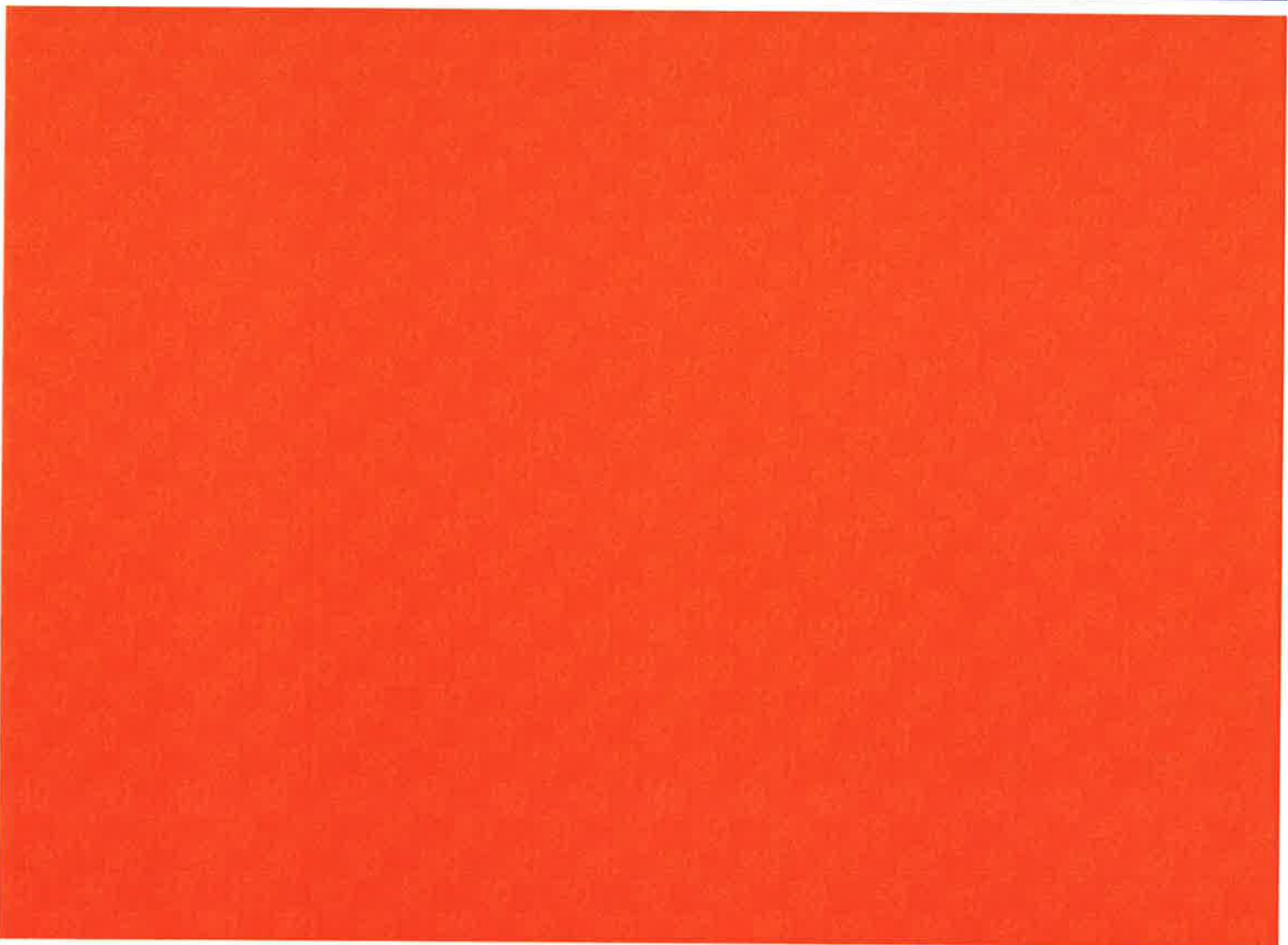


# **COMPLIANCE PLAN**

**PREMIUM INCOME FUND ARSN 090 687 577**



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## **1. DESCRIPTION OF THE SCHEME**

- (a) The Scheme is a mortgage, direct real property and financial assets managed investment scheme established by deed dated 20 November 1999 and amended from time to time by the RE.
- (b) The Scheme has been registered as a managed investment scheme.
- (c) The Scheme will identify a range of mortgage assets, real properties and authorised investment opportunities in accordance with its Constitution and Disclosure Document. Potential investors will be asked to submit applications to the RE along with their investment money to subscribe for units, pursuant to a Disclosure Document.
- (d) Wellington Investment Management Limited is the RE of the Scheme. The RE is wholly responsible for the operations and well being of the Scheme. The RE may outsource any function it wishes to but it cannot delegate its responsibilities to the Scheme and remains at all times responsible for the actions of any entity it may outsource its functions to.
- (e) The RE is outsourcing some of its operating activities to the following External Service Providers:
  - (i) Legal Services – McCullough Robertson;
  - (ii) Accounting/Auditing – PricewaterhouseCoopers;
  - (iii) Registrar – Computershare Limited; and
  - (iv) Custodian – Perpetual Nominees Limited.
- (f) These outsourcing arrangements are documented in External Service Provider agreements.
- (g) The promotion and sale of interests in the Scheme will be by way of a Disclosure Document and related marketing material.

## **2. COMPLIANCE PLAN**

### **2.1 Purpose of this Compliance Plan**

- (a) This Compliance Plan sets out the key processes, systems and measures the RE will apply to ensure compliance with its AFSL and the requirements of:
  - (i) Corporations Act;
  - (ii) Scheme Constitution;
  - (iii) industry standards relevant to the Scheme;
  - (iv) internal organisational standards and culture; and
  - (v) any Disclosure Documents.
- (b) This Compliance Plan is a 'how to' document, providing detail on:
  - (i) the obligations which must be met by the RE;
  - (ii) what measures or procedures are in place to comply with these obligations;
  - (iii) how compliance with those measures and procedures will be monitored; and
  - (iv) how those measures are updated.
- (c) This Compliance Plan also details the risks of not complying with these obligations, and how breaches are to be reported and addressed. The description of measures in place allows Staff with compliance responsibilities to identify what procedures they are

responsible for monitoring and how often they have to report on compliance or otherwise with those measures.

- (d) This Compliance Plan must be integrated into the operations of the Scheme and its use is not optional.
- (e) The organisation wants to achieve a compliance culture where Staff own compliance, and immediately report and address breaches as far as practicable. We want our Staff to not only do the right thing, but know how to do it. Failure to report a breach is treated seriously and as such, the RE adopts a no blame policy in relation to breaches but not so in relation to failure to report.

## **2.2 How to read this Compliance Plan**

- (a) It is vital that users of this Compliance Plan understand their role in its effective implementation. There are several sections of the Compliance Plan that must be read by all users of this document in order to understand fully their responsibilities.
- (b) Sections that are considered essential reading, in addition to the specific Compliance Rules relevant to the user are:
  - 1 Description of the Scheme.
  - 2.1 Purpose of this Compliance Plan.
  - 3.2 The Committee.
  - 3.3 The Compliance Officer.
  - 3.4 Role of the Audit.
  - Annexure A Glossary.
  - Annexure B Organisational structure chart.

## **2.3 Recognising that detail may be elsewhere**

- (a) The Board, the Committee, Responsible Officers or the CO may recommend any form of manuals, controls, structures or procedures for the RE, which set out a greater degree of detail in relation to any matters addressed by this Compliance Plan. They may be adopted, replaced or updated from time to time by the Committee.
- (b) Those manuals, controls, structures or procedures are not and do not become, by such approval or otherwise, part of this Compliance Plan.

# **3. THE COMPLIANCE FRAMEWORK**

## **3.1 Overview of Compliance framework**

- (a) The RE has in place a detailed framework to identify, control, report and manage compliance and business obligations, and ensure that the interests of members of the Scheme are protected. The framework includes:
  - (i) this Compliance Plan;
  - (ii) detailed policies and procedures available to all Staff;
  - (iii) Committee and Board reporting;
  - (iv) Staff training;
  - (v) formal External Service Provider agreements; and
  - (vi) monthly and quarterly compliance reports.

- (b) You should refer to the organisational structure chart in annexure B when reading this Compliance Plan.
- (c) The Compliance Plan and compliance framework comply with AS3806-2006.

## 3.2 The Committee

### Functions

- (a) To the extent that the Corporations Act and ASIC policy requires, the functions of the Committee, are to:
  - (i) monitor to what extent the RE complies with the Compliance Plan and report its findings to the Board at such times it considers necessary or desirable;
  - (ii) assess at regular intervals (determined by the Committee) whether the Compliance Plan is adequate and up to date;
  - (iii) report on the adequacy of and make recommendations to the Board about amendments to the Compliance Plan at such times as it considers necessary or desirable;
  - (iv) report to the Board any breach of the Corporations Act involving the Scheme, or any breach of the provisions included in the Constitution of which the Committee becomes aware of, or suspects;
  - (v) report to ASIC any breach of which it becomes aware or suspects and has reported to the Board if the Committee is of the view that the Board has not taken, or does not propose to take, appropriate action; and
  - (vi) do such other things as the Corporations Act requires.

### Membership

- (a) There will be at least 3 Compliance Committee members at all times with the majority of them being external members.<sup>1</sup>
- (b) Members should be suitably qualified and should have significant experience, ideally of at least 5 years, in the financial service or property industry. Generally, members could have experience or qualifications in one or more of the following fields: law, accounting, finance, commerce, economics, business administration, marketing, actuarial or any related disciplines.
- (c) Each member of the Compliance Committee who is external must certify in writing to the Board that they satisfy the requirements of section 601JB(2), before they are appointed.
- (d) The Compliance Committee must report to the Board if it forms the view that a proposed member of the Compliance Committee does not have the skills appropriate to fulfil their responsibilities as a Compliance Committee member.
- (e) An external Compliance Committee member is required to immediately notify the Board when they become aware they fail to satisfy section 601JB(2). In such circumstances the Board must move immediately to replace that Compliance Committee member.

### Replacement

If a Committee Member resigns, is removed, becomes unable to act, or ceases to be an External Member so that:

- (a) there would be less than three Committee Members; or
- (b) the majority of the Committee Members would not be External Members,

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<sup>1</sup> 601JC(1), 601HA(1)(b)(i)

then the Board must, if the Corporations Act requires and within the time prescribed by the Corporations Act, appoint another person to the position. A person may not be appointed to the Committee unless he or she consents to the appointment.

### **Removal**

The Board may remove a Committee Member by giving 14 days notice to that Committee Member.

### **Retirement**

A Committee Member may retire by giving 14 days notice to the Committee and the Board.

### **Alternates**

A Committee Member may nominate a person to be their alternate member. If the Committee Member is an External Member, the alternate must qualify as an External Member. Any alternate Committee Member must be a person acceptable to the Board.

### **Delegating functions**

A Committee Member may delegate his or her functions to another person, but remains responsible for that person acting in their place.

### **Duties of Committee Members**

To the extent that the Corporations Act and ASIC policy require, the Committee Members must:

- (a) act honestly;
- (b) exercise the degree of care and diligence that a reasonable person would exercise if they were in the Committee Member's position;
- (c) not make use of information acquired through being a Committee Member to either gain an improper advantage for the Committee Member or another person or cause detriment to Investors;
- (d) not make improper use of their position as a Committee Member to gain (directly or indirectly) an advantage for themselves or for any other person or cause detriment to the Investors; and
- (e) do such other things as the Corporations Act requires them to do, and not do such things it prohibits them from doing.

### **Chair**

- (a) The Board may appoint a chair for the Committee meeting indefinitely or for a term, and terminate that appointment at any time. If no chair is so appointed or the chair is not present at a meeting, the Committee Members present may elect a chair for the meeting. The chair must be an External Member.
- (b) Subject to this Compliance Plan and the Corporations Act, the chair may determine the manner in which a meeting of the Committee Members will be regulated.
- (c) The decision of the chair on any matter relating to the conduct of a meeting is final.

### **Adjournment**

The chair has power to adjourn a meeting for any reason to such place and time as he/she thinks fit.

### **Attendees**

Any member of the Board, officer of the RE, the Scheme auditor or the Compliance Plan auditor, and any invitee of any member of the Board or of any Committee Member, may attend and speak at a Committee Meeting.

## **Quorum**

- (a) The quorum for a meeting of Committee Members is two members, as long as at least one of them is an External Member. If a quorum is not present within 15 minutes after the time set for the meeting, the meeting is adjourned to such place and time as the Committee Members present decide. They must tell the other Committee Members of the time and place.
- (b) At any adjourned meeting, those Committee Members present will constitute a quorum.

## **Minutes, reports and recommendations**

The chair must ensure that minutes of Committee meetings and records of its reports and recommendations are kept, and a copy of any of them signed by the chair is taken to be a true record unless the contrary is proved. The minutes and records must be available to Committee Members, the Directors, the Scheme auditor and the Compliance Plan auditor.

## **Meeting frequency**

The Committee must meet at least four times a year, unless the Committee Members agree it is not necessary for a particular period.

## **Meeting method**

- (a) The Committee meetings may be held using any technology agreed by all the Committee Members, for example, Internet relay chat or video or voice conference. The Committee may make recommendations without a Committee meeting being held if all the Committee Members sign a document containing a statement that they are in favour of the recommendation set out in the document.
- (b) Separate copies of a document may be used for signing by Committee Members if the wording of the resolution and statement is identical in each copy. The recommendation is made by the Committee when the last Committee Member signs the document.

## **Convening meetings**

Any Committee Member may convene a meeting of the Committee on five business days notice or such shorter time as the other Committee Members agree. If a Committee Member does not receive notice (including if notice was accidentally omitted to be given to them) the meeting is not invalidated.

## **Voting on issues**

Voting at a meeting of Committee Members is by simple majority. The chair has a casting vote. No objection may be made to any vote cast unless the objection is made at the meeting.

## **Disclosure of interests**

A Committee Member must disclose to the next meeting of the Committee after he/she becomes aware of:

- (a) a direct or indirect pecuniary interest that they have in a matter being considered or about to be considered by the meeting if it could conflict with the proper performance of their duties in relation to the consideration of the matter; and
  - (b) such other things (if any) as the Corporations Act requires,
- and the disclosure must be recorded in the minutes.

## **Indemnification of members**

Subject to the Corporations Act<sup>2</sup>, the RE may agree that a Committee Member is to be indemnified by the RE (itself or through a related entity).

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<sup>2</sup> The Corporations Act limits the RE's indemnification of compliance committee members – see s601JF

### **Insurance of members**

Subject to the Corporations Act<sup>3</sup> the RE or a related body corporate (directly or through a related entity) will pay or agree to pay a premium in respect of a contract of insurance insuring a Committee Member.

### **Remuneration of members**

The Committee Members are entitled to such remuneration as the Board determines from time to time.

### **Resources**

The Committee must inform the Board if it believes that it does not have adequate resources or access to information to enable it to perform properly its functions as a committee.

### **Terminating the Committee**

- (a) The Board may advise the Committee in writing that the Committee is no longer appointed to act for the Scheme if the Corporations Act does not require a Committee for the Scheme.
- (b) The Committee for the Scheme ceases to be appointed for the Scheme on completion of the winding up of the Scheme.

### **Access to records and information**

- (a) If ASIC directs the RE, or if the Corporations Act otherwise requires the RE, to give ASIC information about the arrangements contained in this Compliance Plan, and compliance with it, the Committee must ensure that (as soon as it is aware of the direction) the information is provided as soon as practicable.
- (b) The Committee is entitled to have access to the accounting records of the Scheme, the Scheme auditor and Compliance Plan Auditor and to any information that is relevant to assessing the RE's compliance with the Corporations Act.

### **Advising of changes to the Compliance Plan**

The Committee must ensure that copies of this Compliance Plan and any amendments to the Compliance Plan are given to each Responsible Officer.

### **Form of reports**

The Committee may determine the form of any report from a relevant Responsible Officer or Staff Member concerning his or her relevant functions as identified in this Compliance Plan. A report need not be in writing.

### **Advice**

The Committee Members may commission advice or assistance if the Corporations Act permits to assist in the discharging of their obligations at the reasonable expense of the Scheme.

## **3.3 The Compliance Officer**

### **Overview of the role**

- (a) The CO will ensure adequate internal systems and controls have been implemented to ensure compliance with this Compliance Plan, the Corporations Act, the Scheme's Constitution, the RE's AFSL, and internal and industry standards.
- (b) The CO is also required to promote a compliance culture within the organisation and among the RE's External Service Providers. The CO is primarily responsible for reviewing compliance on an ongoing basis, providing or facilitating training, reporting on compliance matters, including breaches, to the Committee and acting on

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<sup>3</sup> The Corporations Act limits the RE's payment of insurance premiums for compliance committee members – see s601JG