

Research Report and Marketing Policy

Compliance Team

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Overview

Objective

The objective of this module is to equip the reader with the necessary skills to write a report/ document targeted at external parties according to RM Capital's policy.

By the end of the training session, the learner will be able to:

- Understand the purpose behind this policy;
- List the requirements of this policy; and
- Apply this policy when creating a document, report or any materials for external clients.

Assumed Knowledge

This policy assumes that the reader comprehends the following policy:

- Insider Trading (Chinese Wall) Policy;
- Conflict of Interest Policy;
- Fiduciary Duties Policy;
- Risk Management Policy;
- Anti-Hawking (Do Not Call Register Act 2006) Policy; and
- Privacy Policy.

Target Audience

This policy applies to all employees in Australia and other overseas offices under the RM Capital or RM Corporate License (referred to as "RM Group" in this policy). It applies to all employees, secondees, contractors and people on work experience as well as the contractors, employees and agents of suppliers of services to the business (called "you" or "employees and contractors" in this policy).

Assessment

N/A

Introduction

Overview

This policy applies to all information disseminated to retail and wholesale clients, including research and marketing.

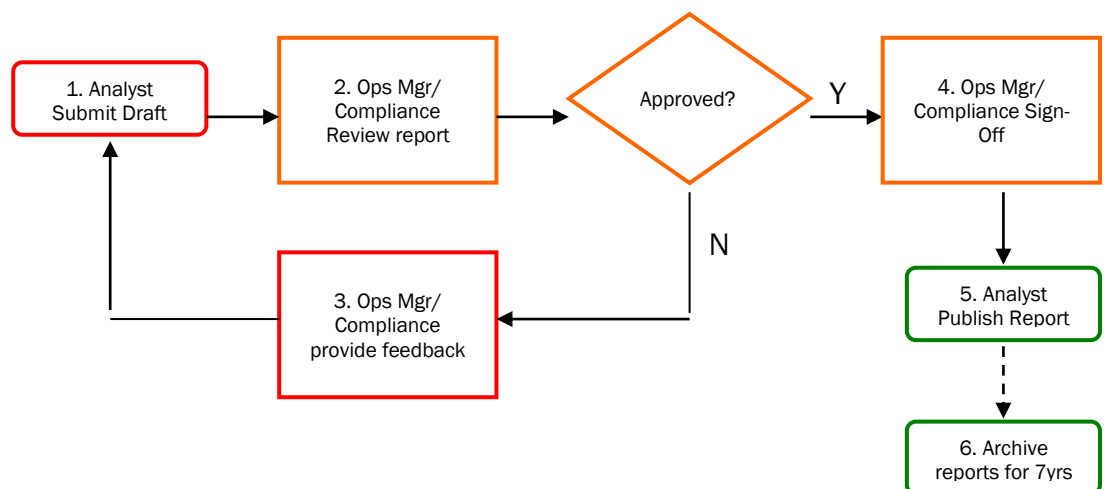
RM Group has a fiduciary duty to put the interests of investors first and should not allow this duty to be influenced by their own interests or those of their firm. As a guiding principal, representatives should be independent and objective observers of the companies they cover and have a reasonable basis, supported by quantitative research and analysis for their investment recommendations.

Publication Process

All materials distributed to clients must be approved by the Operations Manager/Compliance Manager, to ensure that the content complies with:

- Corporations Act;
- Privacy Act;
- ASIC Market Integrity Rules; and
- RM Capital's policy and strategy.

A Document Publication Sign-off Template ([Appendix 1](#)) will need to be completed before the materials are published and disseminated. The below diagram illustrates the end to end process for publishing a report.



Research Report Requirements

Research Reports

Representatives must have a reasonable basis for their recommendations and have supporting research and analysis for all the investment recommendations that they make and reflect their view of the researched company.

Representatives should ensure that favourable research is not offered, or changes to research threatened, as an inducement to secure the business of a corporate client or receive other benefits. Research cannot be used to unfairly or artificially increase trading volumes. Additionally, representatives must not be tempted to make a disproportionate number of “buy” and “sell” recommendations (as opposed to “hold”) to increase trading volume for RM Group.

Dissemination of Research

Where there is a significant change in the Representative’s investment recommendation (ie ‘Buy’ recommendation changed to ‘Sell’), this revised recommendation should be circulated in a timely manner without giving advance copies to any advisers or clients.

No other party may seek or demand alterations to the structure or content of a research report after publication unless the changes concern factual errors in the report.

Initial Public Offerings (IPO)

Research reports are not permitted prior to the listing of the IPO other than as set out in the pre-IPO Research section below. Analysts can only provide an Information Paper prior to listing that summarises the information contained in the Prospectus but they cannot make an investment recommendation (or issue a research report).

Care should be taken when issuing pre-listing summaries to avoid paraphrasing where possible, and to clearly reference the source of the statements contained in the summary to the prospectus.

If the RM Group is involved in an IPO ie Corporate Mandate, a research report cannot be issued within 10 business days of the company's listing date.

Pre-IPO Research

It is permissible to prepare and issue a research report and for that report to be used in the pre-prospectus lodgement Institutional Marketing Roadshow for IPO's in which RM Group is involved if the following procedures are adhered to:

- The analyst, independent from Corporate, can meet with the company, discuss the IPO and have access to whatever information that the company deems is appropriate to make;
- The same analyst prepares their research report independently from Corporate;
- The draft report, where all subjective commentary and any conclusions have been excised, can be provided to the company for their review to ensure it is factually accurate;
- The analyst should not have access to draft copies of the prospectus in this process;
- The research report can be used in the pre-IPO marketing process (with all the usual specific disclosures as to fees etc) so long as the only parties to whom the material is made available are holders of AFSL's and their representatives; and
- All conflicts of interest must be disclosed eg role of the officer, benefits received and the like (as per Conflicts of Interest Policy).

It is preferred that pre-IPO research reports are distributed in hard copy to those people who are qualified to receive it (AFSL holders) and records should be maintained of the persons to whom it has been distributed. Furthermore, the document must be stamped with the word(s) "EMBARGO" or "NOT FOR DISTRIBUTION" clearly on every page of the report.

Trading Restrictions

To ensure that research staff do not gain an unfair advantage in the market in relation to the companies that the analysts are researching, RM Group applies the following restrictions on analysts:

- Analyst are not able to trade a security while they are preparing research on the security for a period of 2 days prior to the release of the report and 2 days after the release of the report.
- Trading of stocks will be monitored through the Complii System.

Content Requirements

Company details

All documents made available to external clients should contain the company or product's full name at the first appearance, thereafter the commonly abbreviated format can be used.

Additionally, RM Capital's or RM Corporate Finance's AFSL and ABN must be included. For example:

RM Capital Pty Ltd ABN: 74 065 412 820 AFSL: 221938	RM Corporate Finance Pty Ltd ABN: 50 108 084 386 AFSL: 315235
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Restricted Terms

The following terms (incl. in non-English language or to import the expression) cannot be included into any materials:

- Independent, impartial, unbiased, monitor (Corporations Act s923A);
- Stockbroker or Sharebroker (Corporations Act s923B); and
- Banker or banking (Banking Act ss66 (1) & (4)).

False or Misleading Statements

Documents must not contain false or misleading statements, promises or forecasts. By the same token, part information used or omission of information must be exaggerated or have misleading implications.

Giving false or misleading statements is a breach of the following legislation:

- Corporations Act (s728); and
- The Australian Consumer Law (s18).

To ensure compliance in the area, all statements should be capable of verification or there should be reasonable basis for the recommendation.

The following elements must be considered:

- Statements generated from internal sources can be substantiated by figures;
- Statements based on external sources should be referenced to enable the reader to qualify the information;
- If the document is a research report, the source should be from the company rather than a third party eg newspaper articles;
- If quoting a person, the same person should have consented to the statement being used in the context and form, the right capacity and their conflict of interest disclosed eg the person is an employee. The quote itself should be relevant to the material.
- Any copyright materials as denoted by the symbol © cannot be reproduced without the author's consent in writing. If the author consents, then the statement should again be referenced back to the author.
- If you have reason to believe that the statement is likely to become untrue while the material is still in use then the information must be omitted.
- All investment recommendations should be unambiguous, consistent and transparent.
- A list of definitions of the terms and an explanation of rating systems and valuation methods is used in the material.

Conflicts of Interest

The document must comply with RM Group's Conflicts of Interest policy and disclose the following:

- Commissions (percentages should be converted in dollar value)
- Fee for service (exact dollar value)
- Soft dollar benefit (refer to your soft Dollar Benefit register)
- Share holdings (of both advisers and RM Group)

It is preferable to include these disclosures in the body of the material with a font size of not less than 8pt.

Please refer to the [Appendix 2](#) for a template.

Performance figures

No inference made that investors should solely rely on past performance to make their investment decision.

The following statements must be made, where the document includes past performance figures/ data/ graphs or commentary:

- “Past performance is not indicative of future performance”;
- “Future performance is not guaranteed” (if applicable);
- The period of the performance must be defined and as recent as practicable; and
- An explanation of the key assumptions that were made when constructing the performance figures.

These statements must appear as close as possible to the past performance figures, data, graphs or commentary. In practice:

- The statements/ note should appear immediately beneath performance figures; or
- Where key assumptions are lengthy then there needs to be a reference note pointing the reader to the full text of the assumption(s); and
- It is also not sufficient to include these in the disclaimer.

Forecasting

Forecasts are subject to a particularly onerous liability scheme, therefore where possible, it should be avoided. However, if it is necessary to the content of the document then approval must be obtained by the Operations Manager/ Compliance Team.

Comparative Selling

Any comparisons made must be accurate, current and fair. All external resources must be referenced and any omission (or part information) used must not be misleading or exaggerated.

Endorsement and Approvals

Marketing material must not create an impression that a product or service has the approval or endorsement of any person, entity or government bodies if this is not the case.

Taxation Claims

No statements or implication must be made to a client regarding taxation implication. RM Group is not licensed to provide this service.

Authorised Research Reports

At present, only the following report can be distributed to external parties:

- RM Research.

(All other research must first be approved by the Operations Manager or Compliance Team.)

Editing/ Reviewing

A quality document exudes a professional image on the company and the representative's competence. Therefore, the following will also need to be addressed before the material is published:

- Spelling errors;
- Grammatical errors;
- Figures are up to date and match up with summary;
- Date and author's name is disclosed.

General Advice Requirements

Definition

A person provides a financial service if they provide financial product advice. (Corporations Act s766A)

Financial product advice is a recommendation or a statement of opinion, or a report on either of those things, that: a) is intended to influence a person in making a decision about a financial product, or b) could reasonably be regarded as being intended to have such an influence. (Corporations Act s766B)

FSG Distribution

If a document or material contains financial product advice, then the material itself may constitute a financial service for which RM Group is required to provide a Financial Services Guide. In such a situation (i.e. where material contains general financial product advice), an FSG may need to be provided to the client. (Corporations Act s941A)

Disclosure Statements

Broad disclaimers are largely ineffective at limiting the liability that would arise if false or misleading statements were inadvertently included in RM Group's documents. Most of these materials should contain the statements set out in [Appendix 3](#). These statements either satisfy regulatory requirements that apply to most marketing material or represent good commercial practice. **THE 'IMPORTANT INFORMATION' MUST BE SUFFICIENTLY PROMINENT AND LEGIBLE IN FONT AND SIZE.**

Exemptions

Advertising material containing general product advice will not need to satisfy disclosure obligations under s949A (general advice warning) where the advertising material is contained in a billboard, poster, magazine, journal or electronic media. However, such ads will still need to meet the requirements of s1018A (referring to the availability of a Product Disclosure Statement).

Appendix 1- Document Sign-Off Checklist

DOCUMENT PUBLICATION SIGN-OFF CHECKLIST

Date:	
Rep name:	
Document name:	
Document type:	

REPRESENTATIVE TO COMPLETE

Who is the audience?
What is the objective and main content?
How will this be published?
When will this be published?

Please return final documents to Compliance Team once you have made the changes and before it is published.

REP TO COMPLETE- APPLIES TO RESEARCH REPORTS ONLY

I declare that I will not trade any stocks within the abovementioned company 2 days before or after the release of this report.

Analyst name:	
Signed date:	
Analyst signature:	

REVIEWER TO COMPLETE

Material points raised by reviewer:

REVIEWER SIGN-OFF ONCE APPROVED

Reviewer name:	
Sign-off date:	
Reviewer signature:	

Appendix 2- Conflicts of Interest Templates

DISCLOSURE FOR CONFLICTS OF INTEREST:

Template 1:

RM Capital Pty Ltd was underwriter and Lead Manager to the issue of *[insert amount]* shares in *[insert name]* Limited at *[insert price]* in *[insert month and year]*. RM Capital Pty Ltd was paid a fee of *[insert specific \$ amount]* for this service.

Template 2:

At the date of publication of this report, the writer held *[insert amount]* shares in *[the company's name]*.

Template 3:

RM Capital Pty Ltd will derive Lead Manager fees of *[insert amount]* and *[insert amount]*% for the procurement and lodgement of applications in this IPO. For example, for an application for shares of \$10,000, RM Capital Pty Ltd will receive *[insert amount]*, of which the RM Capital Pty Ltd Representative will receive *[\$insert amount]*.

Appendix 3- Disclaimer Templates

DISCLAIMER- GENERAL ADVICE WARNING

Required by Corporations Act s949A(2) when material contains general advice eg in generic emails or letters. The warning must be given to the client at the same time as the advice provided and by the same means as the advice is provided. The bracketed section should only be used when a PDS is available:

In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. Before making an investment decision, you need to consider (with or without the assistance of an adviser) whether this information is appropriate to your needs, objectives and circumstances. [You should obtain a copy of the product disclosure statement before making a decision about whether to invest in this product]

DISCLAIMER- PRESENTATION

When giving a presentation the following disclosure should be contained within the presentation:

The Representative and RM Capital Pty Ltd ABN 74 065 412 820, AFSL 221938, advise that they and persons associated with them may receive commissions, fees or other benefits or advantages as a result of a transaction arising from any financial product advice contained in this presentation, but that such commissions, fees or other benefits or advantages (if any) are disclosed in our Financial Services Guide or subsequent Statement of Advice.

RM Capital Pty Ltd advises that any advice contained in this presentation is provided by way of unsolicited general information only and accordingly, you should not act on such advice without first consulting your Adviser in order to ascertain whether that advice is appropriate having regard to your investment objectives, financial situation and particular needs.

RM Capital Pty Ltd believes that the information and advice contained in this presentation is accurate as at the time and date of issue. RM Capital Pty Ltd, its officers, agents and employees however, does not warrant the accuracy or reliability in relation to any advice or information contained in this presentation and to the extent permitted by law accepts no liability, implied or otherwise (including responsibility to any person by reason of negligence).

Past performance is not indicative of future performance.

DISCLAIMER- GENERAL WARNING

General warning as to nature of the information provided. Only to be used with Compliance approval:

This publication has been prepared to provide you with general information only. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information.

WHEN VIEWS OF NON-RM CAPITAL AUTHORS ARE USED

This disclaimer provides additional protection against errors in information that is specifically stated to be from an external source (Yorke v Lucas (1985) 158 CLR 661) by explicitly stating that we are passing on the information but not vouching for its accuracy.

We do not necessarily endorse the views expressed in this publication nor express any view about the accuracy or completeness of information that is not prepared by us and no liability is accepted for any errors it may contain.

PRIVACY (IF COLLECTING INFORMATION)

RM Capital Pty Ltd ABN 74 065 412 820, AFSL 221938 and its related companies must comply with the Privacy Act 1988 (Cth) (the "Act"). The Act requires RM Capital Pty Ltd to satisfy the Australian Privacy Principles, which impose controls on the way RM Capital Pty Ltd collects, uses, keeps secure and discloses personal information both within and outside Australia. Please tick this box if you do not want to be sent marketing information on products, services or special offers that are not related to the services we currently provide to you.

WHEN ADVICE IS NOT GIVEN BUT INFORMATION IS SENT OUT

This is only to be used when sending ASX Announcements or company releases to clients that already hold the stock. This is not to be used when providing advice or research.

The material enclosed should not be construed as an offer to sell or the solicitation of an offer to buy any security.

The information in the material enclosed is not intended to consist of investment or business advice of any nature whatsoever. The material enclosed may contain material that represents in some instances the personal views, standards and opinions of the authors and other third party contributors. The inclusion of such material is not an endorsement by RM Capital Pty Ltd of that material.

In all cases, persons reading the material enclosed should obtain professional advice relevant to their particular circumstances in evaluating its accuracy, currency, completeness and relevance for their purposes. To the extent that the material enclosed contains advice then it is general advice only. In compiling or preparing the material enclosed, RM Capital Pty Ltd did not take into account the investment objectives, financial situation and particular needs ("financial circumstances") of any particular person. Accordingly, before acting on any advice contained in the material enclosed, you should assess whether the advice is appropriate in light of your own financial circumstances or contact your RM Capital Pty Ltd's Investment Adviser.

Where the material enclosed consists of releases by companies to ASX Limited ("ASX") then:

(a) the releases/articles are enclosed for the client's information only, and that they may not be all of the ASX releases or articles concerning the company during the relevant period; and

(b) the additional information does not constitute a formal RM Capital Pty Ltd's research report.

RM Capital Pty Ltd and its related entities and each of their respective directors, officers and agents believe that the information contained in the material enclosed is correct and that any estimates, opinions, conclusions or recommendations contained in the material enclosed are reasonably held or made as at the time of compilation. However, no warranty is made as to the accuracy or reliability of any estimates, opinions, conclusions, recommendations or other information contained in the material enclosed and, to the maximum extent permitted by law, RM Capital Pty Ltd disclaims all liability and responsibility for any direct or indirect loss or damage which may be suffered by any recipient through relying on anything contained in or omitted from the material enclosed.

The material enclosed is for the intended recipient only and is provided on the condition that you keep it confidential and do not copy or circulate it in whole or in part.

Document History

Version	Date	Author	Review date	Reviewed by
1.0	25.02.2011	Joseph Ho	24.03.2011	Tim Grice
Description:	Policy documented.			
1.1	17.08.2015	Joseph Ho		
Description	Updated letter head Changed the following references from: <ul style="list-style-type: none">- TPA s52 to ACL s18- GM to Ops Manager- NPP to APP			