

# Corporate Governance Statement

## Millinium's Alternatives Fund

ARSN 121 722 521 (Fund)

This statement sets out how the Fund complies with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 2014 (**Principles** or **Recommendations**).

The Fund is a registered Managed Investment Scheme under the Corporations Act 2001 (Cth) (Corporations Act). Millinium Capital Managers Limited ABN 32 111 283 357 (**Millinium**) is the Responsible Entity of the Fund.

The Principles are not binding on ASX listed entities. Rather, they are guidelines and ASX entities are only required to report on whether they comply with the Principles and if not, why not.

To the extent that the Principles are relevant to the Fund, the Fund has adopted the Principles.

Given that the Fund is an externally managed listed entity, Recommendations 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.1, 2.2, 2.4, 2.5, 2.6, 8.1, 8.2 and 8.3 do not apply to the Fund.

The Fund does not hold an annual general meeting and accordingly, Recommendation 4.3 **does not** apply to the Fund.

Comments on compliance and departures in respect of the Recommendations which **do apply** to the Fund are set out below.

| ASX Corporate Governance Principle/Recommendation   | Compliance Status | Particulars of compliance & if not why not  |
|---|-------------------|---|
| <b>Principle 1- Lay solid foundations for management and oversight</b>  |                   |   |
| <p><b>Recommendation 1.1:</b> 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> | Compliant         | <p>The powers and liabilities of Millinium are set out in the Constitution of the Fund.</p> <p>The Compliance Plan of the Fund lodged with the Australian Securities and Investments Commission (<b>ASIC</b>) sets out the key process, structures and systems that Millinium will apply in its functions as Responsible Entity to ensure that it complies at all times with the Corporations Act and the Constitution of the Fund.</p> <p>The duties of Millinium include, amongst other things, the following:</p> <ul style="list-style-type: none"> <li>(a) acting honestly;</li> <li>(b) exercising a duty of care and diligence;</li> <li>(c) acting in the best interest of unitholders;</li> <li>(d) treating unitholders equally where they hold the same class;</li> <li>(e) treating unitholders fairly where they hold different classes;</li> <li>(f) ensuring that the property of the Fund is valued at regular intervals;</li> <li>(g) ensuring that all payments from the Fund are in accordance with the Constitution;</li> <li>(h) reporting any breaches that may have a material adverse impact on the interests of unitholders; and</li> <li>(i) ensuring that information acquired through being the Responsible Entity of the Fund is not used to gain advantage for Millinium or used to harm the interests of unitholders.</li> </ul> <p>The corporate governance of the Fund is regulated by the Board of Millinium.</p> <p>The Board of Millinium is responsible for ensuring that Millinium complies with its obligations set out in the Compliance Plan and the Constitution.</p> |

| ASX Corporate Governance Principle/Recommendation  | Compliance Status | Particulars of compliance & if not why not   |
|--|-------------------|--|
| <b>Principle 2 – Structure the board to add value</b>  |                   |  |
| <p><b>Recommendation 2.3:</b> A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the names of the Directors considered by the board to be independent directors;</li> <li>(b) if a Director has an interest, position, association or relationship of the type described in the Principles 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</li> <li>(c) the length of service of each Director.</li> </ul>  | Compliant         | <p>The Board of Millinium considers that the following Directors are independent:</p> <ul style="list-style-type: none"> <li>(a) Paul Bray (appointed on 24 November 2009); and</li> <li>(b) Henry Capra (appointed on 14 March 2016).</li> </ul> <p>The majority of the Board of Millinium is independent.</p>  |
| <b>Principle 3 – Act ethically and responsibly</b>   |                   |  |
| <p><b>Recommendation 3.1:</b> A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>   | Compliant         | <p>The Board of Millinium has established and adopted a Code of Conduct.</p> <p>The Code of Conduct applies to all Directors and staff of Millinium and establishes ethical standards for the Directors and staff of Millinium.</p> <p>A copy of the Code of Conduct is available on Millinium’s website at <a href="http://www.millinium.com.au/">http://www.millinium.com.au/</a></p>  |
| <b>Principle 4 – Safeguard integrity in corporate reporting</b>  |                   |  |
| <p><b>Recommendation 4.1:</b> The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a compliance committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, who is not the chair of the Board,</li> </ul> </li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the relevant qualifications and experience of the members of the committee; and</li> <li>(v) 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</li> </ul> <ul style="list-style-type: none"> <li>(b) if it does not have a compliance committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting,</li> </ul> | Compliant         | <p>Millinium has not adopted a compliance committee as a majority of its Directors are independent.</p> <p>The Board of Millinium ensures that the auditor of the Compliance Plan is different from the auditor of Millinium and the Fund and that both of these auditors report independently to the Board of Millinium.</p> <p>The Managing Director of Millinium provides a written sign off to the Board of Millinium on the veracity of the financial reporting systems.</p> <p>The Board of Millinium reviews the results of the external audit process of the Fund and the Compliance Plan to ensure that:</p> <ul style="list-style-type: none"> <li>(a) the Compliance Plan and Fund auditor are appropriately qualified and legally eligible to act at all times;</li> <li>(b) the terms of their appointment are appropriate and accord with the Corporations Act;</li> <li>(c) the auditors have access to all relevant information as required; and</li> <li>(d) the auditors conduct all enquiries and provide all reports as required by the Corporations Act.</li> </ul> |

| ASX Corporate Governance Principle/Recommendation  | Compliance Status | Particulars of compliance & if not why not   |
|--|-------------------|--|
| including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.  | Compliant         | The external auditors of Millinium are invited to attend Board and compliance meetings where financial reports and compliance plan audits are discussed.   |
| <b>Recommendation 4.2:</b> 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. | Compliant         | The Managing Director of Millinium provides a written sign-off to the Board of Millinium stating that, in his opinion:<br>(a) the financial records of the entity have been properly maintained;<br>(b) 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<br>(c) the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. |
| <b>Principle 5 – Make timely and balanced disclosure</b>   |                   |  |
| <b>Recommendation 5.1:</b> A listed entity should:<br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) disclose that policy or a summary of it.  | Compliant         | The Fund believes that market sensitive information should be released as quickly as possible and has adopted a Board Continuous Disclosure Policy to ensure that the Fund meet its disclosure obligations under the ASX Listing Rules.<br><br>A copy of the Board Continuous Disclosure Policy is available on Millinium's website at <a href="http://www.millinium.com.au/">http://www.millinium.com.au/</a>   |
| <b>Principle 6 – Respect the rights of security holders</b>  |                   |  |
| <b>Recommendation 6.1:</b> A listed entity should provide information about itself and its governance to investors via its website.  | Compliant         | A page on Millinium's website, <a href="http://www.millinium.com.au/">http://www.millinium.com.au/</a> , is dedicated to corporate governance, and includes links to copies of all of Millinium's corporate governance policies.   |
| <b>Recommendation 6.2:</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.   | Compliant         | Millinium has adopted a Board Continuous Disclosure Policy which sets out Millinium's role and responsibilities in relation to Millinium's communications with investors.<br><br>The Managing Director and Company Secretary of Millinium are primarily responsible for communications with its investors.<br><br>Millinium's primary means of communicating with its investors are its website, Annual Report, and announcements to the ASX.  |
| <b>Recommendation 6.3:</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.   | Compliant         | Millinium's Board Continuous Disclosure Policy provides that shareholders are encouraged to attend any meeting of unit holders of the Fund.  |

| ASX Corporate Governance Principle/Recommendation   | Compliance Status | Particulars of compliance & if not why not  |
|---|-------------------|---|
| <p><b>Recommendation 6.4:</b> 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>  | Compliant         | The Fund gives its unitholders the opportunity to receive communications from the security registry electronically.   |
| <b>Principle 7 – Recognise and manage risk</b>  |                   |   |
| <p><b>Recommendation 7.1:</b> The board of a listed entity should:</p> <p>(a) have a compliance committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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 committee or committees that satisfy paragraph (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | Compliant         | <p>Millinium has not adopted a compliance committee as a majority of its Directors are independent.</p> <p>Millinium manages risks in the Fund through the following methods:</p> <p>(a) appointment of appropriately qualified asset managers;</p> <p>(b) appointment of appropriately qualified service providers relating to the registry, administration and custody;</p> <p>(c) compliance with all of the policies and guidelines of the ASIC and the ASX; and</p> <p>(d) recording and reporting complaints by unitholders.</p> <p>The Board of Millinium reviews the management contracts of external managers and investment advisers, which are publicly available contracts. The key terms of these management contracts are disclosed in the current Product Disclosure Statement of the Fund which is available at <a href="http://www.millinium.com.au">www.millinium.com.au</a> and summarised in the Annual Report of the Fund.</p> <p>The Managing Director of Millinium provides a written sign off to the Board of Millinium on the veracity of the risk management procedures outlined above.</p> <p>Millinium has engaged a separate compliance consultant to review, manage and report on its compliance functions and reports.</p> |
| <p><b>Recommendation 7.2:</b> 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>   | Compliant         | <p>Millinium reviews its risk management framework annually to satisfy itself that it continues to be sound.</p> <p>The last review of Millinium's Compliance Plan was conducted by Millinium in June 2016.</p>   |

| ASX Corporate Governance Principle/Recommendation  | Compliance Status | Particulars of compliance & if not why not  |
|--|-------------------|---|
| <p><b>Recommendation 7.3:</b> 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>(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> | Compliant         | <p>Millinium does not have an internal audit function. Millinium has employed an external fund accountant to evaluate and continually improve its risk management and internal control processes.</p>   |
| <p><b>Recommendation 7.4:</b> A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>  | Compliant         | <p>The Fund discloses its economic, environmental and social sustainability risks in its Investment Committee Charter.</p> <p>A copy of the Investment Committee Charter is available on Millinium's website at <a href="http://www.millinium.com.au/">http://www.millinium.com.au/</a></p> |
| <b>Principle 8 – Remunerate fairly and responsibly</b>   |                   |   |
| <p><b>Recommendation 8:</b> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>   | Compliant         | <p>The fees payable to Millinium are set out in the Annual Report and the Constitution of the Fund.</p>   |