



CONFLICTS OF INTEREST POLICY  
JULY 2019

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# Moelis Australia Group

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## 1. Policy Statement

- 1.1 Moelis Australia Group operates through two business divisions (Corporate Advisory & Equities and Asset Management) across diverse industries and is active in many markets in all kinds of transactions. Moelis Australia Group may act simultaneously for clients in different capacities and on its own behalf. As a result, Moelis Australia Group, may from time to time, have interests which conflict with the interests of its clients, or the interests of investors in its Funds.
- 1.2 In accordance with both the Moelis Standard and applicable Rules (in particular, section 912A(1)(aa) of the *Corporations Act 2001 (Cth)* and ASIC Regulatory Guide 181 "*Licensing: Managing Conflicts of Interest*"), Moelis Australia Group is required to manage conflicts of interest fairly. To achieve this, Moelis Australia Group has established this Policy setting out the procedures and controls which help it identify and appropriately deal with conflicts of interest - actual, apparent and potential.
- 1.3 The objective of this Policy is to ensure that where a conflict of interest exists, Moelis Australia Group does not act in a manner which advances its own interests ahead of those of a client, or the interests of one client ahead of another. Moelis Australia Group's objective is to ensure that conflicts of interest are avoided where possible and if a conflict of interest cannot be avoided, it is appropriately managed. All staff must take responsibility to know when a conflict of interest arises and to deal with it in accordance with this Policy. Failure to do so may result in disciplinary action being taken.
- 1.4 Capitalised terms have the meaning ascribed to them in Section 10 of this Policy.

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## 2. Scope of Application

- 2.1 The potential for conflicts of interest to arise is a key consideration for Moelis Australia Group, and as such this Policy applies to all directors and Employees.

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## 3. Guiding Principles

- 3.1 Moelis Australia Group:
  - (a) is committed to treating its clients fairly and with integrity across all its business activities;
  - (b) is committed to complying with all applicable legal and regulatory requirements relating to the proper identification and management of conflicts of interest;
  - (c) is committed to maintaining and operating effective organisational and administrative arrangements to identify and manage actual or potential conflicts of interest;

- (d) recognises that the most important factor allowing it to successfully manage conflicts of interest is to adopt robust policies and procedures and implement training for its staff; and
  - (e) expects its directors and Employees to apply the same standards of skill, due care and diligence in their dealings with any Group Company as they would if dealing with a third party.
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## **4. Conflicts of Interest Identification**

- 4.1 A conflict of interest is a situation where one or more clients or Group Companies have competing interests and the serving of one interest may involve detriment to another. This could include (but are not limited to) a conflict between:
  - (a) the interests of a Group Company and the interests of a client;
  - (b) the interests of two or more clients of a Group Company;
  - (c) the interests of a Group Company and the interests of any Fund or the investors of any Fund; or
  - (d) two or more Funds or the investors of any such Funds.
- 4.2 Moelis Australia Group has systems and protocols in place (outlined in Section 6 of this Policy) to identify potential conflicts of interest. Once a conflict has been identified, procedures are implemented to ensure it is appropriately managed.
- 4.3 Situations of particular concern include (but are not limited to) where Moelis Australia Group or a director or an Employee:
  - (a) is likely to make an undisclosed financial gain, or avoid an undisclosed loss, at the expense of the client;
  - (b) has an interest in the outcome of a service provided to the client or of a transaction carried out by, or on behalf of, the client, which is distinct from the client's interest in that outcome;
  - (c) has a financial or other incentive to favour the interests of another client or group of clients over the interests of a client; and
  - (d) receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the agreed commission or fee for that service.
- 4.4 Other situations of particular concern which relate specifically to the Asset Management business include (but are not limited to) where Moelis Australia Group or a director or an Employee:
  - (a) is likely to make an undisclosed financial gain, or avoid an undisclosed loss, to the detriment of any Fund;
  - (b) has an interest in the outcome of a transaction conducted on behalf of any Fund, which is different to the Fund's interest in that outcome;
  - (c) has a financial or other incentive to favour the interests of another client or group of clients over the interests of any Fund;
  - (d) receives or will receive from a person, other than the client, an inducement in relation to the services performed for any Fund, in the form of money or goods or services, other than the standard commission or fee for that service; and

- (e) gains a financial advantage or avoids a financial loss, to the disadvantage of a client to whom investment services and/or ancillary services are provided, when managing any Fund.
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## **5. Potential Conflicts of Interest**

- 5.1 Moelis Australia Group is involved in a wide range of financial services and related businesses, including providing asset management, corporate advisory, equities, lending, sales, trading and research services to clients, as well as joint ventures, operating businesses, acquiring or disposing of assets, trading and investment activities as principal or in its capacity as manager of a Fund.
- 5.2 The following are a non-exhaustive list of examples of potential conflicts that may arise as a result of the diverse nature of Moelis Australia Group businesses. Moelis Australia Group:
  - (a) may deal, as principal or agent, or act as a market maker in investments, securities or financial products that are the subject of services it provides to other clients;
  - (b) may be a financial adviser or lender to an issuer of investments, securities or financial products that are the subject of services provided to other clients;
  - (c) may be a financial adviser to a client that is involved in a transaction in which Moelis & Company is advising another party to the same transaction or a transaction which involves Moelis & Company advising a competitor of the client;
  - (d) may deal as agent, on behalf of a client, with a person who may be connected or associated with Moelis Australia Group or may conduct a crossing by matching client orders with orders of another party (who may be a person connected or associated with Moelis Australia Group);
  - (e) may make client recommendations regarding transactions in investments, securities or financial products:
    - (i) of a unit trust or managed investment scheme of which a person connected or associated with Moelis Australia Group is a manager or trustee;
    - (ii) where the issuer is a person connected or associated with Moelis Australia Group; or
    - (iii) in which Moelis Australia Group or a person connected or associated with it has underwritten the issue;
  - (f) may invest or lend, as principal or agent, in clients or entities where it is also acting as financial adviser to that client or entity;
  - (g) may deal as agent, on behalf of a client, in investments in respect of which it, a person connected or associated with it, or another client is contemporaneously trading; and
  - (h) may provide asset management services while managing and offering investment funds simultaneously, which can lead to a conflict of interest with regard to allocation decisions made when managing both investment banking mandates and any Fund.

- 5.3 The following are a non-exhaustive list of examples of potential conflicts that may arise as a result of the Asset Management business:
- (a) where different Funds may be parties to the same transaction;
  - (b) where additional Funds are established which may compete with the same/similar investment mandates;
  - (c) the allocation of investment opportunities and resources among the Funds and any other future investment funds which it sponsors or is otherwise involved with. Accordingly, a Fund may compete with Moelis Australia Group or clients of Moelis Australia Group for investment opportunities;
  - (d) a Fund may be offered the opportunity to participate in transactions with Moelis Australia Group or its clients by purchasing investments from or through Moelis Australia Group or co-investing with Moelis Australia Group;
  - (e) a Fund may invest in entities in which Moelis Australia Group holds an interest. In particular, a Fund may purchase from Moelis Australia Group investments that have been previously made by Moelis Australia Group or investment funds managed by Moelis Australia Group and that are within such Fund's investment objectives. While any such transaction will be entered into on arm's length terms, Moelis Australia Group may have an incentive to refer or recommend such investments to the Fund, or to cause the Fund to pay a higher price for such investments, as a result of Moelis Australia Group's financial interests in such investments;
  - (f) Moelis Australia Group may provide corporate advisory services to a Fund or entities in or through which a Fund invests. In addition, companies in which Moelis Australia Group owns an equity interest may be retained to provide services to a Fund or entities in or through which a Fund invests;
  - (g) Moelis Australia Group may act as a broker on the other side of the same transaction. Moelis Australia Group may receive commissions from such transactions, which could give rise to potential conflicts of interest. Moreover, a Fund may execute the sale and purchase of securities through Moelis Australia Group as agent and may pay commissions to Moelis Australia Group. Moelis Australia Group may retain any commissions, remuneration or other profits relating to such transactions;
  - (h) officers, employees or consultants of Moelis Australia Group may from time to time serve as directors of portfolio companies. Such persons may be required to make decisions in that capacity which are in the best interests of the relevant portfolio company. Decisions that may be in the best interests of a portfolio company may not be in the best interests of the Fund or Moelis Australia Group, and vice versa. In those circumstances, a conflict of interest will exist between such person's duties to Moelis Australia Group and such person's duties as a director of the relevant portfolio company; and
  - (i) a Fund may acquire assets from or sell assets to clients of the Corporate Advisory business or there may be Fund assets which a client of the Corporate Advisory business is interested in acquiring. In certain circumstances, the Corporate Advisory business may receive a transaction fee from their client in relation to a transaction with a Fund.

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## 6. Conflicts Management

- 6.1 Some conflicts of interest are not permitted as a matter of law or regulation and others are permitted so long as Moelis Australia Group has appropriate means by which to manage them. Moelis Australia Group has particular legal obligations with regards to managing conflicts of interest and related party transactions under the Corporations Act, the Listing Rules and at general law.
- 6.2 Moelis Australia Group has established procedures which are designed to identify and manage conflicts of interests. These include a number of organisational and administrative arrangements to safeguard the interests of clients and minimise the potential for conflicts to arise.
- 6.3 Examples of Moelis Australia Group's arrangements for managing conflicts include (but are not limited to):
- (a) arrangements which restrict the flow of confidential or non-public price sensitive information (inside information) within Moelis Australia Group (such as information barriers) including, where applicable, physical separation and system access restrictions;
  - (b) arrangements and processes to ensure transactions are entered into on arm's length terms, where applicable;
  - (c) segregation of duties and supervision for persons engaged in different business activities including procedures for ensuring appropriate communication between businesses, for example restricting communications between research analysts and sales and trading employees;
  - (d) appropriate governance, transparency and oversight of compensation of Moelis Australia Group or its employees to avoid incentivising behaviours that conflict with the duty to act in the best interests of a client;
  - (e) personal account dealing restrictions applicable to all directors and Employees, and their associates, regardless of seniority. Restrictions include pre-trade approval, minimum holding periods and the operation of staff trading-windows in relation to securities in Moelis Australia and Moelis Australia managed funds;
  - (f) a research independence policy covering the production and dissemination of investment research by Moelis Australia Group. Potential conflicts are disclosed on research reports, where appropriate, subject to any confidentiality requirements or, in certain circumstances, that research may be avoided altogether. No one may place inappropriate pressure on a research analyst with respect to the content or timing of a research report or a public statement made by that analyst. The supervisory structure, reporting lines and compensation criteria for research analysts are designed to maintain the independence of the research function from other areas of Moelis Australia Group;
  - (g) an allocation policy which ensures that the equity capital markets syndication process, including book-building, allocations and pricing, is conducted in accordance with the issuer client's interests. The allocation policy stipulates that the best possible result must always be achieved for clients when executing orders, which prohibits Moelis Australia Group from putting its own interest, or the interest of an investor client, ahead of the issuer client, or inappropriately favouring one investor client over another. This also includes the stipulation that whenever the orders of different clients (including any Group Company and clients which are independent of Moelis Australia Group) are merged, Moelis Australia Group ensures fair and equitable trade allocation

among client accounts. Furthermore, client orders must always be executed if possible given the market circumstances. There can be no mutual conflict of interest between clients' orders. Moelis Australia Group will process the execution of client orders based on the time of reception by Moelis Australia Group if and when applicable;

- (h) a gifts and entertainment policy including a gifts and entertainment register recording the solicitation, offer or receipt of certain benefits;
- (i) establishing supervision and monitoring procedures to ensure Employees are complying with relevant policies;
- (j) oversight and approval committees, comprising Moelis Australia Group employees independent of those Moelis Australia Group employees involved in the transaction;
- (k) internal escalation processes at paragraph 6.4 below which require a conflict to be escalated on a timely basis and considered at an appropriate level of seniority and by the correct stakeholders to arrive at the most appropriate resolution;
- (l) an external directorship policy, including the requirement for all external directorships and outside business interests to be declared and approved;
- (m) the provision of training to all directors and Employees of Moelis Australia Group on conflicts of interest management;
- (n) internal global conflict clearance procedures are followed prior to Moelis Australia agreeing to act for any client in relation to a transaction;
- (o) providing general or specific disclosures of a conflict of interest; and
- (p) a conflicts of interest declaration completed by all staff upon commencement of employment and annually.

6.4 As part of Moelis Australia Group's approach to conflicts management, all directors and Employees must fulfil the responsibilities outlined below when performing their roles at Moelis Australia Group:

- (a) comply with this Policy and all applicable Rules relating to the identification, documentation, escalation and management of conflicts of interest;
- (b) act with integrity and exercise good judgement and discretion;
- (c) act with the requisite degree of independence and objectivity when discharging their responsibilities at Moelis Australia Group;
- (d) avoid, wherever possible, situations giving rise to conflicts of interest due to any of the following:
  - (i) personal financial interest;
  - (ii) Family Members or Close Personal Relationships;
  - (iii) previous, current or potential future involvement in an activity or endeavour (whether at Moelis Australia Group or externally); or
  - (iv) different roles and responsibilities at Moelis Australia Group;
- (e) immediately notify their supervisor and Legal & Compliance of the existence and general nature of a conflict of interest;

- (f) not be in a supervisory, subordinate or control relationship (having influence over conditions of employment) with closely related persons including Family Members or Close Personal Relationships. If there is such person in a supervisory, subordinate or control relationship they must exclude themselves from the decisions made with respect to the employment of the subordinate;
- (g) not misuse information obtained in the course of working at Moelis Australia Group, including in connection with dealing in securities;
- (h) manage work-related information in accordance with the Moelis Standard by respecting information barriers and duties of confidentiality at all times;
- (i) challenge and escalate promptly issues of concern to their supervisor and Legal & Compliance so that conflicts of interest may be appropriately reviewed, managed and resolved;
- (j) upon joining Moelis Australia Group and on a periodic basis thereafter, complete all attestations required by Legal & Compliance; and
- (k) comply with applicable Rules which require transactions and arrangements between Moelis Australia Group and a Related Party to be carried out on an independent, arms-length basis.

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## **7. Disclosure of Conflicts**

- 7.1 Where Moelis Australia Group does not consider that organisational arrangements of conflict management such as those outlined above are sufficient to manage a conflict and where permissible and appropriate under any applicable Rules, Moelis Australia Group may choose to disclose specific conflicts to clients and to ask for their informed consent to continue to act, notwithstanding the existence of any such conflict.
- 7.2 If such disclosure is made, it:
  - (a) must be made prior to undertaking business on the client's behalf and in sufficient detail to enable the client to make an informed decision as to whether to accept the provision of the relevant service; and
  - (b) must include a description explaining the general nature of any conflicts of interest and a description of the steps undertaken to mitigate these risks.

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## **8. Avoidance of Conflicts**

- 8.1 Where Moelis Australia Group considers that a conflict cannot be adequately managed through controls, disclosures and/or obtaining written consents as outlined above, Moelis Australia Group will avoid the conflict or decline to act for the client(s) if their interests (or another client(s) interest) may be materially harmed by the potential conflict of interest.

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## **9. Monitoring, Review and General**

- 9.1 Legal & Compliance is responsible for approving this Policy and monitoring the effectiveness of the procedures for managing conflicts of interest on an on-going basis.
- 9.2 Legal & Compliance is responsible for reviewing this Policy annually. This Policy will be updated and republished whenever material changes are required to ensure that the



arrangements are adequate to identify, assess, evaluate and successfully manage conflicts of interest.

- 9.3 Legal & Compliance will keep the conflicts of interest register for a period of at least seven years from the date of review.
- 9.4 This Policy is not intended to create any third-party rights or duties or to form part of any contractual agreement between Moelis Australia Group and any client.

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## 10. Glossary

Term	Definition
<b>Close Personal Relationship(s)</b>	any of the following: <ul style="list-style-type: none"><li>• a romantic relationship of an Employee;</li><li>• a personal business, commercial or financial relationship of an Employee; or</li><li>• a co-habitee of an Employee;</li></ul>
<b>Employee(s)</b>	any of the following: <ul style="list-style-type: none"><li>• a permanent or temporary employee of Moelis Australia Group; and</li><li>• individuals who are working for Moelis Australia Group, but are not directly employed by Moelis Australia Group (including officers, consultants, contractors, agency workers appointed representatives and secondees);</li></ul>
<b>Family Member(s)</b>	in relation to an Employee, a spouse, civil partner, domestic partner, child or step- child and parent or parent-in-law;
<b>Fund(s)</b>	any fund (including Venture Capital Limited Partnerships) managed by Moelis Australia Group;
<b>Group Company or Group Companies</b>	means any legal entity which is a subsidiary of Moelis Australia (where "subsidiary" has the meaning set out in section 46 of the <i>Corporations Act 2001 (Cth)</i> );
<b>Listing Rules</b>	means the ASX Listing Rules;
<b>Moelis Australia</b>	means Moelis Australia Limited ACN 142 008 428;
<b>Moelis Australia Group</b>	means Moelis Australia and each of its Group Companies that might exist from time to time;
<b>Moelis Standard</b>	the principles and practices that define Moelis Australia Group's ethical standards, that can be found at <a href="https://moelisaustralia.com/our-culture/">https://moelisaustralia.com/our-culture/</a> ;
<b>Moelis &amp; Company</b>	means Moelis & Company Group LP and each of its subsidiaries
<b>Policy</b>	this Conflicts of Interest Policy adopted by Moelis Australia Group;
<b>Related Party</b>	any person or entity who is considered a related party of Moelis Australia under the <i>Corporations Act 2001 (Cth)</i> ; and
<b>Rules</b>	any laws, regulations, rules, supervisory expectations, codes of conduct/ethics and standards of good or best practice relating to conflicts of interest applicable to Moelis Australia Group.