

This Corporate Governance Statement, which has been approved by the Board, describes the corporate governance policies, framework and practices of Eildon Funds Management Limited (**Manager**) in its capacity as responsible entity of Eildon Capital Trust (**Trust**). This statement is current as at **30 June 2020**.

The board of the Manager may from time to time establish an oversight committee. The responsibilities of that committee may include the oversight of this statement.

ASX CG Principles	Compliance by the Manager
<p><b>Principle 1 – Lay solid foundations for management and oversight.</b></p> <p><i>A listed entity should establish and disclose the respective roles and responsibilities of board and management and how their performance is monitored and evaluated.</i></p>	
<p><b>Alternative to recommendation 1.1 for externally managed listed entities:</b></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>The business of the Trust is managed under the direction of the board of the Manager which is responsible for its corporate governance. The board comprises Mr John Hunter, Mr Mark Avery and Mr Jonathan Sim (<b>Board</b>).</p> <p>The Board has established an Oversight Committee that has the objective of reviewing and direction the ongoing operations of the Trust, including the oversight of the day-to-day operations of the Trust. The Oversight Committee will be responsible for making recommendations to the Board regarding the ongoing operations of the Trust.</p> <p>The Oversight Committee comprises all the members of the board of directors of Eildon Capital Limited, which currently comprises Mr Mark Avery, Mr James Davies, Mrs Michelle Harpur and Mr Craig Treasure.</p> <p>The Board meets on a regular basis and is required to discuss and consider pertinent business developments recommended by the Oversight Committee. This includes investment decisions and issues, and review the operations and performance of the Trust. The Board will seek to ensure that the investment strategy is aligned with the expectations of unitholders and the Trust is effectively managed in a manner that is properly focused on its investment strategy as well as conforming to regulatory and ethical requirements.</p> <p>Provision is made at each regular meeting of the Board for the consideration of critical compliance and risk management issues as they arise.</p> <p>The primary objectives of the Board, as recommended by the Oversight Committee, will be to:</p> <ul style="list-style-type: none"> <li>• Set and review the strategic direction of the Trust;</li> <li>• Approve all material transactions;</li> </ul>



<b>ASX CG Principles</b>	<b>Compliance by the Manager</b>
	<ul style="list-style-type: none"><li>• Approve and monitor financial policies and financial statements;</li><li>• Establish, promote and maintain proper processes and controls to maintain the integrity of financial accounting, financial records and reporting;</li><li>• Develop and implement key corporate policies, procedures and controls as necessary to ensure appropriate standards of accountability, risk management and corporate governance and responsibility;</li><li>• Ensure unitholders receive high quality, relevant and accurate information on a timely manner;</li></ul>

**Recommendations 1.2 to 1.7 do not apply to an externally managed listed entity**

**Principle 2 – Structure the board to add value**

*A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively*

**Recommendations 2.1 and 2.2 do not apply to an externally managed listed entity**

**Recommendation 2.3**

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

The Board does not currently have any directors which it considers independent.

Directors must disclose any material personal or family contract or relationship in accordance with the *Corporations Act 2001*. Directors also adhere to constraints on their participation and voting in relation to matters in which they may have an interest in accordance with the *Corporations Act 2001* and the Manager's policies.

Details of offices held by Directors with other organisations are set out in the Directors' Report. Full details of related party dealings are set out in notes to the Manager's accounts as required by law.

John Hunter has been a director of the Manager since 24 December 2014. Mark Avery has been a director of the Manager since 30 April 2015. Jonathan Sim has been a director of the Manager since 1 August 2019.

**Recommendations 2.4 to 2.6 do not apply to an externally managed listed entity**

**Principle 3 – Act ethically and responsibly**

*A listed entity should act ethically and responsibly.*

**Recommendation 3.1**

A listed entity should:

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

The Board has adopted a Directors' Code of Conduct, which is based upon the Australian Institute of Company Directors' Code of Conduct. It requires the Directors to act honestly, in good faith, and in the best interests of the Manager as a whole, whilst in accordance with the letter (and spirit) of the law.

**Principle 4 – Safeguard integrity in corporate reporting**

**A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting**

**Recommendation 4.1**

The board of a listed entity should:

- (a) have an audit committee which:
  - (i) has at least three members, all of whom are nonexecutive directors and a majority of whom are independent directors; and
  - (ii) is chaired by an independent director, who is not the chair of the board, and disclose:
    - (A) the charter of the committee;
    - (B) the relevant qualifications and experience of the members of the committee; and
    - (C) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit

The Board has established an Audit and Risk Committee to review the integrity of the reporting of the Trust.

The Audit and Risk Committee has three members: Michelle Harpur (Chairperson), James Davies and Craig Treasure. The members of the Audit and Risk Committee comprise members of the Oversight Committee.

All members of the Audit and Risk Committee are Independent. The majority of the Committee are independent as is the Chairperson.

The Audit and Risk Committee operates under an approved charter.

The Audit and Risk Committee has authority (within the scope of its responsibilities) to seek any information it requires from any employee of the Manager or external party. Members may also meet with auditors (internal and/or external) and consult independent experts, where the Audit and Risk Committee considers it necessary to carry out its duties.

All matters determined by the Audit and Risk Committee are submitted to the full Board as recommendations for Board decisions. Minutes of an Audit and Risk Committee meeting are tabled at a subsequent Board meeting. Additional requirements for specific reporting by the Audit and Risk Committee to the Board are addressed in the Charter.

The purpose of the Audit and Risk Committee is to assist the Board in fulfilling its responsibilities relating to the financial reporting and accounting practices.

Its key responsibilities are to:

- review and recommend to the Board the financial statements (including key financial and accounting principles adopted by the Manager); and
- assess and recommend to the Board the appointment of external auditors and monitor the conduct of audits.

The Manager has in place the following processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

In the event of a vacancy for the position of external auditor, the Audit Committee, will conduct a selective formal tender process to select which

<p>engagement partner.</p>	<p>audit firm will fill the vacancy. Potential audit firms selected will be evaluated in accordance with set criteria from time to time, including but not limited to:</p> <ul style="list-style-type: none"> <li>• skills and knowledge of the proposed audit team;</li> <li>• quality of work;</li> <li>• independence of the audit firm;</li> <li>• lead signing partner, independent review and partner rotation;</li> <li>• value for money;</li> <li>• succession planning; and</li> <li>• ethical behaviour and fair dealing.</li> </ul> <p>The external auditor is required to rotate its audit partners so that no partner of the external auditor is in a position of responsibility in relation to the Trust's accounts for a period of no more than five consecutive years.</p>
<p><b>Recommendation 4.2</b></p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Before the Board approves the Trust's financial statements, it receives declarations of the CEO and the CFO of the Manager that, in their opinion, the financial records of the Trust have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company, and that their opinion has been formed on the basis of a sound risk management system and internal controls which are operating effectively.</p>

<p><b>Recommendation 4.3</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>As the Trust does presently intend to hold an AGM, this Recommendation is not applicable. If the Trust were to hold an AGM in the future, the Recommendation would be complied with.</p>
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**Principle 5 – Make timely and balanced disclosure**

*A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.*

<p><b>Recommendation 5.1</b></p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Manager has a Disclosure and Communications Policy.</p> <p>The Board is committed to:</p> <ul style="list-style-type: none"> <li>the promotion of investor confidence by ensuring that trading in the Trust’s units takes place in an efficient, competitive and informed market;</li> <li>complying with the Trust’s disclosure obligations under the ASX Listing Rules and the <i>Corporations Act 2001</i>; and</li> <li>ensuring the stakeholders have the opportunity to access externally available information issued by the Manager.</li> </ul> <p>The Company Secretary is responsible for coordinating the disclosure of information to Regulators and shareholders and ensuring that any notifications/reports to the ASX are promptly posted on the Manager’s website.</p>
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**Principle 6 – Respect the rights of security holders**

*A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.*

<p><b>Recommendation 6.1</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>Information about the Trust and its corporate governance items are posted on its website at <a href="http://www.eildoncapital.com/investor-info.html">www.eildoncapital.com/investor-info.html</a></p>
<p><b>Recommendation 6.2</b></p> <p>A listed entity should design and</p>	<p>The Board has adopted a Disclosure and Communication Policy that</p>

<p>implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>describes the Board’s policy for ensuring shareholders and potential investors of the Trust receive or obtain access to information publicly released.</p> <p>The Manager’s primary portals are its website, Annual Report, Half-Yearly Report, and notices to the ASX.</p> <p>The Company Secretary oversees and coordinates the distribution of all information by Trust to the ASX, unitholders, the media and the public.</p>
<p><b>Recommendation 6.3</b></p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>The Manager recognises the importance of unitholder interaction and supports the principle of participation. If any general meetings are held, the Manager will provide the required documents to, and inform unitholders, run the meeting as required and make the required ASX disclosures.</p>
<p><b>Recommendation 6.4</b></p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>The Trust provides its security holders with an electronic communication option.</p>
<p><b>Principle 7 – Recognise and manage risk</b></p> <p><i>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</i></p>	
<p><b>Recommendation 7.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p style="margin-left: 20px;">(i) has at least three members, all of whom are independent directors; and</p> <p style="margin-left: 20px;">(ii) is chaired by an independent director,</p>	<p>Given the size, scale and nature of the Manager, there is not a separate risk committee. The Audit and Risk Committee considers the issues that would otherwise be a function of a separate risk committee.</p> <p>In carrying out its risk duties, the Audit and Risk Committee will:</p> <ul style="list-style-type: none"> <li>• review and monitor risks and the implementation of mitigation measures for those risks as appropriate;</li> <li>• monitor the Manager’s compliance with its statutory obligations;</li> <li>• review and monitor the adequacy of management information and internal control systems; and</li> <li>• ensure that any shareholder queries relating to such matters are</li> </ul>

<p>and disclose:</p> <p>(A) the charter of the committee;</p> <p>(B) the members of the committee;</p> <p>(C) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>dealt with expeditiously.</p> <p>The Audit and Risk Committee is responsible for ensuring that:</p> <ul style="list-style-type: none"> <li>• there are adequate policies for the oversight and management of material business risks;</li> <li>• there are effective systems in place to identify, assess, monitor and manage the risks and to identify material changes to the risk profile; and</li> <li>• arrangements are adequate for monitoring compliance with laws and regulations applicable to the Trust.</li> </ul>
<p><b>Recommendation 7.2</b></p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>As the operations commenced on 24 April 2020 following the restructure of Eildon Capital into a stapled company and trust, a formal review has not been completed by the Audit and Risk Committee. However, management is in the process of undertaking a full review considering the impact of both the restructure and COVID-19.</p>
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p>	<p>Given the size, scale and nature of the Trust, the Manager does not have an internal audit function. The Audit and Risk Committee receives and reviews material business risks as part of the Trust's risk management framework .</p>

<p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	
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<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Board has adopted a Risk Management Statement which outlines the process for identifying, monitoring and mitigating risks as well as generic sources of risk. This is reviewed on an annual basis.</p>
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**Principle 8 – Remunerate fairly and responsibly**

*A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives to align their interests with the creation of value for security holders.*

<p><b>Alternative to recommendations 8.1, 8.2 and 8.3 for externally managed listed entities</b></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p><b>Management fee</b></p> <p>The Manager is entitled to be paid a management fee equal to:</p> <ul style="list-style-type: none"> <li>• one twelfth of 0.75% of the net trust value; plus</li> <li>• one twelfth of 1% of invested capital in accordance with the investment strategy of the Trust,</li> </ul> <p>calculated as at the last day of the previous month and payable no later than the last Business Day of the month, provided that each month the management fee shall not be less than \$15,000.</p> <p><b>Performance fee</b></p> <p>The Manager is entitled to be paid a performance fee of 20% of the increase in the unit capital growth of the Trust, after taking into account capital returns and distributions paid to unitholders, above an annualised investment hurdle of 9% per annum at the end of each financial year.</p> <p>The calculation of the performance fee is as follows:</p> <p>Performance Fee = 20% x (Number of Ordinary Units x (Actual Return – Hurdle Return))</p> <p>Where:</p>
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"Number of Ordinary Units" means the weighted average number of units on issue during the calculation period;

"Actual Return" means, the closing unit price minus the opening unit price plus distributions during the calculation period; and

"Hurdle Return" means, the opening unit price multiplied by 9%.

The price of a Unit for the purposes of the Actual Return and Hurdle Return will be the market price of a stapled security of the Eildon Capital Fund less the price of the attached share in Eildon Capital Limited, where the price of the attached share will be the net tangible asset backing of the share.

***Custodian fee***

If the Manager provides a custodial function for the Trust, the Manager is entitled to a custody fee of up to 1% per annum of the gross value of the assets.

***Reimbursement of costs, charges and expenses***

The Manager is entitled to recover all costs and expenses it incurs in the proper performance of its duties as responsible entity for the Trust, including in relation to the establishment, registration, operation, administration and management of the Trust including:

- preparation, postage, electronic transfer and the like of cheques, certificates, investment advices, accounts, distribution statements, and other communications sent to one or more members of the Trust;
- establishment and maintenance of registers and accounting records;
- convening and holding any meetings;
- the acquisition, holding, management, maintenance, valuation or disposal or attempted or proposed acquisition or disposal of or any other transaction in relation to investments and the investigation and research of markets including travel and accommodation expenses, investment or portfolio manager's fees and advisors' and consultants' fees incurred in carrying out the functions of the responsible entity or the custodian, taxes and rates;
- preparation and auditing of accounts and preparation of taxation returns;
- taxes and bank charges which are or may be imposed on or about the performance or exercise of the duties and powers of the custodian or the responsible entity and otherwise in respect of the Trust;
- establishing the Trust and any restructuring of the Trust including costs of preparation of this document and any supplemental deed

and the cost of legal, accounting, tax, financial and other services;

- issue of Trust securities, including preparation, registration, promotion and distribution of any disclosure document or other offer document;
- retaining delegates, custodians, agents, investment or portfolio managers, economists, researchers, valuers, advisers, brokers, underwriters, contractors, barristers, solicitors (including solicitors' costs on a full indemnity basis) and other persons retained in the exercise of their powers or the discharge of their duties;
- operation and maintenance of computer hardware and software and other equipment;
- development of computer hardware and software and other equipment;
- any court proceedings, arbitration or dispute and obtaining legal advice;
- retirement or removal of the custodian or responsible entity and the appointment of another person as custodian or responsible entity;
- the issue, redemption and transfer of Trust securities; and
- promoting the Trust to, or communicating with, members of the Trust, potential investors and their advisers.

***Termination fees***

In the event that the Manager is terminated as responsible entity for the Trust it is entitled to the following amounts:

- 12 times the amount of the monthly management fee based on the fee payable in the month immediately preceding the month in which the termination occurred; plus
- the performance fee (calculated up until the date the Manager is terminated as responsible entity for the Trust); plus
- any expenses incurred by the Manager before the date of termination which it is entitled to be reimbursed which have not yet been recovered.

The Manager will be entitled to recover all such fees and expenses from the assets or income of the Trust.