

FSC Standard No.23 – Principles of Internal Governance and Asset Stewardship

Section One: **Organisational & Investment approach**

Antares Fixed Income’s investment philosophy is predicated on the view that debt markets are not completely efficient and as such, opportunities can be identified and systematically exploited. Antares Fixed Income portfolios are constructed with the aim of capturing income whilst minimising the risk of capital loss. Superior returns for a given level of risk can be delivered by investing in a broad set of opportunities and using a diversified range of strategies. Antares Fixed Income seeks to maximise returns across a range of economic cycles.

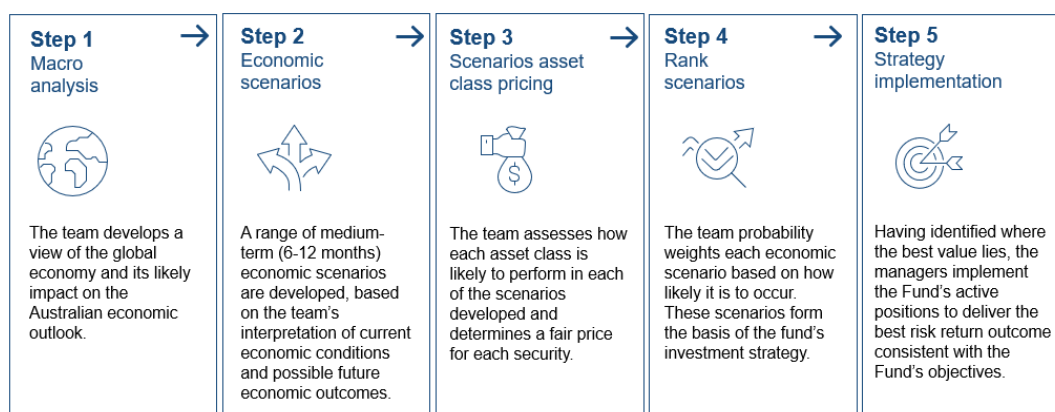
Another key feature of Antares Fixed Income’s investment philosophy is systematically reviewing, monitoring and analysing the components which make up the investment strategies we utilise. This systematic approach is applied to the strategies that we have identified and utilised to tilt the portfolios away from client benchmarks. Antares Fixed Income also continually monitor and review the economic and financial market variables which act as inputs into these strategies. This helps anchor our investment insights and more importantly prevents them from getting obscured by the latest market trends and fashions.

Finally, the Antares Fixed Income team has collectively managed investment portfolios through a number of economic cycles dating back to the start of the 1990s. This experience has reinforced our commitment to our systematic investment approach as well as our core belief that investment opportunities are always available and can be exploited.

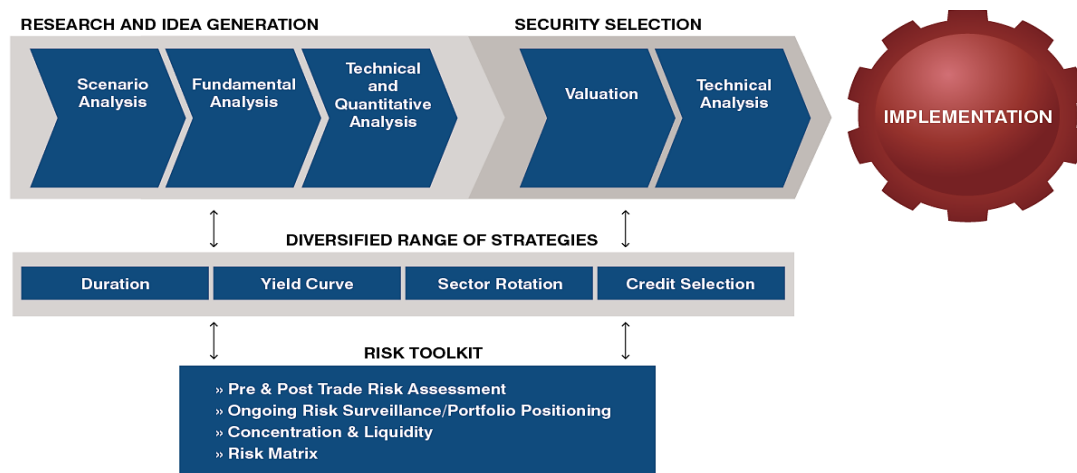
Antares Fixed Income retains a stable, collaborative and experienced team of investment professionals, who have managed investment portfolios across a range of economic cycles.

Our Process

Antares Fixed Income’s “scenario based” process can be summarised in the below chart:



Antares Fixed Income broad investment process can be summarised in the below chart:



Antares Fixed Income operates as an investment manager under the Australian Financial Services Licence (AFSL) of MLC Asset Management Pty Ltd (MLCAM), the MLC Asset Management division of Insignia Financial Ltd (IFL), an ASX listed financial services company.

We believe:

- a great culture is the foundation for great investing
- active management adds value
- skilful diversification delivers over the long-term
- intelligent risk taking is a must
- the long-term matters but we remain agile

Antares Fixed Income has a long history, expertise and successful track record in the management of Australian Fixed Income portfolios spanning over three decades.

We seek to maximise risk adjusted returns from term and credit premiums using a top down macro scenario framework combined with fundamental bottom up credit research.

Investment strategies are developed through a risk controlled active management process designed to deliver reliable defensive fixed income solutions to meet client needs.

Antares Fixed Income focusses uses a three pillar approach to risk/return:

1. Capital Preservation.
2. Liquidity management.
3. Return generation.

Antares Fixed Income's approach to investment management is to work in partnership with clients.

The MLC Leadership Team reports into the Chief Asset Management Officer. The Team consists of a; GM of Investment Services, GM AM Product, Chief Investment Officer and the GM of Direct Capabilities, among others. The Head of Antares Fixed Income reports through to the GM of Direct Capabilities.

For more information on the Antares Investment Team please refer to

<https://www.antarescapital.com.au/home/about-antares/antares-fixed-income>

Section two: INTERNAL GOVERNANCE

MLCAM is governed by a board of directors each of whom hold executive roles within the IFL Group and have relevant experience in fields such as asset management, finance, governance and risk management. The Board is responsible for overseeing the strategic direction of MLCAM, the sound and prudent management of MLCAM's business operations, and effective oversight of management within the context of the IFL Group purpose and principles. The Board is also responsible for overseeing the effectiveness of all operational risk and compliance activities for MLCAM's activities including the provision of financial services under the AFSL.

Antares Fixed Income adopts all relevant Insignia Policies and Standards. Due to the nature of its business, Antares Fixed Income is also required to function in accordance with its own tailored internal policies (i.e. where there is no equivalent Insignia policy) to ensure compliance with obligations specific to its licensed activities. Upon commencement of employment, all staff members receive a compliance induction and are provided with a copy of the relevant internal policies.

Ethical conduct and professional practice

Code of Conduct

Antares Fixed Income is subject to The Insignia Financial Code of Conduct (Code). Upon commencement of employment, all Antares staff members are required to read and sign the Code Declaration and a Confidentiality Agreement.

The Code sets out the standards of behaviour expected of everyone who works at IFL – in everything people do, every day.

- The Code applies to all employees. All directors, senior executives, employees, contractors and any other person employed by the Insignia Financial group of companies (employees) must be aware of and comply with our Code, policies, procedures, guidelines and legal obligations.
- The Code applies to Insignia Financials business activities in Australia and should be observed in conjunction with legislative and operational obligations and relevant Insignia Financial Policies.

- The Code provides a common understanding of IFL's principles and expected standards of behaviour. In the event of any inconsistencies between the Code's requirements and IFL's statutory duties, the latter shall prevail.
- The Code states basic expectations but does not cover every situation that may be encountered while working at Insignia Financial. In the absence of a specific direction, people have a responsibility to act in good faith, practice good judgment, comply with the spirit of the
- Code and to seek assistance from management, a member the Risk Management team, or a member of the People and Culture team where required. The Code of Conduct is available at [Code of conduct - Insignia Financial](#).

Diversity, Equity and Belonging Policy

Antares Fixed Income adheres to the IFL Diversity, Equity and Belonging Policy (DEB Policy), and understands that diversity and inclusion are core components of embracing the different and unique talents and backgrounds of employees. We view the diversity of skills and experiences of our people as qualities which strengthen us to support our purpose and achieve the best outcome for our business and clients.

The key objectives of the DEB Policy are to

- Provide clarity on the diversity, equity and belonging principles which are embraced within IFL IFLs' diversity, equity and belonging priorities
- IFLs commitment to diversity, equity and inclusion and resolution protocols

Anti-Bribery and Anti-Corruption Policy

IFL, including Antares, applies an Anti-Bribery and Anti-Corruption Policy (ABC Policy) and has zero appetite for bribery, corruption and facilitation payments. IFL employees must not offer, promise, give, request, agree to receive or accept, directly or indirectly, anything of value. This includes gifts, entertainment, sponsored travel, or any other benefit that could improperly influence or be perceived to improperly influence an outcome. Value thresholds for gifts, entertainment and sponsored travel offered to or by IFL employees are set out in additional IFL Policies.

IFL prohibits offering or providing anything of value to a public official or any member of their family, close associate and/or business partner in order to improperly influence, or be perceived to improperly influence, in order to obtain or retain business or secure any improper advantage of any kind for IFL or any other person.

IFL will not, either directly or indirectly, make a donation or provide a grant as a way of improperly influencing any person in order to obtain or retain business or an advantage of any kind for the benefit of IFL or any other person.

IFL will not enter into or continue a business relationship with a third party without appropriate due diligence being conducted or if it cannot be satisfied that the third party will behave in a manner consistent with the ABC Policy.

IFL will not keep inaccurate books, records and accounts or keep accounts and transactions 'off-book' to facilitate or conceal improper payments and transactions.

IFL will implement a training and awareness program designed to promote compliance with the ABC Policy and is consistent with legal and regulatory requirements.

Personal Trading

The Insignia Personal Trading in Securities Policy for staff with additional requirements & Personal Trading in Securities Policy (Personal Trading Policies) applies to MLCAM and thus Antares Fixed Income 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 Personal Trading policy reinforce 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 and IFL Group funds). Where pre-approval is granted the approved trades can only be made in a limited window and copies of the contract notes must be entered into the system.

Covered Staff will be asked to provide an annual attestation that they have read and abided by this Policy.

The Personal Trading Policies also set out restrictions in relation to trading in IFL Securities by IFL Staff, including blackout periods

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

Conflicts of Interest Policy

Antares Fixed Income adheres to IFL's Conflicts of Interest Policy which sets out the requirements for identifying, documenting, managing and mitigating the risks associated with conflicts of interest across IFL and its controlled entities.

The three mechanisms Antares 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 must avoid the conflict or refrain from providing the affected financial service.

Furthermore, various conflict registers are maintained – for personal conflicts, for related party investment allocations, for personal trading and for gifts and entertainment.

Gifts and Entertainment Standard

Antares Fixed Income adheres to IFL's Gifts and Entertainment Standard. 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 over a certain threshold. For items over the threshold, IFL Group CEO (or their delegate) approval is required. Staff members receive conflicts of interest training when commencing employment with Antares and also undertake annual risk awareness training (which includes conflicts of interest training).

Risk Management & Compliance

The 'Asset Management (AM) Entities Risk Management Strategy' provides strategies for managing risks and risk management framework principles in achieving strategic objectives for MLC Asset Management's investment managers of the funds and mandates they manage which includes Antares Capital Partners Limited (ACP), trading as Antares Equities.

The Chief Risk Officer (CRO) of IFL is ultimately responsible for the implementation of the Risk Management Framework and Compliance Management Framework for all of IFL's entities including ACP (Antares Equities).

As noted above, the MLCAM (MLC Asset Management Pty Ltd) Board is also responsible for overseeing the effectiveness of operational risk and compliance for MLCAM including Antares Fixed Income activities as an investment manager under the MLCAM AFSL.

In addition, all employees have personal responsibility for compliance. Organisational policies, procedures and processes are designed to support compliance with regulatory requirements and employees are expected to adhere to these as relevant to their work responsibilities. Employees must escalate compliance failures and complete all compliance training requirements to ensure ongoing competence to perform their roles.

Error Correction Policy

Recognising and reporting incidents is crucial in protecting our members and customers from harm. Antares follows IFL processes to identify, assess, manage, monitor and report incidents, and where required report incidents to Regulators in a consistent manner and remediate clients or impacted parties.

Best execution, trade allocation & brokerage and commissions

Antares Fixed Income has a fiduciary duty to ensure 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).

Best execution determinations may include but are not limited to:

- Price for the trade and volume,
- The counterparty bank or broker's ability to execute the trade in a prompt, orderly and satisfactory manner,
- Confidentiality provided by the counterparty bank or broker,
- The counterparty bank or broker's execution capabilities and any related risks in trading a block of securities (e.g. anonymity),
- The counterparty bank or broker's broad market coverage resulting in a continuous flow of information.

Antares Fixed Income also takes into consideration the counterparty bank or broker's durability in the market and their willingness to transact and make markets during periods of illiquidity and dislocation.

Antares Fixed Income ensures that all clients are treated fairly and equitably in accordance with the guidelines within the Investment Management Agreement (“IMA”), which ultimately drives aggregation and allocation of trades. For portfolios with similar guidelines and benchmarks, trades are usually allocated on a percentage of combined FUM basis. In cases where trades are executed to rebalance portfolios to a target level or a cashflow has taken place, the percentage weighted allocation may vary.

Equitable asset valuation and pricing;

As investment manager, Antares Fixed Income is not the owner of the assets it manages. The client that owns the assets determines the custodial and unit pricing arrangements. Antares Fixed Income works with the client-appointed custodians for trade processing, reconciliations and queries

Remuneration

IFL recognises that to deliver on our purpose – understand me, look after me, secure my future – it needs to attract and retain the best people in the right roles to support our continual success. This includes providing a fair, equitable and competitive remuneration to its people, including those within MLCAM and Antares.

The remuneration structure for investment professionals aims to align the interests of the investment team with the client.

Remuneration of Portfolio Managers (PM) and Analysts has two components; a fixed base and a variable, at risk component.

Whistleblower Policy

Antares Fixed Income adheres to the IFL 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. IFL is committed to promoting and reinforcing a culture of honest and ethical behaviour, corporate compliance and strong corporate governance.

IFL has appointed a Whistleblower Protection Officer (WPO) to safeguard the interests of Whistleblowers, so they feel free to report without fear of retaliatory action. The WPO is also responsible for protecting and safeguarding the integrity of the whistleblowing reporting process.

If an Eligible Whistleblower is not comfortable using the internal IFL procedures for reporting misconduct, or has already, and is not satisfied the matter has been adequately dealt with, they may report the matter to the External Whistleblower Officer (EWO).

Training and development

Antares leverages IFL Group processes and philosophies for many training and development activities. Antares pro-actively manages risk and compliance including ensuring that all of its people keep up to date with policies that govern our daily work environment including completing annual compliance learning.

IFL will cover the fees for one (1) professional membership that is relevant to an employee's role. For Antares people that may include memberships such as PRI – Principles for Responsible Investing. It will also provide study support for our permanent employees who have completed their probation the opportunity to attend external courses and programs of high quality which are relevant and appropriate for their ongoing development and growth.

Within the Antares Fixed Income investment team, staff training & development is also evidenced by the collaborative portfolio management structure whereby team members work collaboratively to deliver client outcomes and mandate performance. Aiding this process is our Performance & Development framework, whereby individuals have key objectives aligned with developing the skills required over time as they develop their skills and responsibilities.

Complaints and dispute resolution

Antares Fixed Income follows the Insignia Financial framework regarding complaints and disputes. The IFL Group Complaints Policy (Complaints Policy) has been developed to ensure that complaints are addressed in a consistent, fair and reasonable manner.

Handling and resolving client complaints adds value to the way Antares operates, as it allows us to: improve business systems and processes, products and services, all of which are integral to delivering what matters to our clients; identify a potential breakdown in process, an issue, an incident, or a potential breach of legislation; and reduce the risk of systemic issue. All complaints are reviewed in line with the principles that are outlined in the policy

Complaints can be received from clients, their authorised representatives, and various other stakeholders. Antares will not exclude complaints received from third parties raised on behalf of a client and we will accept complaints from complainants as defined in RG 271 (as a minimum).

Antares values all complaints and aims to respond promptly. We recognise some complaints are particularly urgent. We assess and prioritise complaints according to the urgency and severity of the issues raised. When dealing with complaints, our people must ensure the principle of fairness underpins the investigation and outcome of the complaint.

Asset Stewardship

Monitoring of company performance on financial and non-financial matters

Antares Fixed Income 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.

For clients in Antares Fixed Income funds, the broader MLC Asset Management Investment Communications team provides monthly reports containing commentary on investment performance and attribution.

Engagement with company management and the board (as appropriate) and escalation of issues in instances where initial engagements have not been adequately responded to

Antares Fixed Income regularly reviews company disclosures, engages with market participants, and seeks independent industry feedback. Antares Fixed Income regularly meets with company management and executives and attends company updates to keep informed on the operational, financial, and strategic progress of companies.

Approach to considering Environmental, Social and Governance (ESG) factors (risks and opportunities) and whether these considerations influence investment decision-making and company engagement

Antares Fixed Income believes that entities that better manage their ESG risks will have stronger risk adjusted investment returns and have more resilient long-term business success. In this way, ESG factors can be especially valuable as a framework for assessing longer term business threats, which may be overlooked by the market's typically short-term outlook.

Antares Fixed Income is aware of the growing importance of ESG for investors and continues to monitor the evolution of ESG plus its implications to the fixed income market.

Antares Fixed Income incorporates consideration of ESG factors as part of the fundamental credit assessment undertaken for all corporate issuers. Specifically, the consideration of ESG factors is documented for each bond issuer within the credit research template used for summarising Antares Fixed Income's opinions. At the portfolio construction level, Antares Fixed Income has undertaken a degree of both negative and positive screening of certain issuers and sectors. For instance, Antares Fixed Income views favourably investments with positive ESG attributes if it does not negatively impact investment returns.

Proxy voting

Antares Fixed Income 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 Fixed Income 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 Fixed Income votes on a resolution is that our voting decisions must be in the best interests of investors. Antares Fixed Income believes that corporate governance creates the framework within which a company can be managed in order to provide the greatest possible long-term return.

The approach to client engagement, education and communication regarding asset stewardship

Clients are provided with an investment report, monthly and / or quarterly, depending on the client's requirements as set out in their mandate. The investment report typically includes the following:

- An explanation of performance against the agreed benchmarks
- Commentary on economic and market environment for the period
- An analysis of the investment strategy in place
- A review and outlook for the asset class
- Portfolio security holdings (on request).

In addition to the periodical reporting cycle, each institutional client is offered face-to-face meetings to discuss the previous quarter, half year or annual portfolio results. Face-to-face meetings as well as conference calls can also be organised on an ad-hoc basis. Antares approach is to work in partnership with clients to assist clients achieve their investment objectives.

For retail clients in Antares Fixed Income funds, performance and market commentary is provided via the financial advisor or wealth manager with support from the Antares Fixed Income team.

Important information & Disclaimer

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