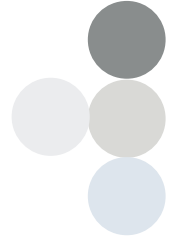
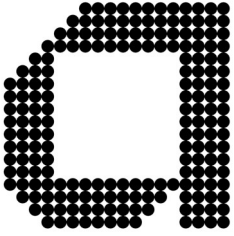


# Unit Pricing Policy

Issue Number 16

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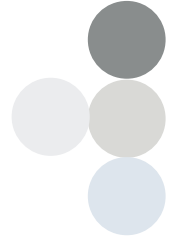
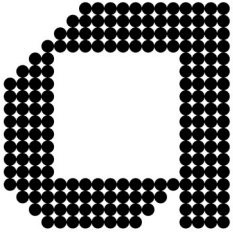




# Contents

1. Overview	pg 2
1.1 Introduction	
1.2 Background	
1.3 Outsourcing and abrdn's Responsibilities	
2. Unit Pricing	pg 2
2.1 Calculation	
2.2 Monitoring and Release	
2.3 Unit Pricing Errors	
3. General Discretions Exercised by abrdn	pg 3
3.1 Net Asset Value	
3.2 Valuation	
3.3 Estimating Transaction Costs	
3.4 Determination of Application and Redemption Fees	
4. Reasonableness of this Policy	pg 5
5. Discretions Outside this Policy	pg 5
6. Records maintained by abrdn	pg 6
7. Review and Update of this Policy	pg 6
8. Defined Terms	pg 6





## 1. Overview

### 1.1 Introduction

This Policy sets out how abrdn will exercise its discretions permitted under the constitution of each Scheme to determine the application price and redemption price of units in those Schemes (the Policy).

### 1.2 Background

APRA and ASIC have developed a Unit Pricing Guide to Good Practice (Guide) to help product providers understand and comply with unit pricing obligations. This policy has been developed in accordance with the Guide and is also designed to meet the requirements of ASIC Class Order 05/26 “Constitutional Provisions About the Consideration to Acquire Interests” and the variation to this Class Order 05/1236 (together the Class Order). This Class Order permits abrdn to decide a matter that affects the method or formula used to calculate the unit price of abrdn’s Schemes (the discretion) where the conditions under the class order are met. This includes the documentation of abrdn’s policy on the discretions permitted under the constitution of each Scheme.

### 1.3 Outsourcing

The discretions permitted under the constitution of each scheme are exercised by abrdn. The functional elements of the unit pricing process are carried out by a third party, Citigroup, Pty Limited ABN 88 004 325 080 for Schemes of which abrdn is the investment manager. MSC Australia Limited remains responsible to unit holders regarding the calculation of unit prices.

## 2. Unit Pricing

### 2.1 Calculation of Unit Prices

The constitution for each of the Schemes sets out the method used to calculate the application price and the redemption price at a particular time. This is generally expressed as follows:

Application Price:

$$\frac{\text{Net Asset Value of the Scheme Assets}}{\text{Total Number of Units on Issue}}$$

Then adjusting the result of this calculation up for transactions costs (if any).

Redemption Price:

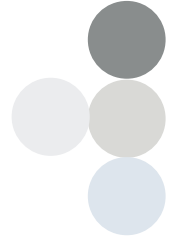
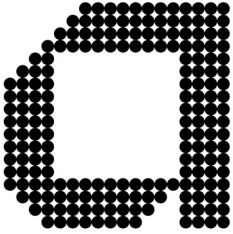
$$\frac{\text{Net Asset Value of the Scheme Assets}}{\text{Total Number of Units on Issue}}$$

Then adjusting the result of this calculation down for transactions costs (if any).

### 2.2 Monitoring and Release

Unit prices are reviewed prior to release. In addition, reasonableness checks are performed comparing portfolio returns against benchmarks to assist in ascertaining any unit pricing irregularities prior to release. Where a Scheme’s performance versus its benchmark is outside a set tolerance it is escalated to the relevant team and subjected to further internal review.





### 2.3 Unit Pricing Errors

We observe FSC standards and industry best practice guidelines for the threshold of materiality we apply to unit pricing errors and in turn assessing whether any compensation is required. The materiality threshold used for such an assessment will be no greater than 0.30% of the price of a unit. For exited unit holders, abrdn applies a fixed dollar minimum and compensation would be paid when the amount is \$20 or more.

For information regarding mitigation of the breakdown in administrative or operational controls which can lead to pricing errors please refer to the risk section of the most recent PDS for the relevant Scheme.

## 3. General Discretions Exercised

In accordance with the above formulae, abrdn has identified the following discretions that it is likely to exercise in calculating the application and redemption price of each Scheme.

### 3.1 Net Asset Value

Under each Scheme's constitution, the method for calculating Net Asset Value of the Scheme's assets is generally determined in accordance with Australian Accounting Standards. It is equal to the total value of Scheme assets less Scheme liabilities at the time of calculation. Determining the Net Asset Value involves the exercise of discretion by abrdn in order to determine the value of Scheme assets and the value of those Scheme liabilities which are contingent at the time of calculation.

### 3.2 Valuation

Under each Scheme's constitution, the total net asset value is calculated as the value of the assets less the liabilities excluding the application amount in respect of any applications that have not been accepted by the responsible entity. abrdn has discretion to determine how the assets are valued including the valuation methodology and the timing of the valuation.

Methodology: Subject to the relevant Scheme's constitution, investments within each Scheme are valued at their market value consistent with Financial Services Council (FSC) Standards. The assets of a scheme include all investments assets, capital, income, property and rights of the scheme. Security prices are obtained, where possible, from independent security pricing services, and are based on market price where the security is traded on a regulated market. Subject to the relevant Scheme's constitution, abrdn will exercise its discretion to value assets and liabilities other than at market value (i.e. other than in accordance Australian Accounting Standards), if:

- a) It considers that to value assets in accordance with applicable Australian Accounting Standards would mean that the value of the assets of liabilities is materially understated or overstated; or
- b) It is not practicable to value the asset or liability at market value.

Reasonable estimates: Reasonable estimates may be used to value a specific asset or type of asset if the price is unavailable provided there is a verifiable methodology to support the estimate. Where reasonable estimates are used, they are independently reviewed for accuracy and the estimates are compared to actual prices periodically to ensure significant variances do not exist.

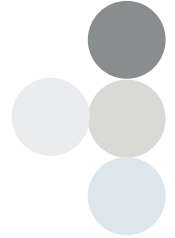
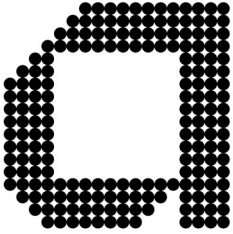
Timing: Subject to the relevant Scheme's constitution, abrdn may cause any assets of the Scheme to be valued at any time (not limited to once a day) in accordance with the above. Generally, Scheme assets will be valued at least daily. The frequency of valuation is set out in the relevant Product Disclosure Statement (PDS) for each Scheme.

Rounding of Unit Prices: The Application and Redemption prices will be rounded up or down to the number of decimal places specified in the constitution or as determined by abrdn in accordance with market practice.

### 3.3 Estimating Transaction Costs

An estimate of the costs associated with acquiring or disposing of an asset of the Scheme is made each time an investor buys or sells units in a Scheme by incorporating a buy/sell differential in the relevant application and/or redemption unit price. The





buy/sell differential is an additional cost which operates to increase (for each application) or decrease (for each redemption) the unit price received by the investor to recover transaction costs associated with buying and selling the Scheme's assets such as broker charges. The purpose of the buy/sell differential is to protect long-term investors from the costs associated with those investors who come into and leave the Scheme. In certain appropriate circumstances the buy/sell differential may be waived for example where no transaction cost is incurred because there is no trading of underlying assets. The differential is retained by the relevant Scheme.

The estimated transaction costs relevant to each of the Schemes are listed in the PDS, or available from our website at [www.abrdn.com/aus](http://www.abrdn.com/aus). The buy/sell differentials are reviewed at least annually and the following factors are taken into account:

- Current brokerage cost;
- Current government charges (such as stamp duty); and
- Other costs directly associated with the acquisition or disposal of assets of the kind held within the relevant Scheme, such as settlement, valuation, legal or clearing costs.

### 3.4 Determination of Application and Redemption Fees

The constitution of each Scheme sets out the maximum application and redemption fees that the responsible entity is entitled to charge. We are not able to change more than the constitution permits without unit holder approval. The current application fee (which may be referred to as an establishment fee) and redemption fee (which may be referred to as an exit fee) applicable to each Scheme are disclosed in the relevant PDS.

The responsible entity may exercise its discretion to charge those fees up to the maximum stated in each Scheme's constitution. However whilst it is possible to describe an exact methodology on how the application and redemption fees charged at any time (within those maximums) are determined, the amount generally depends on market practice and competition. These fees can be varied without notice. The responsible entity would generally provide investors with at least one month's notice of any proposed material adverse change to fees. This notice period is given to provide investors with sufficient time to consider the impact of the change and withdraw their investment if they so wish. These fees can be varied without notice.

The responsible entity may also charge different fees for different investors. For instance negotiation of the transaction costs may be available to sophisticated and professional investors as set out in the Corporations Act. The responsible entity will not, however enter into individual fee arrangements with retail investors.

## 4. Reasonableness of this Policy

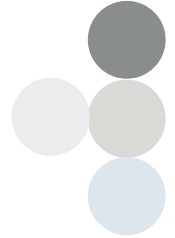
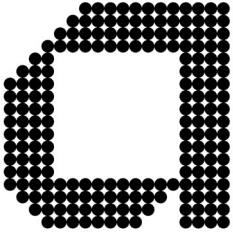
Unless noted below, the policy relating to discretions has been developed in accordance with industry standards some of which are outlined in relevant standards and guidance notes applied by the FSC and the Guide. Accordingly, abrdn considers the exercise of each discretion under this policy as reasonable.

## 5. Discretions outside this Policy

If abrdn exercises a discretion for which there is, at that time, no documented policy or in a manner which departs from this policy, abrdn will document the following detail:

- The date on which the discretion was exercised;
- Who exercised the discretion (i.e. abrdn or a delegate);
- How the discretion was exercised; and
- An explanation as to the reasonableness of the exercise of the discretion and if it was not in line with normal commercial practice, the criteria for the departure.





## 6. Records Maintained by abrdn

abrdn will, in accordance with the Class Order, retain this Policy for seven years after it ceases to be current. abrdn will also retain records relating to circumstances where the exercise of discretions is not covered by this Policy or involves a departure from this Policy.

## 7. Review and Update of this Policy

We continually monitor changes to the FSC standards and industry best practice guidelines in relation to unit pricing errors and will (at times) alter our policy to remain up-to-date with our peers and the regulatory environment.

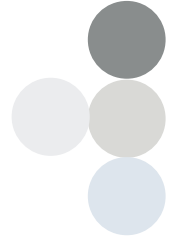
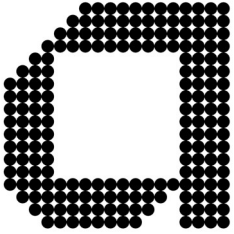
This Policy will be reviewed at least annually and may be updated as abrdn determines. This Policy (or any update) and any additional material which related to discretions not covered in this Policy are available free of charge by contacting us on 1800 636 888.

## 8. Defined Terms

Unless the context permits otherwise, the terms below have the following meanings:

- abrdn Oceania Pty Ltd (“abrdn”) is the Investment Manager of the Schemes
- MSC Australia Limited (“MSC”) is the Responsible Entity of the Schemes
- Australian Accounting Standards means the applicable accounting standards under the Corporations Act 2001 (Cth) and other mandatory professional reporting requirements in Australia.
- Application Price is as defined in Section 2.1 of this Policy.
- Net Asset Value is as defined in Section 3.1 of this Policy.
- Outsourcing means those activities normally undertaken by the Responsible Entity which have been contracted out to a related or unrelated third party but for which the Responsible Entity retains responsibility.
- Unit means an interest in the property of a relevant Scheme divided into units.
- Unit Holder means a holder of units in the relevant Scheme.
- Redemption Price is as defined in Section 2.1 of this Policy.





**Important Information:**

abr dn Oceania Pty Ltd ABN 35 666 571 268 Corporate Authorised Representative Number 001304153 and 001304154, is the Investment Manager. MSC Australia Limited ABN 59 002 123 364 AFSL No. 240263 (Trustee) is the Responsible Entity of the Schemes. abr dn Oceania Pty Ltd is a Corporate Authorised Representative of MSC Advisory Pty Ltd ACN 607 459 441 AFSL 480649 (MSC Advisory) and of Melbourne Securities Corporation Limited ACN 160 326 545 AFSL 428289. abr dn Oceania Pty Ltd is authorised to provide general financial product advice and to deal in interests in Australian managed investment schemes. This document has been prepared by the manager for general information purposes only and does not take into account any person's objectives, financial situation or needs and accordingly does not constitute personal advice for the purposes of section 766B(3) of the Corporations Act 2001.

