



ANTARES EQUITIES

PRINCIPLES OF INTERNAL GOVERNANCE AND ASSET STEWARDSHIP

This document is written by Antares Equities in its capacity as investment manager on behalf of Antares Capital Partners Limited (ACP).

1. ORGANISATIONAL AND INVESTMENT APPROACH

About Antares Equities

At Antares Equities, we are wholly focussed on delivering performance for investors through an investment approach underpinned by dedication, experience and discipline. We recognise and are ready for market uncertainty, and believe great performance is achieved through a focus on both risk and return. Since its inception in 1994, the Antares Equities team has established itself as a specialist in the active management of Australian equities. Our success is based upon the experience and judgment of our people. We believe that superior investment performance can be achieved through a disciplined and contrarian approach to investing that provides us with the courage to move against markets to unlock value in market inefficiency.

Antares Equities Purpose and values

Our investment philosophy is based on the belief that the pricing of individual stocks on the Australian share market is at times inefficient. Stocks sometimes trade away from their underlying valuation for a period of time. We believe it is possible to exploit these inefficiencies to deliver potentially superior investment returns. This is primarily achieved by identifying stocks trading away from their underlying valuation by:

- Taking a longer-term view;
- Systematically conducting detailed bottom-up research, and
- Ensuring the risk taken is commensurate with the expected return. We believe mispricing occurs for a number of reasons including the following:
 - Investors take a short-term view;
 - Investors do not have a systematic process for assessing environmental, social and corporate governance issues;
 - Investors over or under react to changes in a company's operating environment;
 - Investors make incorrect generalisations about similar companies, and
 - Investors often extrapolate short-term observations to the longer term.

Our broad philosophy can best be described as selectively contrarian. When a company is introduced into the portfolio it generally exhibits some characteristics which have caused it to be "out of favour" with the market. By this we mean such stocks may be disliked by investors, who view the company's current problems as permanent. The share prices of such "unloved" companies are often sold down on any news, good or bad; hence they end up as multi-year underperformers.

By conducting detailed bottom-up analysis of the future prospects of a company we are able to come up with our internal valuations which are sometimes different from the consensus view or the current share price. These are the types of characteristics we generally seek in the companies we bring into the portfolio. It is also important to note that not all such "out of favour" companies make good investment opportunities, which is why being selective is also critical to the process. Our experience, insight, detailed analysis and peer

discussions are our guides when determining which “out of favour” companies are the most compelling investment opportunities.

Ownership management and governance structure

Antares Equities is a division of MLC Asset Management, and is operated by Antares Capital Partners Pty Limited (‘ACP’), a licensed subsidiary of IOOF Holdings Ltd. The ACP Board is responsible for overseeing the effectiveness of all operational risk and compliance activities of its licensed activities.

The Antares Equities investment team comprises experienced investment professionals led by Nick Pashias and Glenn Hart, the two Co-Heads of Equities. They in turn are supported by a number specialist non-investment staff.

Management of Client assets

Antares Equities follows a bottom-up investment process, which means investment decisions are made by undertaking in-depth proprietary research and analysis of individual companies and equities. In general, Antares Equities aims to invest in companies where the current share price does not fully reflect its view of the potential value of each company’s business. Through company contact and detailed financial and non-financial analysis, Antares Equities’ research analysts gain a first-hand understanding of Australian businesses and the industries in which they operate.

Conflicts of interest

Antares Equities adheres to IOOF’s Conflicts of Interest Policy which sets out the requirements for identifying, documenting, managing and mitigating the risks associated with conflicts of interest across IOOF and its controlled entities, including Antares Equities.

The three mechanisms Antares Equities will generally use to manage conflicts of interest are:

- Managing conflicts of interest through the use of internal controls and procedures;
- Avoiding conflicts of interest, and
- Disclosing conflicts of interests.

However, if a conflict cannot be resolved using a combination of internal controls and disclosure, Antares Equities must avoid the conflict or refrain from providing the affected financial service.

2. INTERNAL GOVERNANCE

Ethical conduct and professional practice

Antares Equities adheres to the IOOF Code of Conduct policy which sets out the standards of responsibility and ethical conduct required of every employee. The code requires that:

- act honestly, ethically and with high standards of personal integrity
- act in the best interests of our clients and protecting the interests and reputation of IOOF
- demonstrate IOOF’s principles in our interactions and ensuring that our behaviours and actions reflect our principles
- strive to create a harmonious and safe working environment that respects and encourages diversity and inclusion
- ensure that we work in an environment free from unlawful discrimination, harassment and bullying, and taking action to prevent such behaviour
- not knowingly participate in any illegal or unethical activity
- respect and safeguard client and employee privacy and confidentiality

- ensure we do not use or attempt to use our positions with IOOF or our credentials to obtain improper personal benefits, including by not sharing price sensitive inside information, not taking bribes and not accepting gifts or benefits without reporting them to our direct people leaders
- conduct our work safely and responsibly with due care and diligence

Personal trading

MLC Asset Management's Personal Trading Policy applies to Antares Equities staff in respect of their own (and their related parties') personal trading in financial products. The intent is to ensure that no client is disadvantaged by staff trading and that no staff member is advantaged by client trading.

The policy reinforces that clients' priorities take precedence over personal trading.

Each staff member must maintain a register of his/her personal trading and must obtain pre-approval to trade certain financial products (including listed securities). Where preapproval is granted the approved trades can only be made in a limited window and copies of the contract notes must be forwarded to the Risk and Compliance team.

Management of conflicts of interest to ensure client interests take priority (including gifts and entertainment)

Antares Equities adheres to IOOF's Conflicts of Interest Policy. This includes a requirement to maintain a register of all entertainment and gifts received and to seek approval before accepting any entertainment or gift with a value \$50 or more. For any items over \$300, Executive approval is required. Staff members receive conflicts of interest training when commencing employment with Antares Equities and also undertake annual risk awareness training (which includes conflicts of interest training). To ensure Antares Equities staff members remain familiar and compliant with the policy, they are required to read and sign declarations to that effect on a semi-annual basis.

Risk management and compliance

Antares Equities adheres to IOOF's Risk Management Framework which integrates risk management processes into strategic planning, policies, reporting and governance to ensure that risk is managed effectively and coherently.

The approach to risk management is based on a three lines of defence model. Risk management accountabilities are allocated for risk ownership and functionally independent oversight and assurance across the three lines (summarised below). The overriding principle of this model is that risk management capability must be embedded to be effective.

- First Line (Businesses such as Antares Equities): Own and manage risks and controls within their business and across the value chain in line with risk appetite.
- Second Line (Independent Risk Function): Develop and maintain the Risk Management Framework and ensure the effectiveness of the risk and control environment by establishing risk appetite, providing risk insight and advice, and performing oversight.
- Third Line (Internal Audit): Provides independent assurance over the Risk Management Framework and its application by the first and second lines.

Incident and Breaches Policy

Antares Equities follows the IOOF Breach and Incident Policy setting out how incidents are to be assessed, recorded, escalated and reported if deemed as breaches. It prescribes minimum requirements for the key stages of the incident management lifecycle including the roles and responsibilities of employees for incident management.

All employees are responsible for the identification, escalation and timely capture of incidents to ensure they are managed and reported in a timely manner in accordance with this Policy. Incidents assessed as

significant breaches are reported to ASIC within 10 business days. Corrective actions must be taken to address the control failure to prevent recurrence and are captured in the Risk system.

If an incident has financial impact to the client, the aim is to restore the client to the position they would have been in had the error / incident had not occurred. Antares Equities follows the RE IDPS Error Remediation and Compensation Policy which comprises of the following principles:

- Remediation and compensation will be designed and applied to ensure that the client has not been adversely impacted by the error.
- The shareholder will not profit at the client's expense.
- All errors will be corrected.
- Remediation and compensation will reflect the direct loss and an amount for interest
- Remediation and compensation will be based on the total impact to a client and errors that positively impact a client will be offset against adverse impacts, where appropriate.
- To the extent practicable, there should be equitable treatment between impacted clients.
- Assumptions should be made in the client's favour if the data which should have been retained is incomplete.
- On discovery of an error, procedures and processes should be implemented within the shortest possible time to eliminate the ongoing impact.
- Compensation to be completed as soon as practicable and within appropriate timeframe.

Brokerage and commissions

Brokerage payable on exchange traded security transactions is paid by the portfolio undertaking the transaction. Any underwriting commissions received from underwriting a securities placement are paid to the portfolio that undertook the underwriting.

Antares Equities may enter into brokerage arrangements providing such arrangements are consistent with and governed by a written contract. The goods or services acquired via a brokerage arrangement must be reasonably expected to assist in the provision of investment services by Antares Equities to clients and/or provide demonstrable assistance to Antares Equities in the performance of investment decision making.

Equitable asset valuation and pricing – Institutional Clients

In its capacity as investment manager, Antares Equities only provides investment management services. The client that owns the assets determines the custodial and unit pricing arrangements. Antares Equities works with the client appointed custodians for trade processing, reconciliations and queries. For the avoidance of doubt, this does not apply to circumstances where Antares Capital Partners is the Responsible Entity of Funds managed by Antares Equities.

Best execution and trade allocation

Antares Equities seeks to ensure that, as far as reasonably possible, clients receive best execution (i.e. the best available price in the relevant market at the time for transactions of the size and kind concerned). All information available to Antares Equities is used to assess the most appropriate execution strategy, venue, price, speed of execution and settlement. The information is used on a trade-by-trade basis to select the trading options that are most likely to achieve the required client execution result. Best execution determinations may include, but are not limited to, the:

- Price for the trade and liquidity provided;
 - Ability of the broker to execute and clear the trade in a prompt, orderly and satisfactory manner;
 - Confidentiality provided by the broker;
 - Execution capabilities of the broker and any related risks in trading a block of securities (e.g., anonymity); and
 - Broad market coverage of the broker resulting in a continuous flow of trade related information.
- Antares Equities ensures that all clients are treated fairly and equitably in accordance with mandate

guidelines in the aggregation and allocation (and cancellation) of transactions among various clients. Antares Equities' practice is to aggregate buy/sell orders for a security into a "block trade" in order to obtain favourable execution and to facilitate equitable allocation, including allocation of transaction costs.

Remuneration policy

Antares Equities follows IOOF's Remuneration Policy which includes measures of performance, the mix of forms of remuneration (such as fixed and variable components, and cash and equity-related payments) and the timing of eligibility to receive payments. All forms of remuneration are captured by the Policy, regardless of where, or from whom, the remuneration is sourced.

The objectives of the Policy are to:

- Ensure employees are compensated fairly and responsibly for the services they are engaged to perform
- Be a source of attraction, motivation and retention of talent
- Reward the achievement of long-term sustainable performance
- Support the principles of Diversity, Inclusion and Equal Opportunity
- Have regard to and facilitate the long-term interests of all our stakeholders
- Ensure remuneration practices support the sound management of financial as well as non-financial risk.
- Comply with regulatory requirements and to ensure that succession planning and development plans are in place for Key Management Personnel and their potential successors

Whistle-blower protection policy

Antares Equities adheres to the group IOOF Whistle-blower policy which promotes a culture of compliance, honesty and ethical behaviour and supports employees in meeting their duty under the Code of Conduct to disclose actual or suspected misconduct based on reasonable grounds. IOOF is committed to promoting and reinforcing a culture of honest and ethical behaviour, corporate compliance and strong corporate governance.

Training and development

There is mandatory training set for all staff covering key obligations set by law, regulators, internal policies and procedures as well as Code of Conduct. In addition, staff who are Representatives or Responsible Managers of ACP representing Antares Equities must undertake specific ongoing learning and development to maintain their status.

Compliance monitoring of staff training is in place, for example People Leaders are alerted if training is not completed by due dates. Training records are maintained and overseen by the Risk and Compliance team. In addition, all staff are required to complete semi-annual attestations confirming they are aware of and understand key policies.

Complaints and dispute resolution

Under the MLC Customer Complaints Handling Policy an initial response letter/ email is sent upon receipt of a complaint, to confirm receipt and advise that Antares Equities will investigate and respond within 45 days to advise the outcome of the complaint. While there is a specified 45-day maximum period, we aim to resolve any complaint as soon as possible. If the complaint is not resolved within the 45-day period, or should the client not be satisfied with the resolution, the client has the option of referring the matter to the external complaint's resolution scheme.

The above will only apply to complaints received prior to 5 October 2021 and RG 271 comes into effect on 5 October 2021 meaning that the 45-day period will be reduced to 30 days.

ACP is a member of the Australian Financial Complaints Authority (AFCA) which is the external dispute resolution scheme. When a complaint is ultimately resolved, it is logged in our complaints register along with all relevant documentation.

ASSET STEWARDSHIP

Monitoring of performance

Antares Equities constantly monitors the performance of the investments it has chosen for its clients. To do this it uses a number of quantitative and qualitative measures. Each mandate contains benchmarks and other performance measures agreed with the relevant client and set out in formal agreements. Performance against these measures is monitored and reported to clients in accordance with those agreements.

Engagement with Company Management

Antares Equities regularly reviews company disclosures, engages with market participants and seeks independent industry feedback. Generally, if a company is within the top 100 ASX listed companies by market cap, Antares Equities will meet with management at least twice a year, if not more to discuss operational, financial and strategic progress. Additionally, depending on Antares Equities' investment in the company, we will have engagement with board members to discuss any business-related issues.

Approach to environmental, social and governance ('ESG') factors

Antares Equities believes that companies do not operate independently of the world around them, nor are they immune to the limitations placed on them by their environment or the expectations of the communities in which they operate. As a result, ESG issues can positively and negatively impact a company's performance. ESG analysis can provide insight into the long-term prospects of companies, for example, we believe that poor sustainability practices can be a leading indicator of risk within a company.

ESG analysis also allows mispricing opportunities to be identified and assists Antares Equities to avoid adverse share price shocks. Some of the environmental factors considered by Antares Equities include environmental fines, energy consumption / revenue, hazardous waste production and greenhouse gas emissions. Social factors include employee turnover, proportion of contractors used, workplace fatalities/ injuries and proportion of females in key management roles. Governance factors include director independence, board committees, board diversity and director share ownership capacity.

Proxy Voting

Antares Equities represents its investors in matters of corporate governance through the proxy voting process. The process is designed to protect and enhance the investment value of investments, recognising the strong link between good corporate governance and investment value.

Antares Equities applies the Financial Service Council ("FSC") Standard 13 Voting Policy, Voting Record and Disclosure to its operational processes where applicable. The guiding principle when Antares Equities votes on a resolution is that our voting decisions must be in the best interests of investors. Antares Equities believes that corporate governance creates the framework within which a company can be managed in order to provide the greatest possible long-term return.

Client engagement, education and communication

Antares Equities provides investment communications in the form of monthly fund profiles delivered to advisers, insight pieces on various topics, quarterly reports on each strategy and various other reports (proxy voting summary etc.) in the resource library located on the website. Antares Equities also presents on investment topics to advisers and clients.

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