

Conflicts Of Interest Policy

Set out below is Eureka's policy for managing conflicts of interest in connection with its activities. The Policy has been approved by the Board of Directors.

This Policy is subject to review on an annual basis, or as otherwise required by law or regulations, or to reflect internal developments affecting our business operations or internal organisation.

What Is A Conflict Of Interest?

Definition

A 'conflict of interest' may be defined as:

...circumstances where some or all of the interests of a director or a staff member are inconsistent with, or diverge from, some or all of the interests of Eureka or its representatives. This includes actual, apparent and perceived conflicts of interest.

Examples

- An employee representative of Eureka has a material interest in an organisation which is a client of Eureka.
- An employee representative seeks or accepts a benefit from an organisation which is a client of Eureka, where the benefit is intended or is likely to cause the employee to do their job in a different way from their proper course of duty.
- An employee representative encourages a client to invest in a higher risk product that results in higher commissions to Eureka, but which may be inconsistent with the client.

Source And Nature Of Obligation

Corporations Act

Section 912A(1)(aa) of the Corporations Act 2001 provides that in addition to its existing regulatory obligations Eureka must:

"... have in place adequate arrangements for the management of conflicts of interest that may arise wholly, or partially, in relation to activities undertaken by the licensee or a representative of the licensee in the provision of financial services..."

Further guidance in relation to the nature and boundaries of this statutory obligation are spelt out in ASIC Policy Statement 181, Licensing: Managing Conflicts of Interest.

Obligations At Common Law

In addition to the obligations set out in the Corporations Act, Eureka is subject to common law fiduciary duties to those clients to whom it provides advice.

This Conflicts of Interest Policy (Policy) has been drafted to take account of both the statutory and common law obligations in relation to conflicts of interest.

Application Of This Policy

This Policy applies to the provision of financial services by Eureka that are subject to regulation under our Australian Financial Services Licence (AFSL). Presently the AFSL authorises us to:

- provide advice on and deal in a range of financial products, including managed investment schemes, and
- operate the Eureka Property Fund No.1, a registered managed investment scheme.

This Policy and our AFSL applies to wholesale clients, and should be read in conjunction with Eureka **Code of Ethics** and other applicable policies and manuals.

Managing Conflicts of Interest

Introduction

Eureka manages conflicts of interest through:

- internal controls and treatments
- avoidance, and
- disclosure.

Primary responsibility for the identification, recording and managing of conflicts of interest has been assigned to the Compliance Officer, who reports to the General Manager.

Control

Eureka controls conflicts of interest through a four-stage process:

- Identification
- Assessment
- Treatment
- Monitoring

Avoidance

While some conflicts can be managed through a combination of internal controls and disclosure to clients, other conflicts require Eureka or its representative to avoid the conflict of interest, for example by not supplying a product to a particular client or not supplying it under particular circumstances.

Disclosure

Eureka's current procedures in relation to disclosure (including fees and expenses) are based on an Information Memorandum. This document covers all of the financial products being provided, and is applicable to both wholesale and retail clients. Staff are required to ensure such information on financial products including all fees and charges are given to prospective clients prior to or at the time when staff provide any financial services to clients.

The Information Memorandum is reviewed on a periodic basis when necessary, and amended in the event there are any changes to the nature of the financial services being provided.

Where an actual or potential conflict of interest is identified, assessment and treatment will be undertaken in accordance with the procedures described under Assessment and Treatment. Further disclosure may be made where it is determined that this is the appropriate treatment in the particular circumstances.

Record Keeping

Eureka will keep records of its conflicts management arrangements for seven years. These include records of:

- Conflicts identified and action taken.
- Any reports on conflicts of interest matters given to management and head office.
- Copies of written conflicts of interest disclosures given to clients or to the public.