

## **EXPERT NETWORK POLICY**

### **Introduction**

Expert networks are firms that facilitate contact between individuals or organisations, typically professionals with specialised information, that are contracted by fund managers looking to build fundamental understanding of an industry and company of interest (i.e. target company). 'Experts' can include academics, scientists, engineers, doctors, lawyers, suppliers and professional participants in the relevant industry, including in some cases former employees of the target company.

This policy is to target that the Company, in its use of expert networks, is operating within insider trading laws of the Corporations Act.

This policy does not apply to contact between the Company and senior management/investor relations of companies (i.e. company employees) acting in their official corporate role. This is regardless of whether the company is a portfolio holding of the Company or whether the contact with the company employee was organised by an expert network firm.

Contact with a company employee is covered by this policy if they operate outside of their official corporate role as a client of an expert network firm.

The Company must always conduct its business within insider trading laws and this policy must be read in conjunction with the Trading Policy and Employee Trading Policy.

### **Prohibitions related to inside information**

"Inside information" means information in relation to which the following paragraphs are satisfied:

- the information is not generally available;
- if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of particular division 3 financial products<sup>4</sup>.

Under s1043A of the Corporations Act, if:

- a person (the insider) possesses inside information; and
- the insider knows, or ought reasonably to know, that the information is not generally available and if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of a financial product (e.g. securities; derivatives, interests in a managed investment scheme etc.); then the insider must not (whether as principal or agent):
  - apply for, acquire, or dispose of, the relevant financial products, or enter into an agreement to apply for, acquire, or dispose of, such financial products; or
  - procure another person to apply for, acquire, or dispose of, the relevant financial products, or enter into an agreement to apply for, acquire, or dispose of, such financial products; or

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<sup>4</sup> Division 3 financial products include securities, derivatives, interests in a managed investment scheme, debentures, stocks or bonds issued or proposed to be issued by a government and any other financial products that are able to be traded on a financial market.

- directly or indirectly, communicate the information, or cause the information to be communicated, to another person if the insider knows, or ought reasonably to know, that the other person would or would be likely to:
- apply for, acquire, or dispose of, relevant Division 3 financial products, or enter into an agreement to apply for, acquire, or dispose of, relevant financial products; or
- procure another person to apply for, acquire, or dispose of, relevant financial products, or enter into an agreement to apply for, acquire, or dispose of, relevant financial products.

## **Selection of expert network firms**

Prior to entering into an agreement with an expert network firm, the Company must conduct appropriate due diligence.

At a minimum, the Company must request for the following information:

- approval process of experts;
- processes employed for checking the backgrounds of the experts; and
- practices employed by the expert network firm to monitor the expert's compliance with insider trading laws.

Agreements must be reviewed by COO prior to execution, particularly in relation to compensation and the representations and warranties provided therein. Final approval of the arrangement with the expert network firm rests with the Managing Director.

The approved expert network firms currently engaged by the Company are listed in Schedule 1.

## **Interaction with experts**

### **Restrictions on experts**

The Company employees must not interact with any expert that is currently or in the past 6 months was:

- employed by or consulted to the target company; or
- employed by or consulted to a company currently held in the Company' portfolios.

In their request to the expert network firm for the recommendation of an expert, the employee must clearly state:

- the target company(ies) if any;
- the desired expert background; and
- the general purpose behind the use of such an expert.

While the Company will generally rely on the expert network firm to undertake appropriate background checks on the experts it recommends, employees must be vigilant regarding any "red flags" on the expert's background information that is supplied by the expert network firm.

### **Pre-call/meeting email**

Prior to any interactions with the expert, the Company employee must send to the expert the following statement to target that any information obtain is done so after the expert has declared that such information is publicly available.

## **Sample email**

"Dear <<>>,"

As a condition of our Company's engagement with your firm please note that it is a condition that:

1. You confirm you understand the definition of material non-public information, and that you agree not to disclose any such (inside) information, or any other information that is confidential in the consultation with the Company.
2. You confirm that you are not currently, or have not in the past 6 months, been employed by or consulted to any target company(ies) that the Company has nominated in its request?

Please provide your confirmation on items 1 & 2 above by return email please."

Employees can only proceed with the expert interaction if the expert has not been disqualified by the screening questions.

## **Issues and trading restrictions arising from the meeting**

Where a call takes place with an expert who currently is, or during in the past 6 months was, employed by, or consulted to, a company listed on any global exchange, Chief Operating Officer will place that company on the Company' restricted portfolio and personal trading list for one month from the date of the call.

Despite the screening process, where an employee identifies potential inside information being discussed during the meeting, they must immediately terminate the call and bring it to the attention of the COO and Director.

No sharing or other use should be made with respect to such information, pending completion of the review process. If necessary, securities of the relevant issuers will be added to the Company' restricted list to target appropriate monitoring of future trading. This restriction applies to both the Company' portfolio and personal trading. The restriction remains in place until the CIO and the Compliance agrees to remove the security from the restricted list.

## **Means of communication with experts**

The Company prohibits employees from using informal means of communication, e.g. text messaging and social networking websites, when interacting with experts. Employees can only communicate by phone or in person with experts and, to a limited extent, via email. Email communications are limited to co-ordinating meetings with experts or to follow up points of clarification.

## **Monitoring and oversight**

The Chief Operating Officer may also conduct reviews of the expert network firms and sample check email correspondence to target that this policy has been adhered to.

## **Breach of policy**

Any employee breach of this this policy will be dealt with in accordance with the Incident Reporting Policy and the employee Code of Conduct.