

Instreet Investment Limited

Conflicts of Interest Policy

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Introduction

This document (also referred to as the Related Party Transaction Policy) sets out the conflicts of interest to be managed by Instreet Investment Limited (**Company** or **Instreet**).

ASIC defines conflicts of interest as ‘circumstances where some or all of the interests of people (clients) to whom a licensee and its representatives provides financial services are inconsistent with, or diverge from, some or all of the interests of the licensee or its representatives. This includes actual, apparent and potential conflicts of interest’.

Section 912(1)(aa) of the Corporations Act 2001 (**Corporations Act**) provides that the licensee must have adequate arrangements for the management of conflicts of interests. RG181 sets out the minimum arrangements licensees (including their representatives) must have had in place to comply with the conflicts management obligation. ASIC states that it expects licensees to control, disclose and, where necessary, avoid conflicts of interest. As part of managing conflicts, ASIC expects Instreet to identify, assess and respond to the conflicts of interest that arise in their business.

Instreet identifies and discloses a range of circumstances which constitute or may give rise to a conflict of interest, potentially but not necessarily entailing a material risk of damage to the interests of one or more clients. Such a material risk occurs if the company, or any person directly or indirectly linked by control to Instreet, is likely to make a financial gain, or avoid a financial loss, at the expense of the client.

1. Personal or Other Business Interests

Representatives are required to disclose all personal interests relevant to their functions and comply with the following rules and procedures on personal account dealing:

- a) Ensure that they in no way compete with clients or take inappropriate advantage of information or opportunities which they come by in the course of their duties; and
- b) Do not conduct personal investment transactions on a scale that detracts from the performance of their professional duties.

Representatives are not to serve in any capacity as; director, partner, employee, consultant, agent, etc., whether paid or unpaid, in any other company or business if there is a possibility that personal interests could conflict with those of Instreet, unless prior permission or a legally enforced document has been given to contain any potential conflict of interest.

The Compliance Manager shall maintain and update a register of all business interests and personal interests relevant to their functions signed by representatives on a quarterly basis. The register shall be reviewed regularly by the representative in order to ensure that there is no evidence of any undue influence or conflict due to workers' personal or third party business interests.

2. Gifts and Entertainment

As a guiding rule, gifts and entertainment should not be given or received if they create a feeling of obligation. Reasonable entertainment such as dinner parties, theatre parties or sporting events is acceptable in the ordinary course of business in the right circumstances. When in doubt whether a gift or entertainment is appropriate, all workers are required to consult with the Compliance Manager.

Representatives are not to give gifts, payments, discounts or services in the course of the Company business unless they are of nominal value and appropriate to circumstances. Any gift or entertainment given or received by an employee in excess of \$100 must be reported in the gift register.



If a representative receives a gift or invitation exceeding \$350 in value in the course of their employment at the Company, they will pass this on to a Director who will distribute it to the appropriate personnel at his or her discretion. The Director will refuse any invitation or gift that could be construed to be unusual, or appear to create a sense of obligation to the host or bias in their favour. This should be assessed in the context of the nature of the invitation, including cost or rarity value and any other relevant factor.

3. Identifying Conflicts of Interest

Identification of conflicts is the responsibility of all representatives. Staff need to be aware of their responsibilities to identify situations which give rise to a conflict or which might give rise to a conflict under this conflict of interest policy.

In the event that a representative is unsure as to whether a situation represents a potential conflict of interest or not, the worker is required to raise the issue immediately with the Compliance Manager.

As part of monitoring and identifying conflicts of interest, the Compliance Manager shall pay careful attention to identifying situations where Instreet, a representative (including executive officers) or another client:

- is likely to benefit financially (whether by making a financial gain or not making a loss), at the expense of a client
- has a different interest in the outcome of a service which the Company is providing to the client from the client's interest in that outcome
- has an incentive (whether financial or otherwise) to favour the interests of one client over the interests of another client

The Board of Directors will pay careful attention to identify situations relating to the Compliance Manager.

3.1 Strategies to Manage Potential Conflicts

- Instreet will manage conflict of interest situations in accordance with the steps set out below:

3.2 Notification of conflicts

- The worker is required to immediately raise any conflict or potential conflict of interest that comes to his or her attention to the Compliance Manager, shall assess and monitor all conflict of interest situations.
- The Compliance Manager shall bring any conflict of interest to the attention of the Director immediately if any conflict or potential conflict of interest involving oneself. Where the conflict involves the respective Director, the Board of the Company will be notified in the first instance. The Director will report any breaches of this policy to the Board of the Company.

3.3 Assess

The Compliance Manager shall assess all conflict of interest situations. Such assessment shall include (but is not limited to) assessing:

- Whether the situation represents an actual or potential conflict of interest;
- How the conflict of interest can be appropriately managed;
- The materiality of the conflict of interest;



- Whether the conflict of interest requires immediate notification to senior management for further assessment;
- Whether it is necessary to disclose the conflict of interest to the client(s) whose assets are at risk to agree on a course of action with the client or resolve the matter via another route.

3.4 Resolution

The company will take the necessary actions to resolve and/or manage conflicts of interest/potential conflicts of interest. This may include (but is not limited to):

- Managing the situation so as to prevent the conflict of interest arising;
- Managing the situation so as to ensure the interests of the Company or its workers are not permitted to disadvantage or lead to a loss for the client(s);
- Notifying the conflict of interest to the client(s) so that either a satisfactory course of action may be decided on or the client may elect not to use the service insofar as there is a conflict.

The Compliance Manager considers the ramifications of the conflicts of interest including required amendments to the compliance framework. Recommendations will be made to the Board of Directors who is to implement any necessary changes.

Where a resolution is not reached in a timely manner and the complainant is concerned that the potential conflict of interest still exists, the matter will be referred to the Board of the Company for determination. Where referral to the Board fails to reach an acceptable resolution to the complainant's satisfaction, the complainant will be informed in writing of the company's position and that they can refer the matter to the Company's external dispute resolution scheme, Financial Ombudsman Service (FOS).

3.5 Reporting/record keeping

The Compliance Manager shall maintain a register of all circumstances in which a conflict of interest or potential conflict of interest has been identified as having arisen (**Conflicts of Interest Register**). The register shall also contain the measures that the Company takes to mitigate conflicts of interest that do arise or to manage them. The register shall be reviewed quarterly and updated each time a conflict of interest or potential conflict of interest is identified as having arisen and shall be kept for a minimum of five years

The register shall contain a description of the circumstances which constituted or may have constituted a conflict of interest, names of the persons involved, the name of the person responsible for the mitigation of the conflict, a description of the steps taken in order to mitigate the conflict - including client disclosures and subsequent instructions.

A copy of the Conflicts of Interest Register is to be provided to a Director on a quarterly basis.

All stakeholders involved with the potential conflict of interest complaint will be kept informed in writing of any actions relevant to the complaint.

4. Disclosing conflicts

Disclosure is integral to managing conflict of interests. Clients are adequately informed (in writing) about any conflicts of interest that may affect the provision of financial services to them. However, Instreet acknowledges that disclosure may not often be enough. Adequate disclosure means providing enough detail in a clear, concise and effective form to allow clients to make an informed decision about how the conflict may affect the service being provided to them. Clients can then assess the service they are being offered in light of Instreet or any of its representative's own interests.



Instreet ensures that disclosure about conflicts of interests is:

- timely, prominent, specific and meaningful to the client;
- occurs before or when the financial service is provided (at a time that allows the client a reasonable time to assess its effects); and
- refers to the specific services to which the conflict relates.

Instreet considers generic disclosure as inadequate practice. Disclosure refers to the financial service to which it relates and is specific and clear enough for the client to understand the conflict and its potential impact on the service they are being offered.

The conflicts of interest obligation applies equally to services provided to retail and wholesale clients, although the level of disclosure required may be less detailed for our wholesale clients.

5. Related Party Transactions

A 'related party transaction' is any transaction through which a public company or registered managed investment scheme provides a financial benefit to a related party (such as a director, their spouse and certain other relatives). Almost by definition, related party transactions involve conflicts of interest because related parties are often in a position to influence the decision of whether the benefit is provided to them, and the terms of ASIC Regulatory Guide 76: Related party transactions (RG 76).

For the purposes of the Instreet, related party transactions are transactions where a financial benefit is given to a related party of the Instreet by another, or the same, related party of Instreet. Examples of related parties of the Instreet are:

- (a) Instreet and its controlled entities;
- (b) any fund / trust / scheme managed by any entity of Instreet;
- (c) any entity or asset within such a fund / trust / scheme (including a registered and non-registered managed investment scheme, company or joint venture);
- (d) the directors and officers (and their immediate families) of any of the entities in paragraphs (a), (b) and (c);
- (e) any entity which has the ability to control any Instreet entity as well as its directors;
- (f) any other person who is a related party of Instreet for the purposes of Part 5C.7 of the Corporations Act.

Examples of giving a financial benefit include (but are not limited to):

- (a) giving or providing finance or property;
- (b) buying or selling an asset;
- (c) leasing an asset;
- (d) supplying or receiving services;
- (e) issuing securities or granting options; and
- (f) taking up or releasing an obligation

Chapter 2E of the Corporations Act deals with related party transactions. These provisions apply to public companies and are applied to registered schemes by virtue of section 601LA of the Corporations Act.

The related party transaction provisions of the Corporations Act provide that Instreet as the responsible entity of a registered Fund must not give a Financial Benefit to itself or a related party



without the approval of the unitholders in the registered Fund, unless the giving of that benefit falls into one of the exceptions listed in the Corporations Act.

All Related Party Transactions give rise to an actual or apparent conflict of interest.

6. Review of this Policy

The Compliance Manager will review this Policy on an annual basis. This Policy is provided to all new representatives and is available to clients upon request.

Periodically (no less than annually) senior management shall analyse the cases of conflicts of interest that have arisen as well as potential conflicts of interests and, in conjunction with the Compliance Manager, review the systems and controls that are in place for preventing and mitigating the conflicts of interests in order to ensure that they continue to be effective and relevant for dealing with conflict of interest situations.

On completion of the Compliance Manager's review of this Policy, the Compliance Manager must provide the Board of Directors with a summary of the non-conformances and breaches of this policy over the preceding year; and a recommendation as to whether it is necessary to amend this policy to take into account any new conflicts or change existing procedural arrangements.

The Board will consider the Compliance Manager's recommendation and determine whether any such changes are necessary.

6.1 Accountabilities

The employee:

- as a minimum, abide by the behaviour as governed by this document;
- reports any violation of this policy to the Compliance Manager; and
- reports any giving or receiving of gifts and entertainment in the gift register.

The Compliance Manager:

- The Compliance Manager has overall responsibility for the identification, management and controlling any conflicts of interest on a daily basis according to this Policy.
- ensures that all employees understand and conduct themselves in line with this policy;
- reviews and maintains the Managing Conflicts of Interest Register; and
- reports to the Director (or the Board of the Company if the conflict of interest relates to the Director) any breaches of this policy.

The Director:

- reports to the Board of the Company any breaches of this policy.

The Board of the Company:

- acts on any breaches of this policy.



7. List of Appendices

Appendix A: Conflict of Interest Report Template

Appendix B: Conflict of Interest Register Template



Instreet Related Party Transaction Report (incl. Related Party Interests)			
Reference #	001	Actual or Potential	
Date of Occurrence of Conflict of Interest (if actual)	N/A	Name of Person Reporting Incident	
Date of Detection of Conflict of Interest		Date of Rectification of Conflict of Interest (if actual)	N/A
Fund/Clients impacted			
Description of the Conflict of Interest			
How the Conflict of Interest was identified (if actual)	N/A		
Impact of the Conflict of Interest, including any broader considerations			
Steps taken to rectify the Conflict of Interest occurring (if actual)	N/A		
Control weakness which resulted in Incident (if actual)	N/A		
Procedures to be implemented to prevent conflict of interest (if potential)			
Is disclosure to the client required			
Is the Conflict of Interest considered a breach (if actual)?	N/A		
Is ASIC reporting required (if actual)?	N/A		
Date reported to ASIC (if applicable)	N/A		



Director:

Compliance Manager

Date:

Date:

Note: Signatories only required if an actual Conflict of Interest eventuates

**INSTREET INVESTMENT LIMITED
Conflict of Interest Register**

Reference No.	Date	Details of Conflict of Interest (incl. Related Party Transaction)	Action/Resolution	Person Responsible	Date Resolved
2015 – 001					