

AAML - Unit Pricing Controls and Compensation Policy

Policy purpose:

This policy details Aspiring Asset Management Limited's (AAML's) unit pricing processes and controls with regard to the Aspiring Fund (Fund), including the process to be followed when a unit pricing error and / or a failure to comply with pricing methodologies has been identified. It takes into account the fact that the Fund's unit prices are struck monthly.

Unit pricing process and controls:

MMC Limited

- AAML outsources the unit pricing of the Fund to the Administrator, MMC Limited (MMC)
- Included in MMC's responsibilities as detailed in the services and service level agreements between MMC and AAML, is to:
 - o provide AAML with weekly and monthly portfolio reporting
 - o reconcile investment assets with the banks and the Funds' custodian's records weekly
 - o calculate Fund expenses
 - o calculate unit prices and PIE components.
 - o undertaking appropriate unit pricing review and tolerance checking.
 - o to perform services in a proper, efficient and business-like manner, exercising the care, prudence, diligence and skill that would be expected of a person acting in a like capacity and familiar with and experienced with the matters to be carried out pursuant to that agreement and in accordance with all other requirements of that agreement, and in a manner to ensure that AAML complies with its obligations at law and under the trust deed for the Fund
- MMC provides AAML with a 6 monthly 'investment administration and accounting services' controls .

Unit pricing approval and reconciliation:

- AAML maintains a portfolio (the Portfolio) in Microsoft Excel, which receives a live feed of currencies and all securities traded on an exchange from the IRESS software system. The Portfolio is updated on a daily basis for movements in assets, bank balances, expenses and accruals
- On a daily basis, AAML reconciles the bank and asset reconciliations provided by the custodian, Public Trust, against the Portfolio
- On a monthly basis, AAML reconciles MMC's portfolio valuation to the Portfolio, including working through any discrepancies with MMC. Once the AAML Board is satisfied with the accuracy of the portfolio valuation, they approve it as final.

Pricing errors and failure to comply with pricing methodologies:

The process AAML follows for managing a pricing error and / or failure to comply with pricing methodologies is detailed below:

Interaction with MMC

- where MMC is aware of any reportable errors (whether resulting from valuation, pricing, or registry), MMC shall notify AAML as soon as practicable once the error has been confirmed
- as soon as practical after a compensatable error has been identified, MMC shall email the Client with any supporting documentation and/or calculations for a fair assessment and decision to be made between the parties in a timely manner. The split of any compensatable error shall be agreed by MMC and AAML and any payments authorised by both parties. If there is a dispute between MMC and AAML, clause 11 of the Services Agreement shall apply.
- in general, any errors shall be accurately corrected within one Business Day of being identified or as agreed with AAML. Once rectified, a confirmation email shall be sent to AAML

Within AAML

- immediately after identifying an error, a thorough assessment is made with Director oversight to understand the cause and effect of the error
- new applications and redemptions are monitored while the error is being investigated
- disadvantaged unit holders who have entered and exited the Fund during the period/s affected by the error are determined, including any level of reimbursement / compensation required
- the AAML Board advises the Supervisor, The New Zealand Guardian Trust Company Limited, of the error and its cause and effect as soon as is reasonably practicable, regardless of the size of the error, and in the form required by Regulation 98 of the Financial Markets Conduct Regulations 2014
- if required AAML will, with the Trustee's approval, compensate and communicate to anyone who has been disadvantaged by the error, including both former and current investors. Communication (to all investors if the Directors / Supervisor deem it necessary) will occur as soon as is reasonably practicable, and include what went wrong, steps and timing to fix the error, new controls put in place if necessary or review to be undertaken, and an explanation of how any reimbursement / compensation will be paid
- any required reimbursement will be made by issuing new units or adjusting existing holdings, or if doing so is impracticable, by direct credit to a bank account or by cheque. Compensation will be paid by direct credit or cheque
- if no compensation is required, the Board will gain confirmation from the Supervisor that AAML is discharged of any obligation to reimburse / compensate investors
- the Board will contact the Financial Markets Authority to inform them of the error if they / the Supervisor deem it necessary
- the Manager will review and, if required, amend policies or practices to prevent recurrence of the error including the services agreement with MMC

- the Manager will prepare a report on the issue and how it was managed based on the above steps, and obtain agreement from the Supervisor that the issue has been dealt with in full, including appropriate changes to practices and policies if necessary, and that no further action is required.

Compensation:

Compensation for all unit pricing errors will be assessed on a case by case basis by AAML based on industry guidelines which factor in the size of the error, the type of error, the frequency of the error and the administration costs of paying compensation. AAML will notify the Supervisor of the proposed compensation (including the calculation methodology) of a unit pricing error at least five days prior to compensation being paid to a scheme member.

As at the date of this policy, based on industry guidelines:

- Compensation for errors / non-compliance occurs when:
 - o the value of the error is equal to or greater than 0.3% of the value that would have accumulated without the error
 - o the error is due to miscalculation of fees.

If the value of the error is less than 0.3%, AAML and the Supervisor will collectively decide whether compensation should be paid.

Policy Review

- This policy is to be reviewed on an annual basis by the AAML Board
- Any amendments to the policy must be approved by the AAML Board.