
Unit Pricing Policy

HMC Capital Partners Retail Fund 1

Responsible entity: HMC Capital Investments Limited (ABN 34 606 555 480)

1. Application

Who does this Policy apply to?

- 1.1. This unit pricing discretions policy applies to HMC Capital Partners Retail Fund 1 (ARSN 666 525 677) (the **Fund**), managed and operated by HMC Capital Investments Limited (ABN 34 606 555 480) (**Responsible Entity**) as the responsible entity.
- 1.2. The discretions permitted under the Constitution of the Fund are exercised by the Responsible Entity. Although the functional elements of the unit pricing process are generally carried out by a third party, the Responsible Entity is not able to outsource its responsibility to Fund unitholders regarding the calculation of unit prices. The ultimate responsibility for ensuring that unit prices are determined appropriately lies with the Responsible Entity.

Reasons for this Policy

- 1.3. This policy outlines the basis on which the Responsible Entity determines unit prices for the Fund and circumstances where discretion may be exercised in doing so.
- 1.4. The Responsible Entity notes that the exercise of any discretion is subject to the general duties of a responsible entity under section 601FC of the Corporations Act, to exercise its powers and carry on its duties in the best interests of the unit holders and to exercise the discretions with a reasonable degree of care and diligence.
- 1.5. The Fund is a registered managed investment scheme and this Policy is designed to meet the applicable requirements of:
 - ASIC Corporations (Equality of Treatment Impacting on the Acquisition of Scheme Interests and CCIV Shares) Instrument 2023/697 (**ASIC Instrument 2023/697**); and
 - ASIC Corporations (Discretions for Setting the Issue Price and Withdrawal Price of Interests in Managed Investment Schemes) Instrument 2023/693 (**ASIC Instrument 2023/693**)(together, the **ASIC Instruments**).
- 1.6. The ASIC Instruments allow the Responsible Entity to set the consideration to be paid for interests and determine a matter that affects the method or formula used to calculate the unit price of the Fund where the conditions under the ASIC Instruments are met. This includes the documentation of the Fund's policy on the discretions permitted under the Constitution.
- 1.7. This Policy sets out the circumstances in which the Responsible Entity's discretion is exercised and aims to ensure that:
 - Application Prices / Redemption Prices and unit prices are calculated fairly and equitably;
 - The process of calculating unit prices is transparent and consistently applied;
 - The Responsible Entity treats investors of the Fund equally;
 - The methodologies adopted are reviewed at appropriate intervals and revised as necessary to meet commercial and regulatory requirements;

1.8. Related policies and regulatory overview:

- Corporations Act 2001 (Cth) (e.g. s 601FC(1)(j));
- ASIC Instrument 2023/697;
- ASIC Instrument 2023/693;
- The Responsible Entity's Valuation Policy;
- ASIC/APRA Unit Pricing: guide to good practice (RG 94).

2. Unit Pricing Process

- 2.1. The Constitution of the Fund prescribes a formula for calculating the consideration payable in connection with determining the Application Price and Redemption Price for units (as defined under the Constitution) in connection with applications for units and redemption requests.
- 2.2. The consideration payable in connection with an application for units and redemption of units in the Fund (after the date on which the issue of units in the Fund set at \$1.00 ceases to apply) is generally provided to be equal to the Net Asset Value (as defined by the Constitution) of the Fund divided by the number of units on issue in the Fund, taking into account any 'Transaction Costs' which may be permitted by the Constitution.

3. Discretions

- 3.1. The Responsible Entity has identified the following discretions that it is likely to exercise in determining the Application Price and Redemption Price for Fund units:
- valuation methodology, including the basis for valuing assets and liabilities, the timing of those valuations;
 - allowances for transaction costs (buy-sell spreads);
 - rounding-off of decimal places;
 - cut-off times by which applications and redemption requests must be received by the Responsible Entity in order for the transaction to be processed using that month's unit prices; and
 - timing of distributions.
- 3.2. If other discretions become relevant, this Policy will be updated so as to document the Responsible Entity's policy in relation to those discretions.

General Policy in relation to discretions

- 3.3. The policies outlined below in relation to the particular discretions specified are, in the Responsible Entity's opinion, reasonable and consistent with relevant ordinary commercial practice.
- 3.4. Nothing in this Policy restricts or fetters the Responsible Entity's power or discretion to alter any part of this Policy or to depart from this Policy in respect of a particular transaction or occasion, subject to relevant law.
- 3.5. If the Responsible Entity exercises a discretion for which there is no documented policy current at the time or in a way that involves a departure from this Policy, the Responsible Entity will prepare a document that sets out the following:
- the date on which the discretion was exercised;
 - if the discretion was exercised by a nominee, the identity of the nominee;
 - how the discretion was exercised;
 - an explanation as to why it was reasonable to exercise the discretion the way it was exercised; and
 - if the discretion was exercised in a way that was not consistent with the Fund's assets (**Assets**) being valued in accordance with ordinary commercial practice, an explanation as to why it was impracticable to do so.

Valuation methodology

- 3.6. The method of valuing Assets (and liabilities) for the purpose of determining the Net Asset Value of the Fund as the basis of the Application Prices and Redemption Prices of Units in the Fund are provided in the Constitution and the Valuation Policy adopted by the Responsible Entity in respect of the Fund.

Allowances for transaction costs (buy-sell spreads)

- 3.7. In accordance with the requirements of the Constitution and PDS, there are "transaction costs" that must be either added, or subtracted, from the Net Asset Value when determining the Application Price and Redemption Price for Fund units.
- 3.8. Estimated transaction costs are allocated when an investor applies for or redeems units in the Fund by incorporating a buy/sell spread in the relevant application or redemption price.
- 3.9. Consistent with ordinary industry practice, the Responsible Entity in the relevant case expresses transaction costs as a percentage which represents a reasonable approximation of

the costs and charges which would be incurred when investing a new contribution or when liquidating Assets to pay the redemption amount.

- 3.10. The purpose of taking into account this transaction costs factor is to protect investors from the costs generated by the transaction activity of other investors.
- 3.11. The transaction costs are therefore paid to the Fund to meet these costs and charges and are not received by the Responsible Entity in its personal capacity.
- 3.12. Relevantly, the Assets will, apart from limited cash reserves, comprise units in the HMC Capital Partners Trust C (**Underlying Fund**).
- 3.13. When the Assets include an interest in a HMC Capital operated trust (such as the Underlying Fund) the transaction cost and the buy sell spread will be determined having regard to the buy sell spread charged by the Underlying Fund to the Fund.
- 3.14. At least once each year, the Responsible Entity determines the transaction costs factor for the Fund after carefully considering up-to-date information in relation to relevant costs including:
 - buy sell spread of the Underlying Fund;
 - custody fees that are paid or incurred whilst transacting; and
 - administration costs.
- 3.15. By aggregating the Responsible Entity's estimates of the typical amount of each component, a transaction cost factor (or buy-sell spread) is determined for the Fund.
- 3.16. The amount that is to be charged to the Fund by way of transaction costs is, as at the adoption of this version of the Policy, an amount that will be stated in the PDS being the buy spread and the sell spread. Where used, these are to be reviewed annually by the Responsible Entity, to ensure that the current costs and charges that are being incurred by the Fund are still a true and accurate estimation of the actual underlying costs and charges. Reviews are also to occur in response to significant known changes affecting underlying costs and charges, such as changes to the buy sell spread of the Underlying Fund.
- 3.17. As at the date of this version of the Policy the Responsible Entity has also determined that when units in the Fund are issued to investors who elect to participate in the distribution reinvestment plan implemented by the Responsible Entity, it will allot those units at the prevailing Application Price on the distribution payment date.

Rounding-off of decimal places

- 3.18. The Responsible Entity has determined to observe the following policy in relation to the above calculations:
 - the Net Asset Value per unit will be rounded (up) to 4 decimal places; and

- transaction cost factors are not converted into dollar amounts and therefore do not need to be rounded as a separate component.
- 3.19. After the Net Asset Value per unit has been adjusted by the relevant percentage on account of the transaction cost factor, the following paragraphs will apply:
- the Application Price will be rounded up to the fourth decimal place where the unit price would otherwise include more than four decimal places;
 - the unit price payable in connection with a redemption of units will be truncated at the fourth decimal place where the unit price would otherwise include more than four decimal places; and
- 3.20. Where rounding has resulted in fractions of units that are not allocated to investors, any excess will remain in the Fund at all times.
- 3.21. The Responsible Entity considers the above approach to be reasonable because taking into account additional decimal places is unlikely to have a material impact on the investors concerned, having regard to the amount of the transaction in question. The above approach is consistent with ordinary commercial practice.

Determining a time at which unit prices are calculated

- 3.22. The Responsible Entity has discretion under the Constitution to determine when unit prices are calculated.
- 3.23. The Responsible Entity has exercised its discretion to determine that the unit price of the Fund will generally be calculated as stated in the PDS. Any departure from the Fund's specified valuation time in the PDS will be treated as a departure from this Policy and must be documented accordingly.
- 3.24. Unit pricing can be carried out using forward pricing or historical pricing:
- Forward pricing is when applications and redemption requests are processed using a price based on asset data effective after the applications have been received.
 - Historical pricing is when applications to buy and sell units are processed using a price calculated prior to the receipt of applications.
- 3.25. The Responsible Entity calculates unit prices by using forward pricing.
- 3.26. When using a forward pricing methodology, a cut-off time must be applied to determine which transactions will receive a particular unit price. Cut-off times are set out in the PDS. Cut-off times are applied to the time when the request is received and accepted by the Responsible Entity.
- 3.27. Applications or redemption requests received before the cut off time on a pricing day will receive the relevant price for that day. Transaction requests received after the pricing cut-off

time are processed using the unit price calculated on the next pricing day following the receipt of the transaction request.

- 3.28. There may be circumstances, where Responsible Entity determines that the value of the Assets or liabilities cannot reliably be calculated and to process transactions would give rise to inequities between transacting and non-transacting members. In such circumstances the Responsible Entity may determine that it is in the interest of members to suspend the calculation of unit prices. Decisions to suspend unit prices will be treated as a departure from this policy and documented accordingly.
- 3.29. Transactions received during the period of suspension will be processed using the unit price applicable on the first pricing day after lifting the suspension.
- 3.30. The Responsible Entity considers that this Policy and the PDS, as it relates to the time at which the value of Assets and liabilities of the Fund is determined, is reasonable on the basis that:
- it ensures Assets are valued at regular intervals appropriate to the nature of the Asset; and
 - it is consistent with current market practices relating to the valuation of assets and liabilities.

Timing of distributions

- 3.31. The timing of distributions can affect unit prices because, prior to a distribution, the unit price for the Fund will reflect the value of the Assets available for distribution.
- 3.32. Distributions are made at the times specified in the PDS, subject to there being sufficient distributable income.
- 3.33. The Responsible Entity considers the above policy to be reasonable because it is consistent with the disclosure made to prospective investors in the PDS and the Constitution of the Fund.

4. Record Keeping

- 4.1. In accordance with the ASIC Instruments, the Responsible Entity will retain the policy for seven years after the Policy ceases to be current. The Responsible Entity will also retain documentation of circumstances where the exercise of discretions are not covered by the Policy or involves a departure from the Policy. The Responsible Entity will also retain documentation of circumstances where the exercise of discretions are not covered by this Policy or involves a departure from this Policy and these will be available from us free of charge.

5. Policy Updates

- 5.1. This Policy may be updated from time to time. The Policy is generally reviewed on an annual basis to ensure that it remains relevant, current and compliant with all applicable laws,

standards and guidance notes, to the extent that they are applicable. You may request a copy of the most current version of the Policy at no charge by contacting us at invest@hmcccapital.com.au or by phone on 1300 466 326.

6. Ownership and Version Control

Policy Owner	Chief Financial Officer
Version	3.0
Date	May 2024
Classification	Internal and External Use
Team	Chief Financial Officer
Revisions	Version 1 – March 2023 – Introduced at Fund establishment Version 2 – May 2024 – Periodic review Version 3 – September 2024 – Update to reflect Fund name change