



Group Conflicts Management Policy & Framework

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A INTRODUCTION

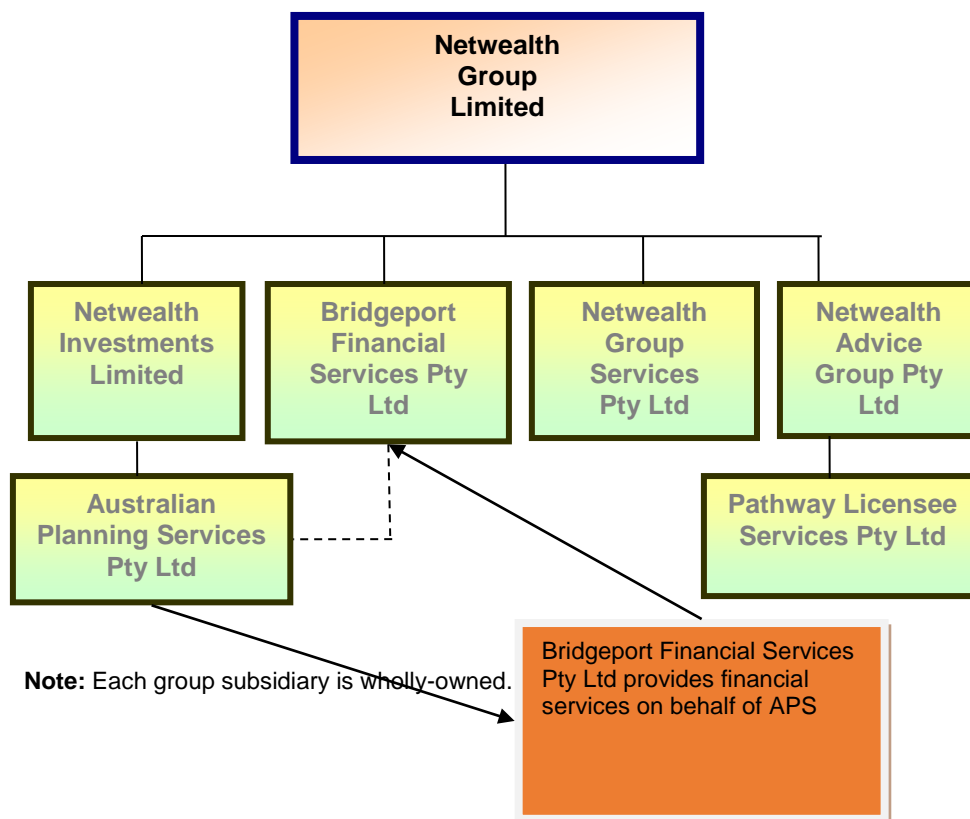
1. Group Policy

This Policy applies to Netwealth Group Limited, all subsidiaries of Netwealth Group Limited, and all persons who provide financial services on behalf of any of those companies. As such, it is separately adopted by the Board of each of those companies as being applicable to the relevant company. It applies to persons who provide financial services on behalf of any of those companies by virtue of the contractual arrangement under which they provide the services.

2. About the Netwealth Group

2.1. Netwealth Group Limited is the parent entity of the Netwealth Group of entities (“**Netwealth Group**” or “**Netwealth**”), and is majority owned by Heine Brothers Pty Ltd.

2.2 Netwealth Group’s entity structure is reflected below.



2.3 Netwealth Investments Limited (“**NIL**”) currently conducts the following business activities:

- (a) NIL is the trustee of the Netwealth Superannuation Master Fund, a registrable superannuation entity trading as Netwealth Super Wrap and Netwealth Super Accelerator. In this regard Netwealth is regulated by the Superannuation Industry (Supervision) Act 1993 (“**SIS Act**”) and by the Australian Prudential Regulation Authority (“**APRA**”);
- (b) NIL is the operator of the Netwealth Wrap Service, an IDPS offering products called Netwealth Investment Wrap and Netwealth Wealth Accelerator. It operates these under Australian Financial Services Licence 230975 (“**the AFSL**”) and is regulated

by the Corporations Act 2001 and the Australian Securities & Investments Commission (“**ASIC**”);

- (c) NIL is the responsible entity of a number of managed investment schemes: a range of unit trusts referred to collectively as ‘Netwealth Global Specialist Series’ (“**GSS Funds**”), a cash trust called ‘netcash’ and a separately managed account called ‘Netwealth Managed Account’. It also operates these under the AFSL; and
- (c) NIL provides self-custodial services for Netwealth Superannuation Master Fund, the Netwealth Wrap Service, the GSS Funds and netcash, services in relation to the operation of self-managed superannuation funds (marketed as the “Netwealth Self Super SMSF Administration Service”) and makes available share trading services provided by an external third party provider.

- 2.4 Australian Planning Services Pty Ltd (“**APS**”) provides financial planning dealer services to financial advisers under AFS Licence No. 225982.
- 2.5 Bridgeport Financial Services Pty Ltd (“**BFS**”) provides financial services to their clients as a corporate authorised representative of APS.
- 2.6 Pathway Licensee Services Pty Ltd (“**Pathway**”) provides compliance services to AFS licensees and their authorised representatives, including APS and Bridgeport.
- 2.7 Netwealth Group Services Pty Ltd (“**NGS**”) provides business and employee services to members of the Netwealth Group.
- 2.8 Netwealth Group entities provide financial products and/or services to their own direct clients as well as to clients of other members of the Netwealth Group. NGS and Pathway also provide financial services to other Netwealth Group entities.

3. Guiding principles

- 3.1 In the course of conducting their respective businesses, conflicts of interest will arise.
- 3.2 Adequate conflicts arrangements help minimise the potential adverse impact of conflicts of interest on Netwealth clients and on Netwealth’s businesses and brands.
- 3.3 Netwealth’s policy is to conduct all of its activities with the highest degree of integrity and fair dealing and to comply with the law and the spirit of the law in conducting its business.

B NETWEALTH’S CONFLICTS MANAGEMENT FRAMEWORK

4. Framework and responsibilities

- 4.1 The Conflicts Management Framework includes the following components:
 - (a) this Policy;
 - (b) the NIL Fit and Proper Policy;
 - (c) the Netwealth Conflicts of Interest Register;
 - (d) the APS Conflicts of Interest Register;

- (e) related Netwealth processes, procedures, systems and controls; and
- (f) related APS processes, procedures, systems and controls.

4.2 Responsibilities under this Policy have been assigned as follows:

- (a) Boards - The Board of Netwealth Group is responsible for the development, maintenance and effectiveness of the Netwealth Group Conflicts Management Framework, the approval of this Policy and all changes to it and ensuring that all Netwealth Group employees understand the implications of this Policy. The Boards of each subsidiary company are responsible for the adoption of this Policy and its application to each subsidiary.
- (b) Company secretary of Netwealth Group – is responsible for implementing this Policy including ensuring that the Conflicts of Interest Register (incorporating Relevant Duties and Relevant Interests for NIL) is maintained; that new notifications are brought before the relevant Board for consideration, as required; and each conflict is recorded in the relevant Board minutes.
- (c) The NIL and NAG Compliance and Risk Management Committees – Monitoring the Conflicts Management Framework and compliance with relevant law and this Policy for their respective entities.
- (d) Risk and Compliance – Reviewing this policy periodically and training staff through the regulatory awareness training system (“**RATS**”). Risk and Compliance are also responsible for the maintenance of a Price Sensitive Information Roles Register and the management of the related annual declaration of compliance process.
- (e) All people to whom this Policy applies must:
 - identify and report any conflicts of interest in accordance with this Policy; and
 - not put themselves in a position where their personal interests result in a breach of this Policy.

C CONFLICTS OF INTEREST DEFINED

5. Definitions

5.1 Conflicts of interest are circumstances where some or all of the interests of people (including clients) to whom Netwealth provides financial services, are inconsistent with, or diverge from, some or all of the interests of Netwealth. This includes actual, apparent and potential conflicts of interest.¹

5.2 For the purposes of this Policy to the extent it relates to the Netwealth Superannuation Master Fund, SPS 521 defines the following terms:

a ‘**conflict**’ includes a reference to a conflict:

- (a) between the duties owed by NIL, or its responsible persons, to beneficiaries and the duties owed by them to any other person;
- (b) between the interests of beneficiaries and the duties owed by NIL, or its responsible persons, to any other person;

¹ ASIC Regulatory Guide 181.15.

- (c) between a relevant interest of NIL, its associates or its responsible persons and their duties to beneficiaries; and
- (d) between a relevant interest of NIL, its associates or its responsible persons and the interests of beneficiaries.²

a **'relevant duty'** refers to any duty owed by NIL, or a responsible person of NIL, to beneficiaries or to any other person³;

a **'relevant interest'** of NIL, an associate of NIL or a responsible person of NIL refers to any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by NIL, the associate or the responsible person.

5.3 Conflicts of interest may be:

- Actual – involving a direct conflict;
- Perceived – where it appears that a conflict has arisen, whether or not this is in fact the case; or
- Potential – where a conflict could arise at some stage in the future.

5.4 A conflict of interest can be pecuniary (i.e. involving potential financial gain or loss) or non-pecuniary. A conflict of interest can arise from avoiding personal loss as well as gaining personal advantage, financial or otherwise.

6. Types of conflicts of interest

6.1 Conflicts of interest may arise between Netwealth, other entities in the Netwealth Group, Netwealth directors, staff, clients or outsiders.

6.2 Situations which are most likely to give rise to conflicts of interest of relevance to Netwealth include those listed under the following main categories:

(a) Corporate conflicts of interest

- Conflict of duties; e.g.: where NIL's duties as trustee of the Netwealth Superannuation Master Fund conflict with its corporate duties or duties owed to another fund;
- Subsidiary conflict; i.e. Where one entity within the Netwealth Group may have potential conflict with another entity; e.g.: where NIL provides platform services to clients of Bridgeport.⁴

(b) Conflicts of interest involving directors⁵ and other responsible persons

- Improper use of position to gain an improper advantage;

² SPS 521 para 7

³ SPS 521 para 6(a)

⁴ Note however that the interests of a company in the Netwealth Group do not necessarily have to be considered in isolation from the Netwealth Group as a whole because of provisions in the constitutions of the companies in the Netwealth Group and by virtue of section 187 of the Corporations Act. This means that where a director of a company in the Netwealth Group acts in the best interests of the Netwealth Group Limited as the parent company of the Netwealth Group, the director will generally be taken to have acted in the best interests of the company concerned even if that may not be the case if the interests of the company are considered in isolation. For example, the board of a company in the Netwealth Group may agree to that company entering into an obligation that is detrimental to it but beneficial to the Netwealth Group as a whole and this will generally be taken to be an action in good faith and in the interests of the subsidiary.

⁵ Additional requirements regarding conflicts of interest involving directors are detailed in Schedule 1

- Conflict of duties.

(c) Conflicts of interest involving staff:

- Improper use of position to gain an improper advantage for the staff member
- Inside information; e.g.: where staff member is in a position to use inside information for personal gain;⁶
- Outside influence; e.g.: where a staff member may have an outside relationship where the outsider or staff receives a personal gain. This also includes situations where outsiders use their influence over staff for their gain.

(d) Conflicts of interest affecting clients, including beneficiaries; e.g.:

- Improper use of position to gain an improper advantage for a client;
- Inside information; i.e. where a staff member is in a position to use inside information for the benefit of or to the detriment of clients;⁷
- Outside influence; i.e. where a staff member may have a relationship with a client where the staff member receives a benefit. This also includes situations where clients use their influence over staff for the client's gain.

(e) Conflicts of interests involving suppliers; e.g.:

- Conflict with Netwealth Group Services Pty Ltd over the supply of business and human resources;
- Conflict with a portfolio manager providing managed models for Netwealth Managed Account; and
- Conflict arising from a Fund Manager also acting as a Product Manager and therefore desiring control over the offered investment menus.

6.3 **Schedule 7** contains examples of conflicts of interest that are likely to be relevant to Netwealth's business and provides guidance and other information in relation to treatment of those conflicts.

6.4 **Schedule 9** contains guidance for assessing whether a conflict exists, may arise, or may be perceived.

D REGULATORY REQUIREMENTS

7.1 NIL and APS, as Australian Financial Services Licensees are obliged to have adequate arrangements in place for the management of conflicts of interest that may arise wholly, or partially, in relation to the provision of financial services by them, or their representatives.⁸

7.2 NIL, as an RSE licensee, is required under SPS 521 to have a conflicts management policy that is approved by the NIL Board and that includes controls and processes for:

- identifying and monitoring all potential and actual conflicts;
- avoiding conflicts where required to do so;

⁶ Communication of inside information is prohibited, s 1043A Corporations Act 2001 (Cth).

⁷ Communication of inside information is prohibited, s 1043A Corporations Act 2001 (Cth).

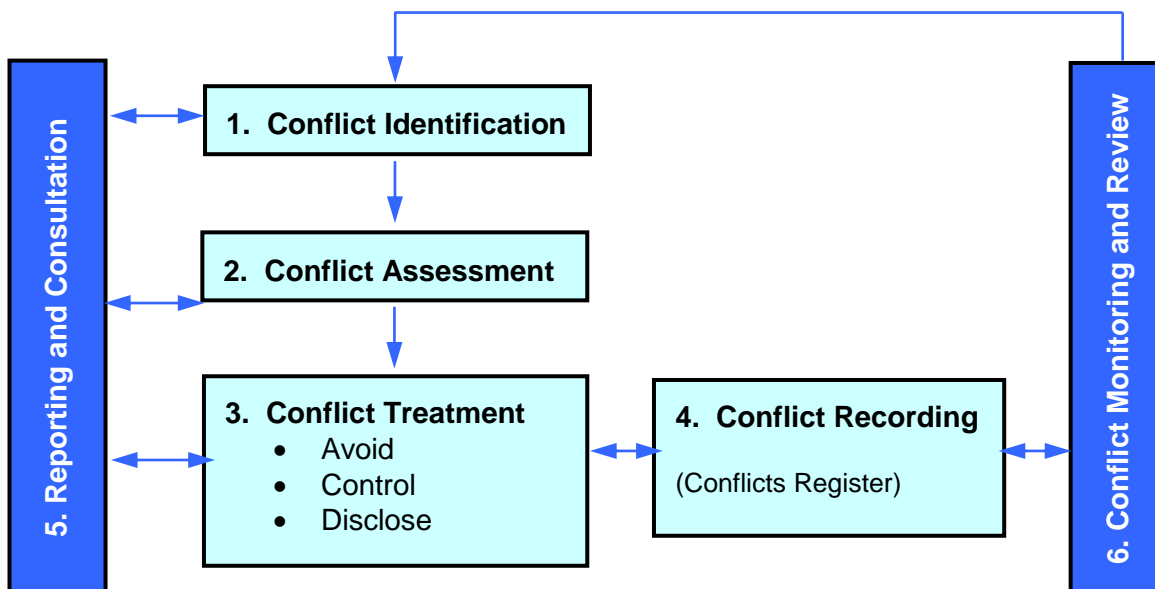
⁸ s912A(1)(aa) of the Corporations Act 2001 (Cth).

- (c) where there is a conflict, managing that conflict, or ensuring that the conflict is managed in accordance with the requirements:
 - (i) to give priority to the duties to and interests of the beneficiaries over the duties to an interests of other persons;
 - (ii) to ensure that the duties to the beneficiaries are met despite the conflict; and
 - (iii) to ensure that the interests of the beneficiaries are not adversely affected by the conflict;
- (d) ensuring that appropriate action is taken in the event of a conflict arising, including on-going evaluation of management of the conflict and provision for escalation or alternative action if required;
- (e) recording in the minutes of Board, Board committee and other relevant meetings details of each conflict identified and the action taken to avoid or manage this conflict; and
- (f) processes for the development and maintenance of registers of relevant duties and relevant interests for Netwealth, each of its associates, each Director and each responsible person.

E MANAGING CONFLICTS OF INTEREST

11. How conflicts of interest are managed

11.1 The diagram below illustrates how conflicts of interest are identified, assessed, treated, recorded, reported and monitored. Conflict management forms part of Governance Risks of the NIL and APS businesses and is addressed appropriately in their respective Risk Registers and Radars.



11.2 Each Director and other responsible person is responsible for identifying, assessing and treating any conflicts of interest within their respective business unit. All employees are required to bring to their manager's attention any suspected conflict of interest for their manager's consideration and referral to their responsible person. Directors and Responsible Persons are responsible for providing the following details to a Risk and Compliance Manager to enter into the Conflicts of Interest Register:

- (i) the date of the conflict;
- (ii) the entity concerned;
- (iii) the type of conflict;
- (iv) a description of the nature of the conflict;
- (v) the treatment afforded the conflict; and
- (vi) any other comments.

11.3 Key requirements of this Policy will be monitored through Protecht assessments. Risk and Compliance are responsible for reporting any exceptions/breaches of this Policy to the CRMC.

12. Managing specific types of conflicts of interest

12.1 The law has a number of requirements in relation to conflicts of interest which are referred to in the following Schedules to this Policy:

- Schedule 1 - Conflicts of interest involving directors
- Schedule 2 - Related party transactions
- Schedules3 - Insider trading / in-house investments
- Schedule 4 - Information Barriers
- Schedule 5 - Gifts and entertainment
- Schedule 6 - Secret commissions

12.2 In addition, under this Policy, the Netwealth Group prohibits borrowing from or lending to clients or suppliers: see paragraph 13 below.

13. Prohibition on staff borrowing from, and lending to, clients

13.1 Borrowing from or lending to clients or suppliers may create a conflict between the personal interests of staff with those of the client or the company.

13.2 Staff are not permitted to borrow from clients or suppliers, except those who engage in lending in the usual course of their business, and then only on terms offered to others in similar circumstances, as to interests rates, terms, security, repayment, and the like.

13.3 Staff are not permitted to cover margins with collateral that is registered in the name of a third party and are forbidden from lending to any client, funds or collateral belonging to staff or an associated account.

14. Insider trading⁹

14.1 The Corporations Act specifies that where a staff member or Director (the “**Insider**”) is in possession of information that is not generally available in relation to a financial product that would be reasonably expected to have a material affect on the price or value of that financial product then the Insider must not:

- (a) apply for, acquire or dispose of the financial product or procure another person to do so; or
- (b) directly or indirectly communicate that information to another person who is likely to do (a).

⁹ Corporations Act, Part 7.10, Division 3

Failure to comply with this law is an offence and exposes the Insider to criminal prosecution and civil action.

- 14.2 Guidance for Directors, Management and staff is provided in [Schedule 3](#).
- 14.3 To minimise the risk of inappropriate use of information within Netwealth and its related entities, Netwealth has put in place certain barriers to restrict the flow of sensitive information. An explanation of these “information barriers” is contained in [Schedule 4](#).

F CONSEQUENCES OF NON-COMPLIANCE

15. Breach of Policy

- 15.1 All breaches of this Policy will be managed in accordance with the Group Incident and Breach Handling Policy.

G GENERAL PROVISIONS

16. Training

- 16.1 Training is generally managed by Learning and Development within Human Resources. As part of the Induction program, Risk and Compliance provide training which includes an introduction to Conflicts of Interest. This training is provided then ongoing on an at least annual basis (but may be automated into the future). Training occurs at all interstate locations at least annually.
- 16.2 Ongoing training on the requirements of this Policy is provided through the RATS Training Program. The Netwealth Risk and Compliance Manager is responsible for induction training and ongoing training on the requirements of this Policy.
- 16.3 The Head of Operations for APS and BFS and the Manager Risk and Compliance is responsible for ensuring that the Compliance Manual reflects the requirements of this Policy.
- 16.4 Risk and Compliance will ensure that training is provided to Pathway employees at least annually.

17. Reporting

If a person believes there has been a material conflict of interest that has not been disclosed, they should report the matter in accordance with Netwealth's Whistleblowing Policy.

18. Reviewing the Conflicts Management Framework and Policy¹⁰

- 18.1 This Policy is reviewed by Risk and Compliance on a regular basis, and the results of this review must be reported to the Board.
- 18.2 The appropriateness, effectiveness and adequacy of Netwealth's Conflicts Management Framework will also be subject to a review by the Netwealth Risk and Compliance Manager, or an independent third party, every three years.

19. Record keeping

- 19.1 Risk and Compliance are responsible for maintaining the Conflicts of Interest Register for each Netwealth Group entity, including relevant duties and interests.

20. Amendment and approval of Policy

This Policy has been approved by the Netwealth Group Limited Board and may only be amended with its prior approval.

¹⁰ SPS paras 20-23

SCHEDULE 1: CONFLICTS OF INTEREST INVOLVING DIRECTORS

1. Directors' duties

- 1.1 Directors of a company are required to exercise care and diligence, to act in good faith and not to use their position to gain an advantage for themselves or someone else, such as a related company.¹¹ The business judgment rule does not apply where a director has a material, personal interest in the subject matter.¹²
- 1.2 The law requires that directors not allow a conflict of interest to compromise the decisions they make in their position as a director of the company, which in the case of NIL includes NIL in its capacity as trustee of the Netwealth Superannuation Master Fund, operator of the Netwealth Wrap Service and as responsible entity of the managed investment schemes of which it is responsible entity.
- 1.3 Directors must ensure that they comply with their legal obligations. A director must disclose a material personal interest in a matter that relates to the affairs of the company concerned. This is a strict liability offence.¹³

2. What is a material personal interest?

- 2.1 'Material' in this context means that the interest involves a relationship of some real substance to the relevant matter. The 'interest' should be seen as the type that is able to influence the director's vote or decision-making.
- 2.2 A material personal interest may be a direct or indirect advantage or benefit. Its nature is not limited to monetary gain, it may be non-financial.

3. Disclosure of interests - guiding principles

- 3.1 A Director must disclose to all Directors at each Board or committee meeting:
 - any material personal interest they have in a matter which relates to the affairs of the company; and
 - any other interest which the Director believes is appropriate to disclose in order to avoid an actual conflict of interest or the perception of a conflict of interest.
- 3.2 The disclosure should be made as soon as practicable after the Director becomes aware of their interest or the need to make a disclosure.
- 3.3 The conflicted Director or committee member should excuse him/herself from the meeting allowing the remaining members to vote on the matter. Alternatively the remaining members can determine whether it is appropriate for the member to leave the meeting. The minutes of the meeting should record the decision taken by the Directors who do not have an interest in the matter.
- 3.4 Where a Director is uncertain as to whether an interest should be disclosed in accordance with this Policy, the Director should consult with the Chairperson.

¹¹ ss 180-182 Corporations Act 2001 (Cth).

¹² s180(2)(b) Corporations Act 2001 (Cth).

¹³ s 191-196 Corporations Act 2001 (Cth).

4. Standing notices about conflicts of interest

- 4.1 Standing notices about interests are maintained for each Director and copies are provided to each new Director on commencement.
- 4.2 Each new Director shall complete a standing notice about interests which shall be tabled at the next meeting of Directors following commencement. Whenever there is any change in interests notifiable under a Director's standing notice, the Director shall disclose the change as soon as practicable, and in any event orally at the next Board meeting. Disclosure of interests should be a standing agenda item at each Board meeting and all disclosures are to be recorded in the minutes.
- 4.3 Should the level of a Director's interest in a matter materially increase, the standing notice should be updated to reflect this.

5. Exceptions to obligation to provide notice

- 5.1 There are four exceptions to the rule to provide notice of a conflict of interest. These are:
- where the company is a proprietary company and the other Directors are aware of the nature and extent of the interest and its relation to the affairs of the company;
 - 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;
 - the Director has already given notice of the nature and extent of the interest and its relation to the affairs of the company, notice has been given to a Director who joined since the notice was first given and there has been no material increase in the nature or extent of the interest; and
 - the interest is of a specified type, such as an interest held in common with other Directors, or arising in relation to the Director's remuneration.

6. Cross directorships

- 6.1 Directors of a company have a duty to act in good faith in the best interests of that company and to not gain an advantage for themselves or someone else as noted in paragraph 1.1 above. The prohibition against gaining an advantage for someone else extends to related entities of the company except in relation to wholly owned subsidiaries¹⁴ where:
- the constitution of the subsidiary authorises actions in the interests of the holding company; and
 - actions are in the interests of the holding company.
- 6.2 Directors of a holding company may also be directors of subsidiaries. The interests of directors on the Board of the holding company are focused on that company delivering a return to its shareholders. The interests of directors on the Boards of subsidiaries, in the case of responsible entities and registrable superannuation entity licensees in their capacity as trustee include acting in the interests of the beneficiaries of the trusts under a fiduciary duty.¹⁵
- 6.3 Decisions of the Boards of the companies are made separately with the benefit of separate agenda and papers for each Board and recorded in the minutes of the respective Boards. Disclosure of conflicts of interest should be a standing item on the agenda for meetings of the Boards of each company.

¹⁴ s 187 Corporations Act 2001 (Cth).

¹⁵ s 52(2)(c) Superannuation Industry (Supervision) Act 1993 (Cth); s 601FC(1)(c) Corporations Act 2001 (Cth); s 7(2) Trustee Act 1958 (Vic).

SCHEDULE 2: RELATED PARTY TRANSACTIONS

1. Conflict of interest

1.1 Related party transactions are a type of conflict of interest governed by specific provisions under the law.¹⁶

2. Legal obligations

2.1 Public companies must not give a financial benefit to a “related party” without the approval of the members of the company, or the relevant scheme, unless the giving of that benefit falls into one of the following statutory exceptions:

- Where the benefit is given to a closely held subsidiary of the company or by a closely held subsidiary to the company or an entity it controls;
- It would be reasonable if the parties were dealing on an arms-length basis;
- Reasonable remuneration and reimbursement for officers and employees;
- Reasonable indemnities, exemptions, insurance premiums and payment for legal costs for officers;
- Small amounts are given to the related party (currently up to \$5,000)
- The benefit is given to a related party in its capacity as a member of the public company and it doesn't discriminate unfairly against the other members; e.g. dividends.

2.2 Related parties are defined¹⁷ as:

- the parent company of the entity (Netwealth Group Limited is the parent company of all entities in the Netwealth Group);
- a director of the entity (or its parent company), their spouses, de facto spouses, parents and children;
- any entities controlled by a director of that entity (or its parent company), their spouses, de facto spouses, parents or children;
- any entities in the group that may have a controlling interest in the entity;
- any of the above if they were a related party within the previous six months;
- anyone the company thinks is likely to become a related party at any time in the future;
- a company acting in concert with a related party on the understanding that the related party will benefit.

3. Procedure for dealing with related party transactions

3.1 A proposed related party transaction not covered by any of the above exemptions must be approved by members of the Company in accordance with the procedures in Chapter 2E of the Corporations Act.

3.2 Where Netwealth is relying on the arms-length exemption, where appropriate, the arrangement should be documented and supporting information obtained to evidence the arm's length basis prior to proceeding.

3.3 Any proposal involving Netwealth acquiring any interest in property held by the Netwealth Superannuation Master Fund, the Netwealth Wrap Service or a Netwealth managed investment scheme of which NIL is the responsible entity must comply strictly with applicable legal requirements and, where appropriate, external professional advice should be sought.

¹⁶ Chapter 2E and 5C (s 601LA) Corporations Act 2001.

¹⁷ s228 Corporations Act 2001

SCHEDULE 3: INSIDER TRADING / IN-HOUSE INVESTMENTS

1. Purpose

- 1.1 To define the policy with regard to staff investing in Netwealth Group products or seeking personal advice from a Netwealth Group employee.

2. Policy

Upon commencement, all Directors and staff members must advise the Company Secretary of:

- (a) all Netwealth investment products held in their name or in the name of a related party (i.e. spouse, relative, self-managed super fund, family trust or other entity controlled by the staff). Netwealth products means a managed investment scheme of which NIL is the responsible entity, the Netwealth Superannuation Master Fund or the Netwealth Wrap Service or other products or services provided by or through Netwealth such as SMSFs and share trading; and
- (b) any financial advice sought from a Netwealth Group employee or an adviser that uses Netwealth Product.

3. Directors and General Managers – No price sensitive information

- 3.1 Netwealth Directors and members of the Executive Committee (EC) may buy or sell managed investment scheme units, or make investments via the Netwealth Superannuation Master Fund or Netwealth Wrap Service, or seek advice if at the relevant time they do not have access to information which may be price sensitive and is not generally available.
- 3.2 Netwealth General Managers and members of the EC must advise the Company Secretary, Managing Director, or the Board, as appropriate to their position, within 5 days of them opening or closing an account or seeking advice.

4. Staff – No price sensitive information

- 4.1 Employees of the Netwealth Group may buy or sell managed investment scheme units, or make investments via the Netwealth Superannuation Master Fund or the Netwealth Wrap Service, or seek advice if at the relevant time they do not have access to information which may be price sensitive and is not generally available.
- 4.2 Staff members must advise the Company Secretary within five (5) business days of opening or closing an account or seeking advice from the Netwealth Group.

5. Price sensitive information – Insider trading

- 5.1 The law specifies that where a staff member or director (the “Insider”) is in possession of information that is not generally available in relation to a financial product that would be reasonably expected to have a material affect on the price or value of that financial product then the Insider must not:
- (a) Apply for, acquire or dispose of the financial product or procure another person to do so; or

- (b) directly or indirectly communicate that information to another person who is likely to do (a).

Failure to comply with this law is an offence and exposes the Insider to criminal prosecution and civil action. It is also a ground for terminating employment with Netwealth.

5.2 Examples of price sensitive information include:

- knowledge that a model portfolio in Netwealth Managed Account is to be rebalanced which will result in the acquisition or sale of a particular type of listed security;
- information on a large parcel of shares being purchased or sold by a client with a Netwealth Superannuation Master Fund or Netwealth Wrap Service account (or a large aggregated order being placed by Netwealth); and
- knowledge that a client or clients with a significant shareholding in a takeover target propose to vote in a particular way.

5.3 Whilst the Netwealth Group does not contain or manage any listed entities, if Directors or staff do come into possession of other price sensitive information the prohibition in 5.1 above still applies and they should be aware of when trading windows may apply (usually for a limited period immediately following public release of relevant information).

6. Annual Declaration of Compliance

6.1 On an at least annual basis, an assessment of the roles which have access to price sensitive information is to be undertaken by all Business Units and a register of relevant roles (“Price Sensitive Information Roles Register”) is to be maintained by Risk and Compliance.

6.2 On an at least annual basis, Risk and Compliance are to obtain from all persons holding a role within the Price Sensitive Information Roles Register a signed declaration confirming their compliance with this Policy and with the Insider Trading provisions specifically. The declaration to be made is confirmed below and will likely form part of the declarations made by employees during their performance review.

I, [*insert employee name*]:

Confirm that I have read and understood the Conflicts Management Policy dated [*insert date to be cross checked against latest version*], and confirm that throughout the past calendar year (or portion of the year for which I have been employed):

- I have at all times complied with this Policy; and
- Where I have had access to price sensitive information that I have at all times complied with the Insider Trading requirements, and have not shared price sensitive information or acted upon price sensitive information in breach of this Policy.

Signed:

Date of declaration:

6.4 Within 6 months of commencement in a role within the Price Sensitive Information Roles Register an employee must affirm that they have read and understood this Policy and declare that they will comply with this Policy.

I, *[insert employee name]*:

Confirm that I have read and understood the Conflicts Management Policy dated *[insert date to be cross checked against latest version]*, and confirm that I will throughout the course of my employment at all times comply with all provisions of this Policy.

Signed:

Date of declaration:

- 6.5 On an at least annual basis, the Responsible Persons' annual declaration is to include an attestation of compliance with this Policy, including reference to Insider Trading compliance.

SCHEDULE 4: INFORMATION BARRIERS

1. Information barriers

- 1.1 The term 'information barriers' refers to procedures and policies that are designed to restrict the dissemination or passing of financial product information that is not generally available and might have a material effect on the price of a security if that information were generally available.
- 1.2 Information barriers are typically established to prevent insider trading activity and to avoid conflicts of interest within an organisation. Information barriers (also known as 'Chinese walls' or 'ethical walls') are recognised by the law as a legitimate means of risk management of these issues in certain circumstances.¹⁸
- 1.3 Communication of price sensitive information across information barriers is strictly prohibited: e.g. Communication by Custody staff of a large client order to non-Custody staff is prohibited.

2 Physical access restrictions

Where appropriate, access to documents (including electronic records and computer files) which may contain sensitive information (or information that is not generally available), is to be restricted.

SCHEDULE 5: GIFTS AND ENTERTAINMENT

1. We acknowledge that during the normal course of business, gifts and entertainment of a nominal value are sometimes exchanged with external parties. We aim to sustain constructive ongoing relationships with external parties we are doing business with, or who seek to do business with us. However, even the appearance of impropriety can affect our reputation.
2. Good judgement is to be exercised in all circumstances.
3. Examples of gifts and entertainment include restaurant meals, tickets (to sporting events, concerts, shows, theme parks or attractions), travel and accommodation, food and confectionary items, bottles of wine or other beverages, gift cards, and holiday themed items. Ask Risk and Compliance if you are not sure whether something constitutes a gift/entertainment.
4. Caution should be exercised even where gifts or entertainment are of nominal value, including:
 - Gifts with nominal value but of limited availability or otherwise highly desirable, e.g. tickets to certain sporting events, concerts or special events; and
 - Gifts of nominal value where it is one of several offers to/from the same party e.g. a series of lunches from the same organisation.
5. Gifts in the form of cash, loans, securities or their equivalent are not to be offered or accepted. It is also prohibited to offer or accept gifts or entertainment from government officials or regulatory bodies, e.g. ASIC or APRA, other than working lunches in the ordinary course of business.
6. In determining whether gifts or entertainment can be offered or accepted, ask Risk and Compliance if you are not sure. Risk and Compliance will consider the following factors and will advise you:
 - Is the gift or entertainment appropriate for the circumstance?
 - Is the gift or entertainment appropriate to the business relationship?
 - How would the offer or acceptance of the gift or entertainment appear to other staff and external parties?
 - How frequently have you offered or received a gift or entertainment to or from the same person or organisation?
7. Under the Future of Financial Advice (**FOFA**) regulatory reforms, conflicted remuneration (including non-monetary benefits or gifts and entertainment greater than \$300) that are given to NIL, APS, BFS or its advisers or by Netwealth entities to other AFS licensees or their advisers who provide financial product advice to retail clients are prohibited if they could reasonably influence financial products recommended¹⁹. If you are unsure whether FOFA applies, ask Risk and Compliance.
8. Under FOFA, the provision of education, training, and IT software and support (where they are not provided on a fee for service basis) must be captured as a type of non-monetary benefit, but are exempt from the upper limit of \$300 that applies to other non-monetary benefits.
9. If you believe that you have been inappropriately offered a gift or entertainment you should decline the gift if possible and report the incident to Risk and Compliance. If you have not been given the opportunity to refuse the gift or entertainment, it should be returned if possible with reference to our policy on gifts and entertainment. If it is not feasible for you to return the gift or

entertainment, the item should be donated to a charity or equitably distributed within the organisation.

10. The below table provides an overview of key differences between the Gifts and Entertainment Register and the FOFA Conflicted Remuneration Register:

- All gifts and entertainment received where the value is \$100 or more must be reported through to Risk and Compliance for inclusion on the relevant register.
- If considering giving a gift or entertainment where the value is \$50 or more, we recommend consulting with Risk and Compliance prior.

Gifts and Entertainment Register	FOFA Conflicted Remuneration Register
Any gifts/entertainment exchanged between Netwealth or Netwealth employee/s and any other source	Any gifts/entertainment and non-monetary benefits that may influence advice, exchanged between AFSL holders
Receiving	Receiving
Gifts/entertainment over \$100 in value, no set upper limit on value	Gifts/entertainment over \$100 in value, with a strict upper limit of \$300 of value
Source of gift/entertainment to be captured, but no set limit on value from any single source	All gifts/entertainment from a single AFSL holder are included in the \$300 limit over any rolling 12-month period.
	Education and training (exempt from the \$300 upper limit)
	IT software and support (exempt from the \$300 upper limit)
Giving	Giving
Gifts/entertainment given by Netwealth where the value is over \$50, no set upper limit on value	Gifts/entertainment given by Netwealth where the value is over \$50, with a strict upper limit of \$300 of value
Recipient of gift/entertainment to be captured, but no set limit on value to any single source	All gifts/entertainment to a single AFSL holder are included in the \$300 limit over any rolling 12-month period.
	Education and training (exempt from the \$300 upper limit)
	IT software and support (exempt from the \$300 upper limit)

SCHEDULE 6: SECRET COMMISSIONS

1. Background

- 1.1 Taking a secret commission is a State and Federal criminal offence in Australia. There are also civil consequences.
- 1.2 The criminal offence has been interpreted by the courts to occur where an agent dishonestly accepts money or other benefits (payment of money is not a requirement of the offence) from a third party in return for agreeing to depart from a duty owed to the principal. Both accepting and paying secret commissions is illegal.
- 1.3 One example is where a staff member is asked by Netwealth to source services from available suppliers on its behalf. Netwealth is entitled to expect that the staff member will provide independent and unfettered advice, based purely on the merits of the services and their pricing and value for money. The staff member then recommends a particular supplier, but unknown to Netwealth, the staff member is receiving a cash payment or other non-cash benefit from that supplier. This is also known as a "kick-back" or "cash-for-favour".

2. Policy

- 2.1 Directors, management or staff must not accept or pay secret commissions.
- 2.2 If there is reasonable suspicion of receipt of secret commissions, the Netwealth Group may suspend the employee and may report the incident to the relevant police force for investigation. If an employee is convicted of offence involving a secret commission, summary dismissal is likely to occur.
- 2.3 Any employee on becoming aware of any suspected receipt of secret commissions must contact a Joint Managing Director, Company Secretary or another Director.

SCHEDULE 7: EXAMPLES OF CONFLICTS OF INTEREST FOR NETWEALTH

Conflict examples	Examples	Relevant Group Affected by conflict	Treatment (Avoid, Control or Disclose)
(a) Corporate conflicts			
Conflict of duties	Determining NIL's fees as Trustee of the Netwealth Superannuation Master Fund, as operator of the Netwealth Wrap Service or as RE of the NMIS's.	NIL	Disclose
	A conflict may arise between NIL in its capacity as trustee of the Super Fund and NIL in its capacity as the RE of the NMIS's e.g. MIS fees	NIL	Control and Disclose
	A conflict arises between Netwealth and Netwealth Group Services Pty Ltd in relation to the supply of business and human resources to Netwealth.	Netwealth & Directors	Control and Disclose
	Making decisions about default funds	Netwealth	Control and Disclose
Subsidiary conflict	Where NIL provides platforms and other products that may be recommended for clients of Bridgeport	<ul style="list-style-type: none"> ▪ NIL, APS & Bridgeport 	Control and Disclose
Strategic partner conflict	Where a strategic partner (e.g.: a dealer group who is a significant supporter of Netwealth products) also provides model management services to Netwealth for the Netwealth Managed Account, a conflict may arise where the model management service is not satisfactory	<ul style="list-style-type: none"> ▪ NIL 	Control and Disclose
(b) Director Conflicts			
Conflict of duties	A Director holding a directorship with a competitor	Directors	Control and Disclose
	A Netwealth Director is also a member of the Super Fund	Directors	Control and Disclose
	Where a Director has an interest in an outsourced service provider that is not a related party.	Directors	Control and Disclose
(c) Staff Conflicts			
Staff Trading	A person trading on their personal portfolio ahead of a large order that the person knows will cause an increase in the price of a particular security.	Staff, Directors, related parties	Avoid (Insider trading and market manipulation are prohibited by law)

Conflict examples	Examples	Relevant Group Affected by conflict	Treatment (Avoid, Control or Disclose)
(d) Client Conflicts			
	A person trading against the interests of a client or trading ahead of a large order that the representative knows will cause an increase in the price of a particular security.	Staff, Directors, related parties	Avoid
	Gifts of products or services from clients or persons who also do business with the person receiving the gifts.	Staff, Directors, related parties	See Schedule 5 – Gifts and Entertainment
	Netwealth has an interest in maximising client investments in NIL’s managed funds in order to increase management fee revenue, which may not be consistent with client’s best interests.	Netwealth	Control and Disclose
	NIL receives higher fund manager payment from certain managers whose funds we include in our model portfolios, when we might not otherwise.	NIL	Control and Disclose
	NIL is the trustee of a retail superannuation fund and has an interest in maximising the fees earned from managing the fund (and therefore maximising the returns to our shareholders), but the beneficiaries have an interest in minimising the fees they pay as members of the fund.	NIL	Control and Disclose

SCHEDULE 8 (CL. 10.3)

CONFLICTS OF INTEREST REGISTER FORMAT
(including details of NIL relevant Duties and Relevant Interests)

Date Conflict disclosed	Entity	Type of conflict, Relevant Duty or Relevant Interest	Description of the nature of the conflict	Treatment Avoid (A) Control (C) Disclose (D)	Comments	Date noted by Board

SCHEDULE 9: IDENTIFYING AND ASSESSING OF CONFLICTS

1. Identification of Conflicts

1.1 The purpose of the below set of questions is to provide assistance in identifying whether a conflict exists, may arise, or may be perceived.

	Yes	No
Would I or anyone associated with me benefit from or be detrimentally affected as a result of actions or decisions that I can make in my role at Netwealth?		
Would I (or anyone associated with me) stand to gain or lose financially in some covert or unexpected way by my actions or decisions?		
Could there be benefits/detriments for me or anyone associated with me in the future as a result of my actions or decisions?		
Do I have a current or previous personal, professional, or financial relationship or association of any significance with an interested party who stands to gain or lose as a result of my actions or decisions?		
Would my reputation be enhanced or detrimentally affected by the proposed decision or action, or would the reputation of anyone associated with me be enhanced or detrimentally affected as a result of my actions or decisions?		
Do I hold any professional views or biases that may lead others to reasonably conclude that I am not an appropriate person to deal with a matter?		
Have I received a benefit, gift or hospitality from someone who stands to gain or lose as a result of my actions or decisions?		
Could this situation have an influence on any future employment opportunities outside my position?		
Could there be any other benefits or factors that could cast doubts on my objectivity?		
Could my involvement in this matter cast doubt on my integrity or on the integrity of Netwealth's operations?		
If I did participate in this action or decision, would I be happy if my colleagues and/or the public became aware of my involvement and any association or connection or any benefit/detriment?		
How would I feel if my actions were highlighted in the media?		
If I saw someone else in my position making the proposed decision or taking the proposed action, would I suspect that they might have a conflict of interest?		
Would a client who would be impacted by my action be concerned about any association I have with a related party and/or by any gain or loss I stand to make?		

2 Assessment of Conflicts

2.1 Where the answer to any of the above questions is yes, consideration is to be given to the significance of the circumstances, with the following factors to be taken into account:

- The degree of discretion that that Netwealth employee has capacity to exercise in their position
- The amount of benefit/detriment to the employee or anyone associated with the employee
- The closeness of the relevant association

- The nature and degree of the reputational enhancement/detriment
- The nature and value of the benefit, gift or hospitality
- The closeness in time and/or sequence of events relating to an action/decision and benefit/detriment
- Whether a reasonable person would perceive the circumstances as a conflict
- Any risk that Netwealth's reputation would be negatively affected in the event that the circumstances under consideration were to become public

If having reviewed the questions in the table and considered the significance of the particular circumstances there remains uncertainty as to whether there is an actual, potential or possible conflict, the matter should be referred to Risk and Compliance for a determination as to whether the matter constitutes a conflict or not, on the basis of the above questions and considerations as to significance.

Where a conflict (actual, perceived, or possible) is identified, it must be recorded in the relevant Conflict of Interests Register(s) and managed in accordance with this Policy.