

Version	1
Approved by	DFM Board 15 Nov 2024
Date	8 Nov 2024
Endorsed by	

Diogenes Funds Management Ltd Conflicts of Interest Policy

1. Introduction

Diogenes Funds Management Ltd (DFM) is committed to identifying, assessing and managing conflicts of interest and/or related party transactions in compliance with its obligations under the **Corporations Act 2001 (Cth)** and ASIC Regulatory Guides 76 and 181 (**RG 76 and RG 181**).

This policy outlines the procedures for managing conflicts of interest and/or related party transactions to ensure that DFM's retail managed investment schemes are operated fairly and efficiently, prioritizing investor protection and market integrity.

2. Scope

This policy applies to all directors, officers, employees and representatives of DFM who are involved in providing financial services. It covers conflicts of interest and/or related party transactions that arise in the course of DFM's business operations and activities, both internal and external to the financial services it provides.

3. Objectives

The objectives of this policy are to:

- Identify and assess potential conflicts of interest and/or related party transactions within DFM's business.
- Ensure that DFM and its representatives manage conflicts of interest and/or related party transactions through effective procedures.
- Ensure that there is adequate disclosure of conflicts to investors.
- Ensure transparency and fairness when dealing with conflicts and maintain compliance with legal and regulatory obligations.

4. Definition of Conflict of Interest

Conflicts of interest are circumstances where some or all of the interests of people (clients) to whom a licensee (or its representative) provides financial services are inconsistent with, or diverge from, some or all of the interests of the licensee or its representatives. This includes actual, apparent and potential conflicts of interest. - RG 181.15

5. Related Party Transactions

Legislation relevant to Managed Investment Schemes and listed entities in Australia imposes strict guidelines on the involvement of related parties, including the need to ensure that such transactions are entered into on an arm's length basis and on commercial terms or, if required, relevant approvals are obtained. Failure to comply with these provisions may attract civil and criminal penalties.

In examining whether a transaction is at "arm's length", an assessment is undertaken to determine whether the parties have dealt with each other as unrelated third parties normally do.

ASIC suggests that arm's length terms might be those which would result if:

- the parties were unrelated;
- the parties were free from undue influence, control or pressure;
- each party had necessary expertise and advice; or
- each party was concerned only to achieve the best available commercial outcome for itself.

Consideration of whether a transaction is at arm's length includes but is not limited to:

- how the terms of the overall transaction compare with those of any comparable transactions between parties dealing on an arm's length basis in similar circumstances;
- the nature and content of the bargaining process including whether robust protocols were followed to ensure that conflicts of interest were appropriately managed in negotiating and structuring the transaction;
- the impact of the transaction on the registered scheme; and
- any other options that may be available.

6. Responsibilities

6.1 Board of Directors

The Board is responsible for overseeing the implementation of this policy, ensuring that conflicts of interest and/or related party transactions are properly managed. The Board will review this policy annually to ensure its ongoing effectiveness and relevance to DFM's business operations.

6.2 Compliance Officer

The Compliance Officer is the primary point of contact for conflicts of interest management. They are responsible for:

- Educating employees on the identification and reporting of conflicts and/or related party transactions.
- Maintaining the **Conflicts Register** to record all conflicts and/or related party transactions identified and actions taken.
- Preparing reports for the Board on conflicts of interest and/or related party transactions and their management.

7. Managing Conflicts of Interest

7.1 Controlling Conflicts

DFM has implemented internal procedures to control conflicts of interest by:

- **Identifying Conflicts:** Regular reviews of business operations to detect any conflicts of interest.
- **Assessing Conflicts:** Evaluating the likelihood and impact of conflicts to determine appropriate action.
- **Responding to Conflicts:** Implementing appropriate measures, such as disclosure to clients or adjusting business practices to mitigate conflicts.

7.2 Avoiding Conflicts

Where a conflict cannot be adequately managed, DFM will avoid engaging in activities that may compromise the interests of its clients. This may involve:

- Declining certain business opportunities.
- Ensuring that representatives with personal conflicts are excluded from decision-making processes.

7.3 Disclosing Conflicts

DFM will disclose any material conflicts of interest to clients and investors. Disclosures will be:

- **Clear and Concise:** Providing enough detail for clients to make informed decisions.
- **Timely:** Provided before or during the provision of services.
- **Specific:** Tailored to the particular conflict and the service being provided.

8. Reporting

All DFM representatives are required to report any potential or actual conflicts of interest as well as any related party transactions to the Compliance Officer. A formal disclosure of personal interests, such as securities holdings or external business activities, must be submitted annually and upon any material changes.

9. Record Keeping

DFM will maintain records of:

- Conflicts of interest and/or related party transactions identified.
- Actions taken to manage conflicts and/or related party transactions.
- Disclosures made to clients regarding conflicts. These records will be kept for a minimum of seven years and will be reviewed periodically by the Compliance Officer.

10. Monitoring and Review

The Compliance Officer will conduct regular monitoring of conflicts of interest management, including:

- Reviewing complaints or disputes to identify conflicts.
- Evaluating the effectiveness of conflict management procedures.
- Reporting any breaches of this policy to the Board.

The policy will be reviewed by the Board and updated as necessary to reflect changes in business practices or regulatory requirements.

11. Non-Compliance

Non-compliance with this policy, including failure to disclose conflicts or adhere to conflict management procedures, will be treated as a breach of DFM's compliance framework and may result in disciplinary action.

12. Annual Review

This policy will be reviewed at least annually by the Compliance Officer, with the results and any recommendations for changes presented to the Board for approval.
