

Risk Management Policy

Adopted on **8 December 2016**

Table of Contents

1.	Introduction	3
2.	Overview of Risk Management System	3
3.	Context	4
4.	Organisational Structure	5
5.	Risk Identification	5
6.	Risk Assessment	5
7.	Risk Evaluation	6
8.	Risk Treatment	6
9.	Monitoring and Review	6
10.	Communication and Reporting	6
11.	Record Keeping	7
12.	Outsourcing Risks	7
13.	Responsible Entities Risk	7
14.	Document Ownership, Sign-off and Version control	8

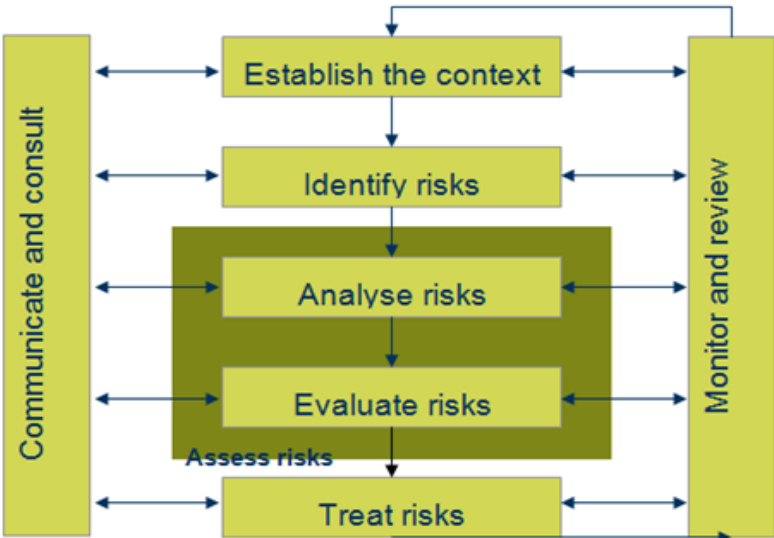
SECTION A – INTRODUCTION

1. Introduction

- 1.1 This Risk Management Policy (“**Policy**”) describes Propertylink Group’s (“**Propertylink**”) risk management system as it relates to the operations of Propertylink and the operation of any its own registered managed investment schemes (each a **Fund**). The risk management system refers to the systematic method of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risks associated with the provision of financial advice and dealing in financial products to minimise losses and maximise opportunities by an authorised representative or itself.
- 1.2 The Chief Executive Officer (**CEO**) is committed to ensuring the adequacy of this risk management system and to ensuring that risks are adequately and appropriately addressed in a timely manner.
- 1.3 It is the policy of Propertylink to adhere to this Policy at all times.

2. Overview of Risk Management System

- 2.1 The methodology set out in the Australian and New Zealand Standard on Risk Management Systems (AS/NZS 4360-2004) has been used as a benchmark in preparing this Policy and may be used to assist in monitoring and implementing risk management measures. The key elements of Propertylink's risk management system are shown below.



Source: Section 3. AS/NZS 4360

3. Context

3.1 Strategic and Organisational Context

Propertylink (Holdings) Limited considers it is good business practice to have a structured approach to identify, analyse, evaluate and treat risks within the business.

Propertylink Investment Management Ltd, as a holder of an Australian Financial Services Licence ("**AFSL**"), under section 912A(1)(h) of the Corporations Act 2001 ("**Corporations Act**") requires (amongst other things) an adequate risk management systems.

3.2 Risk Management Context

The major aspects of risk management for Propertylink in terms of its own operations and those pertaining specifically to the operation of a Fund are:

- (a) **Identify** all the potential risks faced by Propertylink and the Fund and use the appropriate tools in applying them to Propertylink's operations and processes;
- (b) **Analyse and measure** the risks in terms of likelihood and consequence and then using this information for decisions on the method of controlling the potential risk;
- (c) **Select and implement** appropriate steps to manage the identified risks; and
- (d) **Monitor** the risk management program to ensure that the steps taken are working and continue to be appropriate in a dynamic operating environment.

This Policy addresses the following sources of risk identified by Propertylink:

(a) Financial Risk

Financial risk refers to Propertylink's ability to maintain solvency at all times and to meet the financial requirements of Propertylink's Australian Financial Services Licence ("**AFSL**") as they relate to the operation of Propertylink and specifically to each Fund. It also addresses the risks faced by Propertylink in failing to adequately plan its business operations resulting in revenue losses.

(b) Operational Risk (including Legal and Reputational Risk)

In this context, operational risk covers, but is not limited to, issues such as technology risk (including processing risks), reputational risk, fraud, compliance, outsourcing, business continuity planning, legal risk and key person risk. Specifically, the organisational structure of Propertylink

assumes all business related responsibility to the Chief Executive Officer (CEO) of Propertylink, which impacts on Propertylink's operational risk.

(c) **Fund Investment Risk (including Investment Risk, Liquidity Risk and Counterparty Risk)**

Investment risk is derived from a number of sources, including market risk (e.g. equity, interest rate and foreign exchange risk), credit risk and investment concentration risk.

4. Organisational Structure

- 4.1 Propertylink has established a functional organisational structure to support its risk management processes, the CEO with the support of the Compliance Officer is responsible for risk management matters relating to the operation of Propertylink.
- 4.2 External consultation on compliance and risk management practice is engaged frequently.
- 4.3 Propertylink recognises that risk management is an integral part of good management practice. Risk management is integrated into Propertylink's philosophy, practices and business plan and a culture of compliance is promoted.
- 4.4 Propertylink's Compliance Plan further outlines the specific roles and responsibilities of Propertylink's key staff in relation to risk management.

5. Risk Identification

- 5.1 Propertylink has undertaken a process to identify risks impacting on its operations that need to be managed. Certain material risks have been identified and these are set out in the Propertylink Risk Management Register. Business continuity risks are identified in Appendix 1 of the Business Continuity and Disaster Recovery Plan.

6. Risk Assessment

- 6.1 The Compliance Officer assesses the risks identified. This assessment process involves a consideration of the following:
 - (a) the likelihood of the event occurring; and
 - (b) the impact of the identified risk on Propertylink (or the Fund(s), where relevant) if it occurred.

- 6.2 The likelihood and impact are then combined to determine the overall risk.

7. Risk Evaluation

- 7.1 Propertylink has adopted qualitative criteria to evaluate levels of risk - this criteria takes account of the fact that certain risks are unquantifiable.
- 7.2 Propertylink evaluates each risk and prioritises the assessed risk in order to establish which risks need to be treated. Propertylink also considers the existing risk control procedures and assesses what (if any) further action is required.

8. Risk Treatment

- 8.1 Propertylink has implemented appropriate control mechanisms in place to ensure that the risks identified and assessed are appropriately and adequately managed. These control mechanisms are set out for each identified material risk in the Risk Register. Business continuity procedures are outlined in Appendix 1 of the Business Continuity and Disaster Recovery Plan.

9. Monitoring and Review

- 9.1 The Audit, Risk, Corporate Governance and Compliance Committee will ensure that this Policy is reviewed annually to ensure it provides an adequate framework to monitor the operating circumstances that may impact on the risk profile of Propertylink.
- 9.2 As part of Propertylink's annual external compliance review, the external compliance consultant will, as required, review Propertylink's risk management framework as it relates to the risks associated with the operation of Propertylink. Reports from the compliance plan auditor will be presented for the review and consideration of the Compliance Officer.

10. Communication and Reporting

- 10.1 Appropriate personnel are provided with a copy of or access to this Policy and receive any necessary training in respect of relevant risk management systems.
- 10.2 The Compliance Officer provides quarterly compliance declarations to the Audit, Risk, Corporate Governance and Compliance Committee which highlight any issues detected in the performance of the risk management system of

Propertylink. This includes the identification, evaluation and management of further potential risks affecting Propertylink.

11. Record Keeping

- 11.1 The Compliance Officer and CEO are responsible for ensuring that adequate records are kept of the risk management system to enable the process to be reviewed.

12. Outsourcing Risks

12.1 **Providers:**

- a) Propertylink engages the services of the firms as listed in the Outsourcing Register.

12.2 **Meetings and Exchange of Information:**

- a) Meetings are held a minimum of every twelve (12) months, or as requested, according to the Outsourcing Policy.

12.3 **Changes of Policies and Procedures:**

- a) Changes of procedures are discussed at meetings and reviewed in accordance with Propertylink's Compliance Calendar.

12.4 **Communication to the Chief Executive Officer:**

- a) Any changes to the service or breaches of Service Level Agreements are communicated to the Chief Executive Officer of Propertylink quarterly.

12.5 **Conflicts:**

- a) None known.

13. Responsible Entities Risk

- 13.1 Our risks as a Responsible Entity are identified and addressed in the separate Compliance Plans required by our AFSL.

14. Document Ownership, Sign-off and Version control

- 14.1 The Risk Management Policy was first approved by the Board in 2013. Control of the Code resides with the Compliance Officer. The following table details the current and any previous versions of this document, including descriptions of key changes between versions:

Version	Date of Release	Key changes from previous version
V1.0	Insert date	Document creation
V2.0	March 2016	Substantial update and formatting changes
V2.1	8 Dec 2016	Slight amendment to Section 13.

END