

CONFLICTS OF INTEREST POLICY

1 Purpose of Policy

Aspen Funds Management Limited (AFM) acts as the Responsible Entity for several managed investment schemes. In providing products and services under its AFS Licence AFM is required to develop policies and procedures which:

- identify potential conflicts of interest;
- prescribe methods of avoiding conflicts of interest;
- prescribe methods for disclosing conflicts of interest;
- prescribe methods of dealing with conflicts of interest; and
- prescribe the actions to be taken by AFM to monitor and control conflicts of interest.

Aspen Group Ltd and Aspen Parks Property Management Ltd are associated companies ("Aspen") and both companies employ staff and enter into contracts with external parties. This policy applies to all staff and contractors of Aspen.

The objectives of this policy are to:

- identify conflicts management obligations;
- identify regulatory and common law obligations relating to conflicts of interest;
- prescribe policy for the disclosure, dealing and monitoring of conflicts of interest.

2 ASIC Policy Statement 181

ASIC Policy Statement 181 requires licensees to develop a conflicts of interest policy and to implement appropriate procedures for the management, monitoring and controlling of conflicts of interest.

3 Definition of a Conflict of Interest

For the purposes of this policy, conflicts of interest are circumstances where some or all of the interests of people to whom Aspen is responsible are inconsistent with, or diverge from, the interests of Aspen. This includes actual, apparent and potential conflicts of interest.

For example: AFM derives income by acquiring assets for a fund managed by it, and could acquire assets in excess of that required to provide a risk/return suitable to the members of the scheme. For other examples of Conflict of Interest, see Appendix A.

4 Legislative Requirements

Corporations Act 2001:

Chapter 2D - duties of directors, other officers and employees of companies

Directors, officers and employees have a duty to:

- Act honestly, in good faith and not to use their position for personal gain or to use information not generally available for personal gain; and
- Disclose any material personal interest.

Chapter 2E - procedures for related party benefits

- All related party benefits must be at arm's length terms;
- Directors, their spouses, parents and children are considered as related parties

Chapter 5C - requirements for management of managed investment schemes

The directors, responsible officers, compliance committee members and staff of a responsible entity are required to:

- Act honestly;
- Exercise the degree of care and diligence that a reasonable person would exercise if they were in the responsible entity's position;
- Act in the best interests of members and, if there is a conflict between the members' interests and its own interests, give priority to the members' interests;
- Treat the members who hold interests of the same class equally and members who hold interests in different classes fairly;
- Not to use information gained through being a responsible entity in order to gain an improper advantage and cause detriment to members of the scheme;
- Ensure that the scheme's constitution meets the requirements of sections 601GA and 601GB;
- Ensure the schemes compliance plan meets the requirements of section 601HA;
- Comply with the scheme's compliance plan;
- Ensure scheme property is clearly identified and held separately from the property of the responsible entity;
- Ensure scheme property is valued at regular intervals;
- Ensure payments out of scheme property are made in accordance with the scheme's constitution and the Corporations Act 2001; and
- Report to ASIC any matter that is likely to have a materially adverse effect on the interests of members.

Chapter 7 – financial services licensing

There are a number of obligations of financial services licensees, which deal with or relate to conduct potentially affected by conflicts of interest, including:

- doing all things necessary to ensure that financial services are provided efficiently, honestly and fairly (s912A(1)(a));
- having adequate risk management systems (s912A(1)(h));
- complying with financial services laws and to take reasonable steps to ensure representatives do likewise (s912A(1)(c) and (ca));
- having adequate compliance arrangements in place (reg. 7.6.03(g));
- disclosing all benefits and relationships in a Financial Services Guide before providing services to a retail client (s 941A and 941B)
- disclosing benefits and relationships in a Statement of Advice when providing financial product advice to a retail client (s946A);
- not engaging in misleading or deceptive conduct, dishonest conduct, unconscionable conduct and insider trading

ASIC Act - conduct

The ASIC Act contains provisions relating to the conduct of financial service providers.

The provisions principally relate to unconscionable conduct and consumer protection in relation to financial services.

5 Common Law Obligations

Common law obligations operate in addition to statutory requirements.

There are instances where an AFS Licensee will act in a fiduciary capacity and has an obligation to a client where the interest is not covered under a statutory obligation. An example of a common law obligation is where an AFS Licensee acts in a trustee capacity on behalf of a client.

6 Aspen's Requirements in regard to Conflicts of Interest

Aspen requires that all directors, staff and contractors disclose any activities they or an associate engage in if these relate to:

- property development and/or management, or
- the provision of goods or consulting services of any type to the public; and in the case of contractors, the provision of services to any individual or business undertaking property development or management, or fund management activities..

Such activities are considered potential areas for conflicts of interest.

Details of such services must be submitted to the relevant Aspen Board for approval prior to:

- a) The formal employment or engagement under contract with Aspen, or
- b) The establishment by existing employees or contractors of any activities referred to here.

It is at the Boards' sole discretion whether to approve such applications. Approvals shall be recorded in a register maintained for that purpose.

Where application for approval is unsuccessful and the person does not undertake to not engage in the un-approved activity, then:

- For candidates for employment or engagement on contract, they will not be considered, or
- For persons already employed or engaged on contract, that employment or engagement may be terminated subject to that person's employment or engagement contract.

7 Reporting Actual or Potential Conflicts of interest

All directors, responsible officers, compliance committee members, authorised representatives and staff are required to report any actual or potential conflict of interest.

Any director or officer of the responsible entity or Aspen is required to report any actual or potential conflict of interest at a board meeting if the director or officer has an interest in the matter being dealt with at that board meeting. The conflict will be recorded in the minutes of the Board.

All staff are required to report any conflict of interest, or matter referred to in Clause 6, to the Compliance Manager in the first instance. That officer shall report and arrange for details to be submitted to the appropriate Board for consideration. The Compliance Manager shall record successful applications for Board approval in the Conflicts of Interest Register.

Where the Compliance Officer has a conflict of interest they shall report the conflict in writing to the chairman of the board and record the conflict in the Conflicts of Interest register.

8 Conflicts of Interest Register

The Compliance Officer will maintain a conflict of interest register and enter all conflicts of interest into the register.

The Register shall record any special incentives that are offered to directors or representatives for the distribution of an AFM or Aspen product, or a product of another AFS Licensee.

The Register will also contain details of inter-company relationships that may provide a source of conflict, either now or in the future, for ongoing review.

Details of directors, and senior staff share or unit holdings in all AFM and Aspen managed entities shall be reported in a standing report to the Board.

9 Disclosure of Conflicts

(a) When dealing with clients:

AFM is not authorised to provide financial product advice.

(b) When dealing with AFS Licensees or their authorised representatives:

All directors and authorised representatives must disclose to the AFS Licensee the capacity in which they operate with AFM and that they may be paid commission and marketing incentives from AFM.

10 Controlling Conflicts of Interest

The Directors, Officer and the Compliance Officer will:

- Identify conflicts of interest relating to the business of AFM;
- Assess and evaluate those conflicts; and
- Decide upon, and implement an appropriate response to those conflicts

Depending on the circumstances and the nature of any conflicts of interest, it may be appropriate to:

- Disclose the conflict of interest;
- Provide an alternative source of service to a client or member;
- Decline to provide services to the client;
- Initiate internal disciplinary action.

11 Monitoring Conflicts of Interest

The Compliance Officer will monitor all conflicts of interest on a routine basis to ensure all conflicts of interest are identified and disclosed where necessary.

Conflicts of interest will form part of the AFS Compliance Plan and the Compliance Plan for each Scheme. The policy and its enforcement will form part of the Risk Register of the company, reviewed by management and the Compliance Committee.

12 Compliance Measures

The Compliance Officer will monitor all conflicts of interest and maintain the conflicts of interest register.

Where a conflict has not been adequately disclosed it will be recorded in the breach register and referred to the Board in the first instance and tabled at Compliance Committee meetings where the conflict relates to the operation of a scheme.

13 Policy Review

This policy will be reviewed on an annual basis.

Date of management review: July 2011

Date of Compliance Committee review: 25 July 2011, 24 August 2011

Date of approval by the AFM Board: September 2011

APPENDIX A

Examples of Conflict of Interest Activities and Relationships

The following activities illustrate types of potential or actual conflicts of interest that should be avoided and disclosed, as applicable, in accordance with this policy. The list is not all inclusive and is intended to provide guidance only.

- **Conflicting duties:** Participating in decisions relating to another party that may conflict with the interests of Aspen
- **Self-benefit:** Using your position or relationship within Aspen to promote your own interests or those of your family, including using confidential or privileged information gained in the course of your participation or employment at Aspen for personal benefit or gain or for the personal gain or benefit of family members.
- **Conflicting relationships:** Where outcomes may benefit others rather than Aspen
- **Influence peddling:** Soliciting benefits for yourself or your family from outside organisations in exchange for using your influence to advance the interests of that organisation within Aspen.
- **Other business relationships and dealings:** Approving contracts with organisations in which you or your family have a significant financial or other interest or relationship, particularly if you are in a position to influence major decisions, are responsible for review, negotiation and approval of contracts, or otherwise direct Aspen's business dealings with that entity or business.
- **Intellectual Property:** Inappropriate or unauthorised use of resources/materials developed under the aegis of Aspen or potential conflicts relating to the development and use of resources
- **Outside commitments:** Participating in social or political activities is not restricted as long as you participate as an individual and not as a representative of Aspen.
- **Business transactions:** Directly or indirectly leasing, renting, trading, or selling real or personal property to Aspen.
- **Use of Aspen's property for personal advantage:** Using or taking Aspen's resources, including facilities, equipment, personnel, and supplies, for private use or other unauthorised non-Aspen activities.
- **Recording or reporting false information:** Misrepresenting, withholding, or falsifying relevant information required to be reported to external parties, or used internally for decision making purposes, in order to derive personal benefits.
- **Gifts:** Personally accepting anything of value (unless nominal), including without limitation, payments, gifts, or loans from organisations or individuals that have dealings with Aspen.
- **Employees or their associates providing services to Aspen**