

Unit Pricing Discretion Policy



BendigoWealth

What is this policy about?

This policy details the background considerations used in reaching decisions regarding the discretions used by Sandhurst Trustees Limited (Sandhurst) as responsible entity, in calculating unit prices for our unitised funds. This policy provides guidance on how Sandhurst will exercise the discretions permitted under the constitution of each Fund to determine the application price and withdrawal price.

Our policy may change from time to time and we will ensure that the latest policy is available upon request at no cost to an investor in any of the funds to which this policy applies.

Which funds does this policy apply to?

Sandhurst applies this policy to the unitised managed investment schemes listed below, collectively referred to as the “Funds” in this policy or individually as the “Fund”.

Bendigo Managed Funds

- Sandhurst Future Leaders Fund (ARSN 100 172 601)
- Sandhurst Industrial Share Fund (ARSN 090 472 325)
- Bendigo Growth Fund (ARSN 100 172 736)
- Bendigo Conservative Fund (ARSN 100 172 665)
- Bendigo Balanced Fund (ARSN 100 172 718)

Sandhurst Professional Series

- Sandhurst Professional IML Australian Share Fund (ARSN 119 357 809)
- Sandhurst Professional IML Industrial Share Fund (ARSN 119 357 498)
- Sandhurst Professional IML Future Leaders Fund (ARSN 119 357 756)
- Sandhurst Professional GVI Global Industrial Fund (ARSN 119 357 890)
- Sandhurst Professional IML Value & Income Fund (ARSN 135 917 421)

Bendigo Managed Wholesale Funds

- Bendigo Conservative Wholesale Fund (ARSN 100 445 609)
- Bendigo Balanced Wholesale Fund (ARSN 100 445 341)
- Bendigo Growth Wholesale Fund (ARSN 100 445 476)
- Bendigo Defensive Wholesale Fund (ARSN 152 963 749)
- Bendigo High Growth Wholesale Fund (ARSN 152 963 767)
- Bendigo Defensive Index Fund (ARSN 152 963 801)
- Bendigo Conservative Index Fund (ARSN 152 963 641)
- Bendigo Balanced Index Fund (ARSN 152 963 669)
- Bendigo Growth Index Fund (ARSN 152 963 687)
- Bendigo High Growth Index Fund (ARSN 152 963 721)

Other Funds

- Sandhurst IML Industrial Share Fund (ARSN 095 143 294)
- Sandhurst Strategic Income Fund (ARSN 151 201 106)
- Bendigo Diversified Fixed Interest Fund (ARSN 168 542 103)

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How do we calculate our unit prices?

The method used to calculate the application and withdrawal price for units in each Fund is set out in the Fund's constitutions.

The application price is calculated by dividing the net asset value of the Fund by the number of units in issue and then adjusting the result of this calculation up for transaction costs (if any).

The withdrawal price is calculated by dividing the net asset value by the number of units in issue and then adjusting the result of this calculation down for transaction costs (if any).

Multi-class pricing

'Multi-class pricing' is a term used to describe the pricing of a Fund where more than one class of units is issued. All classes of a multi-class Fund share common assets, transaction costs and some common liabilities, such as audit fees. Each class may have different management fees.

The unit price for a particular class is calculated based on the proportion of the net asset value of the Fund which relates to that class divided by the total units issued in that class.

The application price is calculated by dividing the net asset value referable to that class by the number of units in issue in that unit class and then adjusting the result of this calculation up for transaction costs (if any).

The withdrawal price is calculated by dividing the net asset value referable to that class by the number of units in issue in that class of unit and then adjusting the result of this calculation down for transaction costs (if any).

What type of discretions do we exercise?

Sandhurst has identified the following discretions that it is likely to exercise in calculating the application and withdrawal price of each Fund:

- Determining the transaction costs (buy/sell spread)
- Determining the total net asset value of the Fund and selection of valuation methods
- Determining a time at which unit prices are calculated
- Allocation of units in the Fund
- Rounding of unit prices and/or
- Suspension of unit prices

Determining the transaction costs (buy/sell spread)

Transaction costs are Sandhurst's estimate of the total transaction cost the Fund incurs to buy the assets of the Fund (for applications) or sell those assets (for withdrawals).

Transaction costs typically incurred on the purchase/sale of an asset include:

- brokerage fees
- stamp duty
- term deposit break fees and
- the transaction costs of an underlying fund that our Funds may invest in.

The transaction cost is added to or subtracted from the net asset value unit price to obtain the application price or the withdrawal price respectively. It is commonly referred to as the buy/sell spread. The application of the buy/sell spread aims to ensure that each member bears the same proportion of transaction costs associated with their entry to, or exit from, the relevant Fund.

We exercise our discretion by assigning a value to the transaction costs. In arriving at a value, Sandhurst estimates the transaction costs based on costs incurred historically on transactions for the Funds (e.g. transaction costs charged by the fund managers we invest with), as well as experience in buying or selling similar assets.

We consider our policy on discretions relating to transaction costs to be reasonable because it ensures that transaction costs relating to the application and/or withdrawal of units are fairly allocated to the applicable investors, and are not unfairly borne by all investors in the applicable Fund.

Determining the total net asset value of the Fund and valuation methods

Sandhurst is permitted to determine valuation methods and policies for each category of asset in respect of a Fund and is permitted to change these methods and policies from time to time. Sandhurst uses the 'Market Value' to value investments in each Fund, unless Sandhurst determines otherwise.

Market Value is determined by applying the appropriate accounting policies and Financial Services Council standards and guidelines, relevant to each Fund.

The net asset value of each of the Funds is determined by calculating the gross asset value of the assets and subtracting the liabilities (excluding unit holder funds) of the Fund. The assets and liabilities of the Funds are determined using Australian Accounting Standards.

Determining the net asset value involves an exercise of discretion in calculating the value of the Funds' assets and where applicable, assigning a value to those liabilities which have not been quantified at the time of calculation.

Where the value of a liability is uncertain at the time of calculation, we will value the liability in accordance with Australian Accounting Standards. We consider this reasonable as it is consistent with ordinary commercial practice and is equitable to investors.

The major components of the net asset value of our Funds are summarised below:

1. Valuation of investments

In valuing the investments of the Funds, Sandhurst uses the most recent market prices available to it at the time to carry out the valuation. Where market prices are not available (for example, because the investment is not traded on a market), Sandhurst will calculate the value using the best information available to it, including by reference to comparable investments. Sandhurst may employ independent valuers or sources of information in determining these values (for example Bloomberg).

In valuing the investments of each Fund, Sandhurst also applies valuation practices which are consistent with ordinary market practice.

2. Valuation of cash

Valuation of cash does not involve discretion of the responsible entity. The value of cash held by the Funds is equal to the face value of the cash held.

3. Dividends and distributions receivable

Dividends and distribution entitlements are recognised as income and a corresponding asset on the date the share or managed fund is quoted ex-dividend.

4. Accrued expenses

Accrued expenses and other liabilities are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

5. Provision for distribution

The distribution is the amount returned to unit holders as a distribution of a Fund's income during the year. The amount of the distribution is determined by reference to the taxable income of the Fund. At our discretion we may make a return of capital to unit holders. The liability for the 'provision of distribution' is booked at the end of the distribution period.

Where we reasonably believe that if the latest financial information does not accurately reflect the fair value of investments, investments will be valued according to Australian Accounting Standards and industry practice. Any valuation obtained will be used in determining the net asset value of the relevant Fund assets.

We consider the valuation methods used to determine the net asset value of the Funds' assets to be reasonable, as the valuation methods are in accordance with each Fund's constitution and is consistent with industry practice.

Allocation of units in the Fund

The timing of the issue or withdrawal of units is determined based on the date the application or withdrawal request is 'received and accepted' by Sandhurst. Application and withdrawal requests are 'accepted' when all the required details and application amount (if relevant) are provided by the applicant or the unit holder, as the case may be.

The relevant Product Disclosure Statement (PDS) outlines cut-off times for the receipt and acceptance of application and withdrawal requests. Application and withdrawal requests received before the cut off time will be processed using the price relevant to that period. Application and withdrawal requests received after the cut off time will be processed using the price relevant at the next pricing period.

The cut-off time for accepting application, reinvestment and withdrawal requests is necessary to enable the unit pricing process to function efficiently. We consider forward pricing and the use of cut-off times to be reasonable as the process does not systematically disadvantage any identifiable unit holder or groups of unit holders, minimises any arbitrage opportunity, is in accordance with industry practice and is a practical and cost effective approach to unit pricing. Any changes in the cut-off times will be made available to unit holders.

We may delay or refuse a withdrawal request if it is in the best interests of the unit holders as a whole, that the withdrawal of a unit holders investment or part of a unit holders investment be delayed or refused as outlined in the relevant Fund's constitution. The circumstances in which a withdrawal request may be refused or delayed include in-specie movements (in-specie movements are large individual movements in or out of the Fund), the size of the unit holder's investment, the number of unit holders as a whole, the relative liquidity of the relevant Fund and whether the disposal of an asset is required to satisfy the redemption request.

We believe this policy is reasonable as it safeguards the interests of unit holders as a whole and is in accordance with the Funds' constitutions and industry practice.

Rounding of Unit Prices

Each Fund's constitution allows us to round unit prices to at least three decimal places or some other amount at the discretion of the responsible entity. We round the Application Price and Withdrawal Price up to six decimal places.

Each Fund's constitution allows us to round units issued to at least three decimal places or some other amount at the discretion of the responsible entity. Units issued are rounded up to four decimal places. Rounding adjustments are carried forward to the next day's unit price.

This discretion is exercised whenever a unit price is calculated. The rounding process is built into the unit pricing system to ensure consistency and equity between investors.

We consider our rounding process to be reasonable as it ensures consistency and equity between investors and is in accordance with the Funds' constitutions and industry practice.

Suspension of Unit Prices

Unit prices are calculated daily. There may be times when it is necessary to suspend unit pricing if we believe it is in the best interests of the Funds' unit holders.

Unit pricing will be suspended if there are conditions, internal or external, where it may be inappropriate to issue a unit price. Unit pricing will not recommence until any deficiencies have been rectified. Applications and withdrawals received during suspension will receive the unit price applicable to the day of the instruction, and will be processed as soon as practically possible.

We believe this policy is reasonable as it safeguards the interests of unit holders as a whole and is in accordance with the Funds' constitutions and industry practice.

Responsible entity fees (Management costs)

We may exercise discretion in determining the amount of the fees received by Sandhurst. The exercise of this discretion affects the value of the Funds' assets and therefore indirectly affects the unit price of the Funds. The Funds' constitutions allow responsible entity fees to be charged up to a maximum percentage.

The PDS of the relevant Fund will detail these maximums and the actual responsible entity fees to be charged under the current PDS offering. These amounts cannot be increased by Sandhurst without providing prior notice to unit holders.

We consider the policy on application, redemption and management fees to be reasonable as it is in accordance with the Funds' constitutions and industry practice.

What records are retained?

The exercise of our discretion in determining the unit prices will be documented in writing and retained for a period of 7 years in accordance with the Class Order [13/657]. Documents recording the Funds' financial information, independent valuations (if any) and information used in the exercise of our discretion will also be retained.

What if we deviate from this unit pricing policy?

We are required to keep a record of the exercise of any discretion not covered by this unit pricing policy or which deviates from this unit pricing policy. The exercise of discretion that is not covered by, or deviates from this unit pricing policy, will be documented in writing and retained for a period of 7 years. These documents (if any) recording the exercise of discretion will be available free of charge on request.

We consider the ability to depart from this unit pricing policy as reasonable as it safeguards the interests of unit holders where conditions arise that have not been outlined in or contemplated by this unit pricing policy. Any deviation from this unit pricing policy will be documented in accordance with the relevant Class Order [13/657].

More information

If you have any questions or would like further information on this unit pricing policy, please contact us:

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