is reviewed and updated accordingly for any changes.

The 'Market Value' is used to value investments in each Fund, unless Sandhurst determines otherwise. Market value is determined by applying the appropriate accounting policies and Financial Services Council (FSC) Guidance Note No. 50 - Valuation of Scheme Assets and Liabilities.

The net asset value of each Fund is determined by calculating the gross asset value of the assets and subtracting the liabilities (excluding unit holder funds) of the Fund. The assets and liabilities of each Fund is determined using Australian Accounting Standards.

Determining the net asset value involves an exercise of discretion in calculating the value of the Funds' assets and where applicable, assigning a value to those liabilities which have not been quantified at the time of calculation.

Where the value of a liability is uncertain at the time of calculation, Sandhurst will value the liability in accordance with Australian Accounting Standards.

The major components of the net asset value of Sandhurst Funds are summarised below.

1. Valuation of investments

In valuing the investment of the Funds, Sandhurst applies valuation practices which are consistent with ordinary market practice and uses the most recent market prices available to it at the time to carry out the valuation. Where market prices are not available (for example, because the investment is not traded on a market), Sandhurst as documented in a separate internal document, will calculate the value using the best information available to it, including by reference to comparable investments. Sandhurst may employ independent valuers or sources of information in determining these values.

2. Valuation of cash

Valuation of cash does not involve Sandhurst's discretion. The value of cash held by the Funds is equal to the face value of the cash held.

3. Dividends and distributions receivable

Dividends and distribution entitlements are recognised as income and a corresponding asset on the date the share or managed fund is quoted ex-dividend.

4. Accrued expenses

Accrued expenses and other liabilities are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

5. Provision for distribution

The distribution is the amount returned to unit holders as a distribution of a Fund's income during the year. The amount of distribution is determined by reference to the taxable income of the Fund. Sandhurst may make a return of capital to unit holders at its discretion. The liability for the 'provision of distribution' is booked at the end of the distribution period.

Where the latest financial information does not accurately reflect the fair value of investments, investments will be valued according to Australian Accounting Standards and industry practice. Any valuation obtained will be used in determining the net asset value of the relevant Fund assets.

Determining a time at which unit prices are calculated

Under each Fund's Constitution and PDS, Sandhurst has discretion to calculate net asset values (and issue or withdraw prices) at any time. Sandhurst reserves the right to delay unit pricing where there are other extenuating factors that prevent the proper and accurate calculation of unit prices (i.e. unit prices from underlying fund investments are not yet available).

Allocating units in the Fund

The relevant Product Disclosure Statement (PDS) outlines cut-off times for the receipt and acceptance of application and withdrawal requests. Application and withdrawal requests received before the cut off time will be processed using the price relevant to that period. Application and withdrawal requests received after the cut off time will be processed using the price relevant at the next pricing period.

Rounding of Unit Prices

The application price and withdrawal price are rounded up to seven decimal places.

Units issued are rounded up to four decimal places. Rounding adjustments are carried forward to the next day's unit price.

This discretion is exercised whenever a unit price is calculated. Both rounding processes are built into the unit pricing system to ensure consistency and equity between unit holders.

The historical application price and withdrawal price published on Sandhurst website are rounded to four decimal places.

Suspending Unit Prices

There may be times when it is necessary to suspend unit pricing if Sandhurst determines it is in the best interests of the relevant Fund's unit holders.

During the distribution period, it is a common practice to suspend the unit pricing of funds with underlying investments in other externally managed funds. Pricing will recommence once the distribution amount and ex-distribution prices from the underlying funds are provided or determined.

Outside of distribution period, unit pricing will be suspended if there are other conditions, internal or external, where it may be inappropriate to issue a unit price. Sandhurst may refer to FSC GN 48 for sample conditions such as when a significant market movement has occurred. Suspension of unit pricing will be escalated to the General Manager Margin Lending & Wealth Management for approval.

Unit pricing will not recommence until any deficiencies have been rectified. Applications and withdrawals received during suspension will receive the unit price applicable to the day of the instruction received by Sandhurst and will be processed as soon as practically possible.

Determining management costs

Sandhurst may exercise discretion in determining the amount of the management costs charged to each Fund. The exercise of this discretion affects the value of that Fund's assets and therefore indirectly affects its unit price. The Funds' constitutions allow responsible entity fees to be charged up to a maximum percentage.

The PDS of the relevant Fund will detail these costs. Fees and costs charged to a Fund are accrued on a daily basis and are reflected in the net asset value of the Fund. These fees may include Sandhurst's management fee, investment expenses such as management and performance fees of underlying investments and other expense recoveries. Sandhurst will not increase its management fee without providing prior notice to unit holders.

What records are retained?

The exercise of our discretion in determining the unit prices will be documented in writing and retained for a period of 7 years in accordance with the ASIC Corporations (Discretions for Setting the Issue Price and Withdrawal Price for Interests in Managed Investment Schemes) Instrument 2023/693 (previously within Class Order [13/657]).

Documents recording the Funds' financial information, independent valuations (if any) and information used in the exercise of Sandhurst discretion will also be retained.

What if we deviate from this unit pricing policy?

We are required to document in writing in the relevant procedure or manual, the exercise of discretion that deviates from, or is not covered by, this policy to explain how the discretion was exercised and why such an exercise was reasonable.

The written explanation of deviation must be retained for a period of seven years. These documents (if any) recording the exercise of discretion must be made available to the public free of charge on request.

More information

If you have any questions or would like further information on this unit pricing policy, please contact us:

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