



## 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 on-going basis, other than consultants or contractors engaged as external service providers. Further, and for the avoidance of doubt, this policy applies to all loans made by Angas as a debenture lender, as Responsible Entity for Angas Prime Income Fund ("**APIF**") and as Responsible Entity for Angas Contributory Mortgage Fund ("**ACMF**"); and, in the case of ACMF, whether or not Angas is noted as mortgagee).

### 2. Overview

Angas raises funds from the public by the issue of first ranking debentures which are fully secured over the assets of Angas. Angas also acts as the Responsible Entity for managed investment schemes. In providing products and services 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.

Angas and Barker Mortgages Pty Ltd ("**Barker**") are associated companies by virtue of similar ownership and staff. Angas conducts retail and commercial lending operations. All loans are secured by registered first mortgage. In some instances, funds are sourced and lent by Barker secured by second or subsequent mortgages. Barker's loan funds are sourced from different

investors. Although Barker typically lends second to Angas it is not obliged to. Other entities – including KWS Capital Pty Ltd (“**KWS**”) and Cardiff Capital Pty Ltd (“**Cardiff**”) – that are associated directly or indirectly with one or more directors may also have commercial dealings with Angas and/or Barker.

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 official 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.

### **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

### 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 Managing Director or from two other directors.

No staff member may act as a broker in respect of a loan made by Angas. A director may not act as a broker in respect of a loan made by Angas, but if Angas declines the opportunity to make a loan in writing then the director may act as a broker to offer the loan business to a third party lender.

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 a proposed advance by Barker (subsequent to Angas), the matter must be brought to the Angas Board, noting the standing disclosure of the relevant three directors' interests. The Board can then act and pass an appropriate resolution, noting that a quorum is two directors.. The reasoning here is that the only party who is not "interested" is the Angas independent director, and he cannot make the determination on his own because of quorum limitations.**

**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 ACMF loans, any subsequent interests must be the subject of written notification to the relevant ACMF first-mortgagees.**

**Note that these processes must occur before the subsequent interest is granted/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 related party (as defined under the Corporations Act 2001) as the funds are sourced externally to Angas. There is an absolute prohibition on commercial loans being made to a Related Body Corporate (as defined under the Corporations Act 2001) as these transactions are prohibited by the Trust Deed under which Angas's debenture funds are raised. Further, as a matter of policy, Angas does not generally lend money to 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.

It is not acceptable for a staff member 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 comprises 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.

## **9. Procedure for Dealing with Actual or Potential Conflicts of Interest**

### **9.1 Reporting**

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.

## **9.2 Loan documentation & procedures**

All loan documentation and draw-downs must be signed by an independent director.

Any settlement statement that includes dispersal of funds to KWS or Cardiff or any other entity associated with a director must be signed by an independent director. In the event that there is no independent director available, two directors must sign the settlement statement.

Funds are only distributed in accordance with the above procedure and any staff member instructed otherwise must alert his/her manager, the Managing Director or the Compliance Officer.

## **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 debenture 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.

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### **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. Policy Review**

This policy will be reviewed as required. "Conflict of interest" is a standing ARMCO and ASL Board agenda item.

<b>Version</b>	<b>Reviewed by ARMCO</b>	<b>Adopted by Board</b>
1.0	28/06/2012	27/07/2012
2.0	29/05/2014	

## **APPENDIX A - 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