

HASTINGS FUNDS MANAGEMENT LIMITED AUDIT AND COMPLIANCE COMMITTEE CHARTER

1. Purpose

The Audit and Compliance Committee is established by Hastings Funds Management Limited (“HFML”) in its own capacity and as responsible entity of HFML funds (“Funds”), consistent with the requirements of the Corporations Act and Regulations.

The Committee is to provide independent assurance to the Board of Directors of HFML, including any of its subsidiaries that may be controlled by HFML from time to time and any entities for which HFML acts as trustee or responsible entity, on the appropriateness of HFML’s accountability and control framework.

The Committee will review, monitor and, where necessary, recommend to the Board of HFML improvements to:

- the internal control processes;
- the financial reporting process;
- the financial management framework;
- the functioning of the compliance and internal audit function;
- the external audit process; and
- the risk management framework.

2. Scope and Responsibilities

The Committee will:

Financial Management and Internal Controls

- Review and to report to the Board on financial information, prior to its release to the ASX and security holders;
- Review all significant accounting policy changes and, where appropriate, make recommendations to the Board;
- Monitor and report to the Board on the framework, adequacy and security of the internal financial controls, and the accounting and management information systems;
- Monitor procedures and compliance with the Corporations Act and other financial reporting obligations including the ASX Listing Rules;
- Review the financial risks annually to ensure that key financial risk areas are identified and managed; and
- Evaluate and monitor commercial, financial and administrative risk.

Compliance Function

- Review reports received from the Company Secretary and Head of Compliance;
- Commission such enquiries by the Company Secretary and Head of Compliance as the Committee deems appropriate.

External and Internal Audit

- Recommend to the Board the appointment and termination of the external auditor of the Funds;
- Report to the Board on the performance of the external and internal auditors;
- Consider and, if thought adequate, approve proposed fees in respect of the external and internal audits;
- Consider and, if thought adequate, approve the engagement letter proposed by the external and internal auditors;
- Commission such enquiry by the external or internal auditor as the Committee deems appropriate;
- Review and assess the performance of the external and internal auditors;
- Review reports received from the external and internal auditors;
- Review the Manager's responses to matters raised by the external and internal auditors;
- Ensure that the lead external audit partner does not perform more than five consecutive years' audits;
- Review and confirm the independence of the external auditor and obtain from the external auditor a written statement detailing all relationships and services between the external auditor and HFML and evaluate whether non-audit services adversely impact the objectivity and independence of the external auditor;
- Meet regularly with the external and internal auditors and at least an annual basis without the Manager present.

Selection and Appointment of External and Internal Auditors of the Funds

The Committee will review the performance and value of the external auditor's services at least once every three years and must re-tender the external audit contract no less than every five years. In making its recommendation to the Board for the appointment of an external auditor of the Funds, the Committee should call for tenders from suitably qualified firms of auditors. In assessing the tenders, the Committee may interview the firms and/or seek additional information in support of the tender.

Risk Management

- Ensure an appropriate overall risk management framework is in place with regular reporting to the Committee; and

- Review the risk assessment annually to ensure key risk areas are identified and managed; and

MIA Compliance

- Monitor to what extent HFML complies with each Fund's compliance plan and to report on its findings to the Board;
- Report to the Board:
 - any breach of the Corporations Act involving a Scheme; or
 - any breaches of the provisions included in a Scheme constitution in accordance with section 601GA of the Corporations Act;of which the Committee becomes aware or that it suspects;
- Report to ASIC if the Committee is of the view that HFML has not taken, or does not propose to take, appropriate action to deal with breaches reported;
- Assess at regular intervals whether each Scheme compliance plan is adequate; and
- Report to HFML on the assessment and to make recommendations to HFML about any changes that it considers should be made to the compliance plan.

General

- Review reports on any defalcations, frauds and thefts from HFML or any entity for which HFML acts as trustee or responsible entity, and action taken; and
- Review any other matters that the Board refers to the Committee.

3. Composition

- 3.1 The members of the Committee shall be appointed by the Board and be non-executive. A majority of them must be independent. The composition of the Committee shall be reviewed at least every three years.
- 3.2 All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand financial statements.

4. Chairman

The Chairman of the Committee shall be an independent director of, and be appointed by, the Board of HFML. The Committee Chairman must not also be the Chairman of the Board.

Should the Chairman of the Committee be absent from a meeting, the members of the Committee present will appoint a Chairman for that particular meeting.

5. Quorum

A quorum will comprise two Committee members. The Chairman of the Committee will not have a casting vote.

6. Attendance

- 6.1 Directors not members of the Committee shall have a right to receive copies of the Committees' papers and to attend all meetings of the Committee.
- 6.2 Attendees at Committee meetings will, subject to the discretion of the Committee, ordinarily comprise the Committee members, the Chief Executive Officer (CEO), Chief Financial Officer and the Company Secretary and Head of Compliance.
- 6.3 Any person including the external and internal auditors may be invited to attend part or all of any meetings of the Committee at the discretion of the Committee.

7. Frequency of Meetings

- 7.1 The Committee will meet at least four times each year and at such times as considered necessary by the Board, the Committee or the Chairman of the Committee.
- 7.2 The Committee shall meet at least twice each year jointly with the Australian Infrastructure Fund Limited Audit Committee to review the AIX consolidated financial statements.

8. Reporting

The Chairman of the Committee will report regularly to the Board on the activities of the Committee.

9. Independence

The Committee has no executive powers in relation to the operations of HFML. It functions in an oversight and review role.

10. Rights of Access

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditor as well as anyone employed by HFML (in the absence of management where necessary).

11. Compliance and Internal Audit

The Company Secretary and Head of Compliance is responsible for the compliance, risk management and internal audit function and has a direct reporting line to the Chairman of the Committee in all matters that relate to the compliance, internal audit and risk management of HFML. The Internal Auditor also has a direct reporting line to the Chairman of the Committee.

12. Independent advice

The Committee may obtain independent and professional advice to assist in the discharge of its responsibilities.

13. Performance Review

The Committee shall assess its effectiveness annually, with a view to ensuring that its performance accords with Best Practice.

14. Charter Review

The Committee's Charter shall be reviewed regularly by the Committee or at least annually. Any changes to the Charter shall be approved by the Board.

15. Secretary

Unless the Board resolves otherwise, the Committee Secretary will be the Company Secretary of HFML.

16. Minutes

The draft minutes will be circulated to all members of the Committee for adoption at its next meeting.