

CROSSGATE CAPITAL
CONFLICTS OF INTEREST AND
RELATED PARTY TRANSACTIONS POLICY AND PROCEDURE (Version 1)

1 INTRODUCTION

- 1.1 Crossgate Capital is a limited liability company, incorporated under the laws of New Zealand, that is governed by its Board and its constitution (which can be found in the Disclose Register at www.business.govt.nz/disclose under Crossgate Capital's offer number 12554 and at the New Zealand Companies Office) in accordance with the Companies Act.
- 1.1 This Conflicts of Interest and Related Party Transactions Policy (**Policy**) sets out the principles and procedures relating to the management of conflicts of interests within Crossgate Capital.
- 1.2 This Policy applies to the directors and employees of Crossgate Capital and all directors, contractors or employees of an outsource entity (together **Parties**).
- 1.3 This Policy has been developed in accordance with the requirements of the Companies Act 1993 (**Companies Act**), the Financial Markets Conduct Act 2013 (**FMC Act**) and Crossgate Capital's related policies and procedures.

2 INTERPRETATION

- 2.1 Any terms not defined in this Policy are as defined in the Companies Act and the FMC Act.

3 CONFLICTS

- 3.1 Conflicts of interest (in relation to Crossgate Capital) will usually occur where a Parties personal interests are inconsistent with a duty owed by them to another person or entity.
- 3.2 Conflicts of interest could potentially arise for Crossgate Capital where a Parties own interests or their interest in another business or company interferes with their position at Crossgate Capital or conflicts with their obligations or duties owed to Crossgate Capital.
- 3.3 Personal conflicts of interest of Parties may arise from shareholdings.

4 RELATED PARTY TRANSACTIONS

- 4.1 Related party transactions (in relation to Crossgate Capital) are transactions or dealings between Crossgate Capital and a related party of Crossgate Capital.
- 4.2 Related party transactions can increase the level of risk for Crossgate Capital when they are not transacted at arm's length.
- 4.3 Related parties (in relation to Crossgate Capital) include:
- 4.3.1 An associated person of Crossgate Capital (as defined in the FMC Act);
 - 4.3.2 A related body corporate of Crossgate Capital (as defined in the FMC Act);
 - 4.3.3 A director or senior manager of Crossgate Capital or any other person occupying a

position that allows the person to exercise significant influence over the management or administration of Crossgate Capital;

- 4.3.4 A relative of a person referred to at 4.3.1 to 4.3.3 above;
- 4.3.5 A director of an associated person of Crossgate Capital; and
- 4.3.6 A director of a related body corporate of Crossgate Capital.

4.4 Related party transactions could arise for Crossgate Capital where:

- 4.4.1 Services are provided by Crossgate Capital to a related party, and vice versa.
- 4.4.2 Crossgate Capital makes a loan or guarantee to a related party, and vice versa.
- 4.4.3 Bluemont Capital Management's (**BCM**) involvement in the valuation process presents an underlying conflict as BCM's Management Fee is based on Crossgate Capital's assessed Company Value, which is directly impacted by the carrying values of Crossgate Capital's investments. BCM's Performance Fee is also based on the value of Crossgate Capital's investments.

5 POLICY

5.1 Crossgate Capital must act honestly and in the best interests of all investors in Crossgate Capital. Crossgate Capital recognises that to satisfy this duty, it and its Parties must put the interests of its Shareholders ahead of those of itself or of the Parties.

5.2 Subject to 5.1 above, Crossgate Capital and its Parties must:

- 5.2.1 exercise their powers in good faith and in what they believe to be the best interests of Crossgate Capital;
- 5.2.2 exercise their powers for a proper purpose;
- 5.2.3 exercise the care, diligence and skill that a reasonable director would exercise;
- 5.2.4 not allow a conflict between a personal interest or a duty that is owed elsewhere and the duty to act in the best interests of Crossgate Capital;
- 5.2.5 not make use of information acquired through being as a Director, contractor, or employee of an outsource entity of Crossgate Capital in order to:
 - (a) gain an improper advantage for himself or herself or any other person;
or
 - (b) cause detriment to the Crossgate Capital users;
- 5.2.6 not make improper use of their position as a Director, contractor, or employee of an outsource entity of Crossgate Capital to gain, directly or indirectly and advantage for himself or any other person or cause detriment to the Crossgate Capital users; and
- 5.2.7 as soon as they become aware of the fact that they are interested in a transaction or proposed transaction, enter that interest into Crossgate Capital's Interests Register, to be kept at Crossgate Capital's registered office, and disclose the interest to the Board (in accordance with sections 139 and 140 of the Companies Act).

- 5.2.8 Ensure that all fees payable to BCM are calculated on a consistent basis and in strict accordance with the methodology and process defined in the Product Disclosure Statement.

6 REPORTING

- 6.1 If a conflict or related party transaction, or potential conflict or related party transaction, is identified, it should be reported, to:
- 6.1.1 The Board of Directors (**Board**) in the first instance;
- 6.1.2 It is noted that the report must be provided to the independent director(s)
- 6.2 The Board, will work together to manage the conflict or related party transaction and determine the appropriate course of action to be taken.
- 6.3 Any such determination must be entered in Crossgate Capital's Conflicts and Related Party Transactions Register, to be kept at Crossgate Capital's registered office.

7 POLICY COMPLIANCE

- 7.1 All Parties will be provided with a copy of this Policy and must affirm in writing (which may be by electronic means) that they have received, read, and understood this Policy.
- 7.2 Failure to comply with this Policy may lead to disciplinary action and, in serious cases, the cessation of a relationship with Crossgate Capital.

8 PERSONAL TRANSACTIONS

- 8.1 Parties must at all times avoid serving their own personal interests ahead of the interests of investor in Funds that Crossgate Capital operates. Parties may not induce or cause Crossgate Capital or any investor to take action, or not take action, for personal benefit rather than for the benefit of other investors. Parties must not exploit Crossgate Capital's client relationships for personal gain. Doubtful situations should be resolved in favour of Crossgate Capital and technical compliance with this Policy will not automatically insulate from scrutiny any transactions that indicate an abuse of fiduciary duties.
- 8.2 Parties must not only seek to achieve technical compliance with this Policy but should strive to uphold its spirit and its principles.

Board Approval of Policy

Board Approval granted of Policy (version 1) January 25 2019