



Angas Securities Limited

AFS Licence No. 232479

CONFLICT OF INTEREST POLICY

1. Policy Statement

It is Angas Securities Limited's ("**Angas**") policy that directors and staff must avoid positions of conflict or potential conflict. Therefore, all Angas directors and staff must avoid placing themselves in a situation that could be or may lead to a conflict of interest or duty, or a reasonable perception of an actual or potential conflict of interest or duty.

Angas's directors and staff must disclose any material personal interest. Therefore, all Angas directors must fully and frankly disclose to the Board of Directors material personal interests that relate to the affairs of Angas or any external business interest that may lead to an actual or potential conflict of interest or duty, or a reasonable perception of an actual or a potential conflict of interest or duty.

All Angas staff must fully and frankly disclose to their manager any material personal interests that relate to the affairs of Angas or any external business interests that may lead to an actual or potential conflict of interest or duty, or a reasonable perception of an actual or a potential conflict of interest or duty.

For the purposes of this policy, "staff" includes contractors and consultants engaged on an ongoing basis, other than consultants or contractors engaged as external service providers.

This policy applies to all loans made by any Managed Investment Fund of which Angas is Responsible Entity ("**RE**") and/or Fund Manager and regardless of whether Angas is noted as mortgagee on title. Angas is currently RE and manager of two active funds – Angas Prime and Angas Direct. Following the approval in 2019 of the Scheme of Arrangement proposal for legacy debenture assets Angas has also become RE and Manager of the Angas Asset Management Fund. The policy will apply to any new funds of which Angas is RE. The policy also applies to Angas acting in its own right.

Further, and for the avoidance of doubt, this policy captures any dealings by a director or staff via any related party or associated entity which reasonably would give rise to a suspicion of the possibility of conflict

At all times disclosure is paramount. Where the matter is regarded as unclear by a director or staff member disclosure is still required at the time any dealing gave rise to a suspicion of the possibility of conflict or following the event. In particular, if directors or staff become aware of a personal interest in a transaction at some time after it has been established, or of an interest of an associate in a transaction after it has been established, full details must be disclosed with the matter to be reviewed by Angas's Compliance officer and/or Head of Compliance. Directors and staff must err on the side of caution. Over disclosure is better than under disclosure.

2. Overview

Angas acts as the Responsible Entity and Fund Manager for managed investment schemes. Under its AFS Licence, Angas is required to develop policies and procedures which:

- identify potential conflicts of interest;
- prescribe methods of avoiding conflicts of interest;
- prescribe methods for disclosing conflicts of interest;
- prescribe methods of dealing with conflicts of interest; and
- prescribe the actions to be taken by Angas to monitor and control conflicts of interest.

The objectives of this policy are to:

- identify conflict management obligations;
- identify regulatory and common law obligations relating to conflicts of interest;
- prescribe policy for the disclosure, dealing and monitoring of conflicts of interest.

3. ASIC Regulatory Guide 181

ASIC Regulatory Guide 181 requires licensees to develop a conflicts of interest policy and to implement appropriate procedures for the management, monitoring and controlling of conflicts of interest.

4. What is a Conflict of Interest?

A conflict of interest arises when a director or staff member has two or more competing interests. A conflict of interest may involve a conflict between a director's or staff member's duties and responsibilities to serve Angas and the director's or staff member's personal interests. A conflict of interest can arise from avoiding a personal loss as well as gaining a personal advantage – whether financial or otherwise.

A conflict of duty normally arises where a director or staff member has multiple roles and could be said to be wearing two hats. That is, they have two roles with a competitive relationship. For other examples of conflict of interest, see Appendix A.

5. What is a Material Personal Interest?

In most cases a person will have a conflict of interest where they have a material personal interest in the outcome of a matter. A material personal interest exists where the person stands to benefit (directly or indirectly) financially, commercially or otherwise upon the favourable outcome. A person who invests in a fund or who receives a fee (directly or via a related/associated entity) has a material personal interest. These examples are not exhaustive.

6. Legislative Requirements

Corporations Act 2001:

Chapter 2D - duties of directors, other officers and employees of companies
Directors, officers and employees have a duty to:

- Act honestly, in good faith and not to use their position for personal gain or to use information not generally available for personal gain; and
- Disclose any material personal interest.

Chapter 2E - procedures for related party benefits

- All related party benefits must be at arm's length terms;
- Directors, their spouses, parents and children are considered related parties.

Chapter 5C - requirements for management of managed investment schemes

The directors, responsible officers, compliance committee members and staff of a responsible entity are required to:

- Act honestly;
- Exercise the degree of care and diligence that a reasonable person would exercise if they were in the responsible entity's position;
- Act in the best interests of members and, if there is a conflict between the members' interests and its own interests, give priority to the members' interests;
- Treat the members who hold interests of the same class equally and members who hold interests in different classes fairly;
- Not to use information gained through being a responsible entity in order to gain an improper advantage and cause detriment to members of the scheme;
- Ensure that the scheme's constitution meets the requirements of sections 601GA and 601GB;
- Ensure the scheme's compliance plan meets the requirements of section 601HA;
- Comply with the scheme's compliance plan;
- Ensure scheme property is clearly identified and held separately from the property of the responsible entity;

- Ensure scheme property is valued at regular intervals;
- Ensure payments out of scheme property are made in accordance with the scheme's Constitution and the Corporations Act 2001; and
- Report to ASIC any matter that is likely to have a materially adverse effect on the interests of members.

Chapter 7 – financial services licensing

There are a number of obligations of financial services licensees, which deal with or relate to conduct potentially affected by conflicts of interest, including:

- doing all things necessary to ensure that financial services are provided efficiently, honestly and fairly (s912A(1)(a));
- having adequate risk management systems (s912A(1)(h));
- complying with financial services laws and taking reasonable steps to ensure representatives do likewise (s912A(1)(c) and (ca));
- having adequate compliance arrangements in place (reg. 7.6.03(g));
- disclosing all benefits and relationships in a Financial Services Guide before providing services to a retail client (s 941A and 941B);
- not engaging in misleading or deceptive conduct, dishonest conduct, unconscionable conduct and insider trading.

ASIC Act – conduct

The ASIC Act contains provisions relating to the conduct of financial service providers.

The provisions principally relate to unconscionable conduct and consumer protection in relation to financial services.

7. Common Law Obligations

Common law obligations operate in addition to statutory requirements. There may be instances where an AFS Licensee will act in a fiduciary capacity and has an obligation to a client where the interest is not covered under a statutory obligation.

8. Angas's Requirements in Regard to Conflicts of Interest with Angas clients.

8.1 Material interests

Directors and staff must disclose any material personal interests they have in Angas's clients to the Compliance Officer in accordance with the procedure set-out in clause 9 and not manage client relationships where they have such an interest unless prior consent is obtained either from the Executive Chairman or from two other directors.

No staff member may act as a broker in respect of a loan made by Angas. Except where the Board has approved and a standing notice of possible conflict is given, a director may not act as a broker in respect of a loan made by Angas. For the sake of clarity a reference to "a loan made by Angas" will include any loan made by a fund of which Angas is RE and regardless of whether Angas is acting as trustee or merely a fund manager.

While there is no prohibition on directors making loans to entities who are borrowers from Angas, no director or employee has autonomous authority to register a mortgage or lodge a caveat subsequent to Angas. Accordingly, in order to lodge a subsequent mortgage (at any time) subsequent to Angas, the director or employee must obtain Angas's consent. A party with an interest in that subsequent mortgage cannot, on an individual basis, provide that consent on behalf of Angas, nor participate in the credit approval process. Only parties independent to the interest claimed can provide consent. In the case of the fund known as Angas Direct, any loan to an entity which has at present or at any time in the past borrowed money from Angas Securities is to be made only by the director or staff utilising a Syndicate PDS offering under the terms of the Angas Direct PDS with Angas shown as Manager and entitled to a negotiated management fee. Staff may only make loans to Angas borrowers by exception and on terms approved by the Board. This protocol extends to other funds as determined by the Board.

Where a director or staff member has a material personal interest in a loan they may not participate in the approval or ongoing management of the loan.

In the case of Angas Direct certain protocols have been agreed with the CEO restricting number of and circumstances in which management staff may participate in an individual syndicate. These protocols may be updated from time to time and form part of the policy as follows:

- The CEO and the Portfolio Manager cannot both concurrently participate in the same Angas Direct investment/loan/facility.
- When one party participates in an Angas Direct loan; the investment/loan/facility is to be managed by the 'non-participating' party.

As always full disclosure of any investment is to be made. CEO updates a monthly report to the Board detailing staff investments. Directors are to disclose their relevant investments directly to the Board via the existing Conflicts Register as mandated below.

The same procedure applies to unregistered mortgages protected by caveat. Directors having an interest in an unregistered mortgage cannot lodge a caveat without Angas's consent. In the case of Angas Direct loans, any subsequent interests must be the subject of written notification to the relevant Angas Direct first-mortgagees. Note that these processes must occur *before* the subsequent interest is granted or the caveat is lodged. Further, increases in subsequent facilities are caught by the above requirements. Written disclosure must be made in the Conflict of Interest Register*.

*(Note: This register is physically tabled at every Board meeting held in Adelaide for inspection by the directors. An extract copy of current transactions is included in the Board papers that are distributed each month.)

8.2 Related parties/related bodies corporate

There is no restriction on retail loans being made to a director, staff member or related party (as defined under the Corporations Act 2001) via Angas Financial Services as the funds are sourced externally and the credit assessment is undertaken remotely from Angas. As a matter of policy, neither Angas nor the funds which it manages will lend money to directors, staff members or their related parties.

8.3 Gifts

Staff must not solicit money, gifts, favours or entertainment which might influence or might appear to influence their business judgement and shall report any gifts received in accordance with this policy. Generally, it is acceptable for staff to give or receive small token gifts of a personal nature.

Where a benefit goes beyond common courtesies consistent with ethical and accepted business practices, there is a duty to disclose it to the Compliance Officer. For ease of implementation of the policy, any gift with an estimated value of \$200 or more should be disclosed. This obligation also applies to directors.

It is not acceptable for a staff member or director to give or receive a gift or favour that may compromise his or her judgement. Under no circumstances should a gift be solicited or a gift of money be accepted.

Receipt of a reportable gift is to be reported immediately to the Compliance Officer so that it can be recorded in the Register of Reportable Gifts. Appendix B sets out the form to be used to report the receipt of such a gift or benefit.

8.4 External business activities

Staff must not participate in business activities outside their employment with Angas (whether as a principal, partner, director, agent, guarantor, investor or employee) that could adversely affect their ability to carry out their duties and responsibilities. If in doubt, seek advice.

9. Reporting Actual or Potential Conflicts of Interest

Any director of Angas is required to report any actual or potential conflict of interest at a Board meeting if the director has an interest in the matter being dealt with at that Board meeting. The conflict will be recorded in the minutes of the Board.

All directors (save where disclosure to the Board is sufficient) and staff are required to report any conflict of interest to the Compliance Officer in the first instance in the form of Appendix C. The Compliance Officer shall report and arrange for details to be submitted to the Board for consideration. The Compliance Officer shall record successful applications for Board approval in the Conflicts of Interest Register. A director is not required to disclose a material personal interest in the following circumstances:

- if the director has already given notice to all the directors (at any time) of the nature and extent of the interest and its relation to the affairs of the company and the nature or extent of the interest has not materially increased above that disclosed in the notice; or
- the director has given a standing notice of the nature and extent of the interest and the notice is still effective in relation to the interest.

10. Conflicts of Interest Register

The Compliance Officer will maintain the Conflicts of Interest Register and enter all conflicts of interest into the Register.

The Register shall record any special incentives that are offered to staff or representatives for the distribution of an Angas product, or a product of another AFS Licensee. The register will also contain details of inter-company relationships that may provide a source of conflict, either now or in the future, for ongoing review.

Details of directors' share or unit holdings in Angas, Angas managed or Angas associated entities shall be reported periodically to the Board.

11. Disclosure of Conflicts

When dealing with retail clients Angas directors and staff are not authorised to provide financial product advice.

When dealing with any third party AFS Licensees or its authorised representatives, Angas directors and staff must disclose to the Licensee the capacity in which they operate with Angas.

12. Controlling Conflicts of Interest

The directors and the Compliance Officer will:

- Identify conflicts of interest relating to the business of Angas;
- Assess and evaluate those conflicts; and
- Decide upon and implement an appropriate response to those conflicts.

Depending on the circumstances and the nature of any conflicts of interest, it may be appropriate to:

- Disclose the conflict of interest;
- Provide an alternative source of service to a client or member;
- Decline to provide services to the client;
- Initiate internal disciplinary action.

13. Monitoring Conflicts of Interest

The Compliance Officer will monitor all conflicts of interest on a routine basis to ensure all conflicts of interest are identified and disclosed where necessary. Conflicts of interest will form part of the AFS Compliance Plan and the Compliance Plan for each Scheme. The policy and its enforcement will form part of the Risk Register of the company, reviewed by management and the Compliance Committee.

14. Compliance Measures

The Compliance Officer will monitor all conflicts of interest and maintain the Conflicts of Interest Register.

Where a conflict has not been adequately disclosed it will be recorded in the breach register and referred to the Board in the first instance and tabled at Compliance Committee meetings where the conflict relates to the operation of a scheme.

15. Consequence of Non Compliance

For staff members - in all instances the gravity of the non compliance will be assessed. Counselling by the Executive Chairman or a refresher course by Compliance Officer may be appropriate. Further action may be required if Angas suffers real or likely reputational and/or financial loss. In serious cases, termination of employment may be considered.

For directors – the primary responsibility lies with the Board. The determination is to be reported to ARMCO (unless the Board otherwise resolves).

Note: persistent and/or systemic non compliance is a breach of the terms of the AFSL and ASIC breach reporting may be required.

16. Policy Review

This policy will be reviewed as required.

“Conflict of interest” is a standing ARMCO and ASL Board agenda item.

Version Reviewed by ARMCO

1.0 28/06/2012
2.0 29/05/2014
3.0 26/11/2019

Adopted by Board

27/07/2012
25/06/2014
29/11/2019

APPENDIX A



ANGAS SECURITIES LIMITED ABN 50 091 942 728

Examples of conflict of interest activities and relationships

The following activities illustrate types of potential or actual conflicts of interest that should be avoided and disclosed, as applicable, in accordance with this policy. The list is not all inclusive and is intended to provide guidance only.

- **Conflicting duties:** Participating in decisions relating to another party that may conflict with the interests of Angas.
- **Self-benefit:** Using your position or relationship within Angas to promote your own interests or those of your family, including using confidential or privileged information gained in the course of your participation or employment at Angas for personal benefit or gain or for the personal gain or benefit of family members.
- **Conflicting relationships:** Where outcomes may benefit others rather than Angas.
- **Influence peddling:** Soliciting benefits for yourself or your family from outside organisations in exchange for using your influence to advance the interests of that organisation within Angas.
- **Other business relationships and dealings:** Approving contracts with organisations in which you or your family have a significant financial or other interest or relationship, particularly if you are in a position to influence major decisions, are responsible for review, negotiation and approval of contracts, or otherwise direct Angas's business dealings with that entity or business.
- **Intellectual Property:** Inappropriate or unauthorised use of resources/materials developed under the aegis of Angas or potential conflicts relating to the development and use of resources.
- **Outside commitments:** Participating in social or political activities is not restricted as long as you participate as an individual and not as a representative of Angas.
- **Business transactions:** Directly or indirectly leasing, renting, trading, or selling real or personal property to Angas.
- **Use of Angas property for personal advantage:** Using or taking Angas's resources, including facilities, equipment, personnel, and supplies, for private use or other unauthorised non-work-related activities.
- **Recording or reporting false information:** Misrepresenting, withholding, or falsifying relevant information required to be reported to external parties, or used internally for decision making purposes, in order to derive personal benefits.
- **Gifts:** Personally accepting anything of value (unless nominal), including without limitation, payments, gifts, or loans from organisations or individuals that have dealings with Angas.
- **Employees or their associates providing services to Angas.**

APPENDIX B



ANGAS SECURITIES LIMITED ABN 50 091 942 728

Disclosure of a Reportable Gift or Benefit

Name of Staff Member: _____

Description of the gift: _____

Estimated value of the gift:

Identity of the person or body which provided the gift:

The present location of the gift or the application of the proceeds:

Signed: _____ Date: _____
Recipient Staff Member

Noted: _____ Date: _____
Compliance Officer

APPENDIX C



ANGAS SECURITIES LIMITED ABN 50 091 942 728

Declaration on Conflicts of Interest

Name of Staff Member/Director: _____

Conflict of interest relating to Financial Interests:

Conflict of interest relating to close personal relationships:

Other Potential Conflicts of Interest:

I certify that I hold no interests other than those identified above which might give rise to a conflict of interest or the perception of a conflict of interest.

Signed: _____ Date: _____
Staff Member

Noted: _____ Date: _____
Compliance Officer