

Conflict of Interests Policy

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SECTION A - INTRODUCTION

1. Background

- 1.1 This Conflicts of Interest Policy ("**Policy**") document outlines policies and procedures for managing conflicts of interest that arise in relation to:
- a) Propertylink (Holdings) Ltd;
 - b) Propertylink Investment Management Ltd ("**PIM**") as the holder of of an Australian Financial Services Licence ("**AFSL**");
 - c) any other AFSL holder within the Propertylink group
 - d) any of their subsidiaries,
- (together "Propertylink" or "Propertylink group"); and
- e) their respective officers, employees and agents ("**Representatives**").
- 1.2 A '**conflict of interest**' is a circumstance where some or all of Propertylink or its Representatives' interests are inconsistent with or divergent from some or all of a client's interests. This includes actual or potential conflicts of interest. The conflicts of interest to which this document relates are those that arise wholly, or partially, in relation to activities undertaken by Propertylink or its Representatives in the provision of services as part of Propertylink's business. Examples of these conflicts of interest situations are provided in **Appendix 1**.
- 1.3 This Policy has been implemented because:
- a) PIM and each other Propertylink group AFSL holder has an obligation under the law to have in place adequate arrangements for the management of conflicts of interest that arise wholly, or partially, in relation to activities undertaken by Propertylink or a Representative in the provision of financial services as part of business. Where this is not done or conflicts of interest are not managed appropriately, the relevant AFSL may be suspended or cancelled and the AFSL holder and/or its Representatives may be liable for compensation, fines and/or imprisonment in extreme cases; and
 - b) Propertylink is aiming to build a strong reputation based on independent and quality service and advice. A key component of this success has been Propertylink maintaining its independence and avoiding conflicts of interest in providing its services, or if it does have a conflict, managing it in an appropriate manner so as not to reduce the quality or independence of Propertylink's services. The success, to date, of Propertylink proves this also makes good business sense.

- 1.4 This Policy applies to Propertylink and all of its Representatives.
- 1.5 Refer to the Definitions (Section 3) for more information about some of the terms used in this document.

2. Objectives of Policy

- 2.1 The main objectives of this Policy are to:
- a) **(identify)** identify all potential or actual conflicts of interest that arise in relation to Propertylink's business of providing financial services;
 - b) **(evaluate)** have policies and procedures to evaluate any potential conflicts of interest;
 - c) **(monitor and manage)** have processes and procedures in place to monitor, manage and deal with conflicts of interest; and
 - d) **(disclosure)** make adequate disclosure of conflicts of interest to clients (or other persons who receive Propertylink financial services) to ensure that those people are sufficiently informed to be able to assess whether a conflict may affect the independence or quality of the financial service provided to them.

3. Definitions

- 3.1 **Dealing** includes applying for, acquiring or disposing of the relevant products or entering into an agreement to do so.
- 3.2 **Employment or Employee** includes as a director, non-executive director, employee, consultant, subsidiary or contractor or officer of any Propertylink related entity.
- 3.3 **Financial product advice** means a recommendation or a statement of opinion or a report of either of these things that is intended to influence a person(s) in making a decision in relation to a particular financial product (or an interest therein) or class of financial products or could reasonably be regarded as being intended to have such an influence.
- 3.4 **Financial products** for the purposes of this Policy, are shares, options, derivatives, debentures, units in managed investment schemes and other securities, whether in Propertylink related funds or external funds, and any other financial product able to be traded.

- 3.5 **Financial service** includes to provide financial product advice or dealing in a financial product.
- 3.6 **Insider trading** is defined in the Insider Trading Policy. Reference should be made to the Insider Trading Policy for a complete definition.
- 3.7 **Investment Decision** is any decision made in respect of an investment by an entity or fund that Propertylink controls or manages.
- 3.8 **New Work** means the provision of a financial service to a new client or the provision of a written report or recommendation in respect of a financial product or fund manager. New Work is taken to have commenced, if the service is first formulated for the relevant client.
- 3.9 **Representative** has the meaning given in section 1.1 above.
- 3.10 **Trading** includes applying for, buying, acquiring, selling, or otherwise disposing of, listed financial products either on-market or off-market. Trading can be direct or indirect. Indirect trading includes trading through your spouse, partner, dependent child, controlled entity, trust of which you are a beneficiary, or a person, company or trust over whom or which you have influence.
- 3.11 **Propertylink** means Propertylink (Holdings) Limited and any related bodies corporate that might exist from time to time.
- 3.12 **Unpublished price sensitive information** is information that:
- a) is not generally available; and
 - b) if it were generally available would be likely to have a material effect on the price or value of any particular relevant products (that is, the information would, or would be likely to, influence persons who commonly acquire products as the relevant products in deciding whether or not to buy or sell those products).

SECTION B – POLICIES AND PROCEDURES

4. Policies

- 4.1 Under the Policy, all Representatives are required to:
- a) comply with the **Conflict Rules** set out in Appendix 1;
 - b) update the Conflicts of Interest Register; and
 - c) prior to Propertylink providing any financial service it must be established that no Strong Conflict exists.
- 4.2 Under the Policy, **all** Representatives engaged on work for a Propertylink AFSL holder are required to:
- d) comply with the Propertylink's **Personal Dealing Policy**; and
 - e) comply with the Propertylink's **Insider Trading Policy**.

5. Conflict Manager

5.1 Propertylink has appointed its Compliance Officer as the Conflict Manager. The Conflict Manager oversees conflicts of interest issues that arise within Propertylink from time to time. The services of an external consultant will also be engaged to ensure adequate management of all conflicts of interest.

5.2 Conflict Manager's Responsibilities

The Conflict Manager must:

- a) on a quarterly basis review the Conflicts of Interest Register to ensure that it is maintained and is otherwise up-to-date;
- b) where an actual or potential conflict of interest exists, monitor that conflict on a monthly basis to ensure that no adverse consequence has occurred or is likely to result from that conflict;
- c) prior to the situations referred to in paragraph 4.1(e) above, the Conflict Manager must:
 - I. refer to the Conflicts of Interest Register maintained by Propertylink in the form set out in Appendix 2;
 - II. where a conflict is identified in the Conflicts of Interest Register:
 - A. evaluate the conflict according to the Conflict Rules to determine whether the conflict of interest situation is manageable or unmanageable; and

- B. direct the relevant Representative(s) on how to deal with that conflict of interest situation (i.e. avoid it or prescribe conditions);
- d) otherwise, ensure that this Policy is implemented and maintained at all times; and
- e) report to the Risk and Compliance Committee quarterly on whether this Policy is being complied with.

6. Enforcement and Review

- 6.1 Non-compliance with this Policy may result in disciplinary action being taken against the Representative involved and may also result in prosecution under the law where that act is illegal. This may include re-assessment of bonus qualification, prohibition from trading, termination of employment and/or fines and imprisonment (in cases that contravene for instance the *Corporations Act 2001* (Cth)).
- 6.2 Propertylink's Managing Director/Compliance Officer, in consultation with an external compliance consultant, is responsible for monitoring the implementation and ongoing compliance with this Policy. Refer to the Breaches and Incident Policy for further information.

7. Whistleblowers

- 7.1 In extreme circumstances, a or Representative may be concerned that a serious breach of this Policy has or will occur but is in a position where they believe that it would be personally damaging to pursue their concerns through normal channels.
- 7.2 In such circumstances, the individual should contact the Managing Director who will do all that is possible and practicable to deal with the matter in a way that protects the confidentiality of the person making the report.
- 7.3 In doing so, provided the Representative is acting in good faith, they will be afforded anonymity, confidentiality and immunity, where permitted under the law.

8. Audits and Records

- 8.1 The policies and procedures outlined in this document must be audited as part of any Propertylink's compliance audit.

8.2 All records of these audits and any other records in relation to this Policy must be kept for seven (7) years.

APPENDIX 1 – CONFLICT RULES

1. General Obligation

- 1.1 Each Representative as an Employee of Propertylink must act in an honest, fair and professional manner.

2. Remuneration

- 2.1 The remuneration of a Representative, except in their capacity as an officer or shareholder of Propertylink, must be primarily determined according to their salary, or wage (as the case may be) and/or their individual performance.
- 2.2 The remuneration of a or Representative must not be determined in a material way by the earnings or performance of another individual within Propertylink.

3. Financial Product Advice

- 3.1 All financial product advice provided by Propertylink or its Representatives must:
- a) be directed at the best interests of the recipient which should be placed ahead of the Representative;
 - b) reflect the actual opinion of the adviser, or if not, the consensus of the relevant group;
 - c) be based solely on the merits of the person or security being evaluated and not based on any other relationship that Propertylink or its Representatives may have with that person or security (as the case may be); and
 - d) not be made in order to affect the trading price of a security.

4. Identifying Conflicts

4.1 Responsibility

It is the responsibility of each Representative to be alert to, aware of and identify any conflicts of interest (whether perceived, actual or potential) in relation to their employment with Propertylink.

4.2 Identified Conflicts

A Representative must immediately inform the Conflict Manager if they have or become aware of any conflicts of interest in relation to their employment with Propertylink and ensure the Conflicts of Interest Register is updated to reflect this. This will be in the form of a Conflict Notification Document (refer to Appendix 3), which is sent to the Conflict Manager. This should be done even if the Representative believes that the conflict is not important or unlikely to have any adverse consequences. The notification must list the:

- a) name of the proposed client;
- b) nature of transaction;
- c) nature of Propertylink's participation;
- d) transaction sponsor;
- e) nature of conflict not addressed by the Conflicts of Interest Policy; and
- f) proposed conflicts of interest management strategy / augmentation of the Conflicts of Interest Policy.

4.3 Examples of actual or potential conflicts of interest

a) A conflict within the financial services business:

DESCRIPTION OF POTENTIAL CONFLICT OF INTEREST	LIKELIHOOD THAT THE CONFLICT OF INTEREST WILL ARISE	MITIGATING PROCEDURES / RISK PREVENTION MEASURES IN PLACE	CONFLICT MONITORING PROCEDURE
Commission – Propertylink has an interest in maximising its investments to increase trading volume in order to increase its commission revenue, which is inconsistent with the client's personal objective of minimising investment costs.	None – Propertylink will not charge commission for its services. Revenue will be linked to the performance of the Fund.	Representatives will be remunerated by way of salary and discretionary bonus.	Review trading activity.
Remuneration – Propertylink has an interest to increase the amount of funds it has under management as it receives a base Management Fee (irrespective of performance).	Remote – Propertylink will be judged on performance (among other things). Accordingly, prospective investors will not invest unless the strategy and returns meet their expectations.	Not applicable.	Disclosure of fee structure in Offer document.
Need to invest – poor market outlook but Propertylink is still required to invest.	Possible – investors will judge Propertylink against general market performance or other benchmarks. However, Propertylink anticipates that there will be times when the market will be weak and will use its investment expertise to protect against potential downturns in the market.	Propertylink will conduct comprehensive due diligence prior to investing. All investments will be based on comprehensive analysis; they will be independent and objective and be well supported by proper research.	Review by Investment Committee of recommendations. Review of investment decisions. Disclosure of conflict in Offer document.

DESCRIPTION OF POTENTIAL CONFLICT OF INTEREST	LIKELIHOOD THAT THE CONFLICT OF INTEREST WILL ARISE	MITIGATING PROCEDURES / RISK PREVENTION MEASURES IN PLACE	CONFLICT MONITORING PROCEDURE
<p>Staff trading and/or self-dealing and front running – this refers to the situation where Representatives or of Propertylink are aware of the Fund's intentions to acquire or dispose of a particular investment (e.g. security) and either Propertylink or its Representatives purchase (or sell) the security beforehand. This may impact the price the Fund has to pay or receive for that product.</p>	<p>Remote – Propertylink will not trade as principal and will maintain a register of Representatives who trade on their own account and such Representatives must seek approval from the Managing Director prior to making such an investment.</p>	<p>Staff trading procedures.</p>	<p>Review of staff trading activity.</p>
<p>Potential Bias – Propertylink develops an emotional bias towards an investment strategy, security or a financial product.</p>	<p>Remote – All research will be properly considered and investigated prior to an investment decision being implemented. Furthermore, research will be independent and objective and be well supported by proper research and analysis.</p>	<p>Only experienced and qualified Representatives will be able to deal on behalf of the Funds.</p>	<p>Review by the Managing Director of recommendations and current portfolio. Close monitoring and comprehensive analysis (reasoning) provided when making investments.</p>
<p>Insider Trading – Where Representatives (and/or related personnel) of Propertylink are on the Board of a company, are major shareholders of a company, or in possession of price sensitive or confidential information in relation to the company may be in a position of potential conflict.</p>	<p>Low – likelihood of a Representative being on a Board of a listed company or a major shareholder is remote. All investments will be well supported by proper research and analysis.</p>	<p>Trading in such companies may only occur in accordance with strict procedures.</p>	<p>Close monitoring.</p>

b) A conflict between something within the financial services business and something outside the financial services business:

DESCRIPTION OF POTENTIAL CONFLICT OF INTEREST	LIKELIHOOD THAT THE CONFLICT OF INTEREST WILL ARISE	MITIGATING PROCEDURES / RISK PREVENTION MEASURES IN PLACE	CONFLICT MONITORING PROCEDURE
<p>Staff conflicts – employee involvement in outside business, political and community activities may result in conflicts of interest with Propertylink’s financial services business.</p> <p>Representatives should avoid not only a conflict of interest but also the appearance of a conflict of interest.</p>	<p>Remote – Propertylink has comprehensive compliance arrangements and training and supervision procedures.</p> <p>Accordingly, Representatives will be aware of their obligations and must disclose any potential conflict.</p>	<p>While there is no absolute test to determine what constitutes a conflict, or the appearance of a conflict, Representatives should consider how others could view the activity or interest and disclose the activity to the Managing Director.</p>	<p>Representatives will be required to seek approval in writing from the Managing Director before entering into or continuing the transaction or relationship. Close monitoring.</p>
<p>"Royalty" payments – paid from Fund Managers to research houses when the ratings are used by the Fund Managers in its marketing and advertising campaigns.</p>	<p>Remote – Propertylink will not engage a rating or marketing agency.</p>	<p>The Managing Director will be responsible for reviewing all marketing material before it is released into the public domain.</p>	<p>Not applicable.</p>
<p>Independence with investments made – Fund Managers may have commercial relationships with corporations. Fund Managers also vote on behalf of the unit holders. Fund Managers who are or might be doing business with the company might have an incentive to vote with management, even when it may not be in the interests of the investors.</p>	<p>Remote – Propertylink is a professional Fund Manager and will have no relationship or bias towards a particular listed or unlisted company. Investments will be made to generate profits and will be unambiguous, consistent and transparent.</p>	<p>Not applicable.</p>	<p>Close monitoring.</p>

DESCRIPTION OF POTENTIAL CONFLICT OF INTEREST	LIKELIHOOD THAT THE CONFLICT OF INTEREST WILL ARISE	MITIGATING PROCEDURES / RISK PREVENTION MEASURES IN PLACE	CONFLICT MONITORING PROCEDURE
<p>Outsourcing – Service providers will be required to disclose any possible conflicts of interest during the selection process. Service providers that are considered to be inappropriate (i.e. where the potential conflict is too great) will be discarded.</p>	<p>Remote – Propertylink has established documented "Outsourcing Procedures" which must be complied with prior to the appointment of an outsourcing partner and provides guidance on the procedures to be followed during the relationship.</p>	<p>Any significant functions that will be outsourced will be governed by formal arms length binding arrangements.</p>	<p>Close monitoring and regular contact with service provider(s).</p>

5. Conflict Ratings

5.1 Ratings

Conflict ratings are to be determined by the Conflict Manger as follows:

- a) **SC (Strong Conflict)** - there is an actual or potential conflict of interest that in the reasonable opinion of the relevant Conflict Manager could (and is not unlikely to) result in:
 - I. an Extreme Consequence; or
 - II. have a significant disadvantageous consequence for another person having regard to the objectives of this Policy; or
 - III. result in a material breach of this Policy;
- b) **MC (Manageable Conflict)** - there is an actual or potential conflict of interest that in the reasonable opinion of the relevant Conflict Manager:
 - I. is very unlikely to result in an Extreme Consequence;
 - II. could result in a Significant Consequence;
 - III. can be managed by putting in place arrangements to ensure that the conflict does not result in adverse consequences for a client and that the financial service they receive is not compromised; or
 - IV. result in a minor or technical breach of this Policy; and
- c) **NC (No Conflict)** - no conflicts of interest exists.

5.2 Consequences

- a) Any outcome listed in the following table is an '**Extreme Consequence**'.

EXTREME CONSEQUENCES

- | | |
|--|---|
| <ul style="list-style-type: none">• Breach of Propertylink's AFSL conditions.• Contravention of any law (eg the Corporations Act 2001 (Cth)).• Dishonest or unethical behaviour.• Deceptive or misleading conduct.• Propertylink would not be able to provide the relevant financial service in an independent and objective manner. | <ul style="list-style-type: none">• Breach of this Policy.• A conflict of interest that, if it were treated as a MC, would be difficult for Propertylink to manage for the purposes of preventing an Extreme Consequence, a Significant Consequence, or another adverse consequence. |
|--|---|
-

- b) Any outcome listed in the following table is a '**Significant Consequence**'.

SIGNIFICANT CONSEQUENCES

- | | |
|---|--|
| <ul style="list-style-type: none">• Damage to Propertylink's reputation.• A reasonable person would perceive the conflict as preventing Propertylink from providing the relevant financial service in an independent and objective manner. | <ul style="list-style-type: none">• Propertylink's financial service being of less benefit to an intended recipient of that service. |
|---|--|
-

6. Acting on Conflicts

6.1 Conflict Rating Action

If a conflict rating of:

- a) **SC** (Strong Conflict) exists, then the financial service relating to that conflict must either:
 - I. not be provided; or
 - II. be provided only after the relevant conflict has been removed and a Conflict Report (in relation to the service) has been signed by the respective Conflict Manager. A further Conflict Report must also be completed prior to the provision of the financial service;
- b) **MC** (Manageable Conflict) exists, then a Conflict Report must be signed by the Conflict Manager before commencing the relevant work/New Work (as applicable) and again prior to the provision of that financial service. Completing the Conflict of Interest Form will require the Conflict Manager to determine what arrangements (if any) need to be put in place to mitigate the risk of adverse consequences resulting from that conflict; or
- c) **NC** (No Conflict) exists for any financial service, then that service may be provided. However, all endeavours should still be made to ensure that any potential conflict of interest is identified and dealt with according to this Policy.

APPENDIX 2 – CONFLICTS OF INTEREST REGISTER

NAME OF CLIENT	NATURE OF WORK PERFORMED RELATIONSHIP DESCRIPTION	STATUS	START DATE	FINISH DATE	CONFLICT STATUS	CONFLICT INFORMATION
<i>(eg Technology Company Pty Ltd)</i>	<i>Propertylink assisted the technology company with preparation of an IM</i>	<i>Current [15 March 2009]</i>	<i>1 January 2010</i>	<i>N/A</i>	<i>MC</i>	<i>Technology Company Pty Ltd operates in same industry as another current client.</i>

Key

Status:

Current: Propertylink has done work in relation to this party in the last twelve (12) months

Dormant: Propertylink has not done work for this party within the last twelve (12) months

Conflict Status:

SC: Strong Conflict

MC: Manageable Conflict

NC: No Conflict

1. CONFLICT NOTIFICATION DOCUMENT
THE NAME OF THE CLIENT, RELATED COMPANIES AND THIRD PARTY ENTITIES
NATURE OF TRANSACTION, INCLUDING SPONSOR
NATURE OF PROPERTYLINK'S PARTICIPATION
NATURE OF CONFLICT NOT ADDRESSED BY PROPERTYLINK'S CONFLICTS OF INTEREST POLICY
IMA / MANDATE LETTERS, CONFIDENTIALITY AGREEMENTS, EXCLUSIVITY AGREEMENTS
2. CONFLICT PLAN
PROPOSED CONFLICTS OF INTEREST MANAGEMENT STRATEGY
AUGMENTATION OF CONFLICTS OF INTEREST POLICY