



# Share Trading Policy

## 1. OBJECTIVES AND PURPOSES

### 1.1 Objectives

K2 Asset Management Holdings Ltd ("the Company") is listed on the Australian Securities Exchange ("ASX"). Directors and employees of the Company and its controlled entities are encouraged to be shareholders of the Company.

Trading of the Company's securities is governed by, amongst other things, the *Corporations Act 2001* ("Corporations Act") and the ASX Listing Rules.

The provisions regulating the trading of securities on the ASX are intended to ensure that the stock market is kept fully informed of relevant information for all listed companies in order that all investors are able to make informed investment decisions when acquiring or disposing of securities.

The provisions also provide that people in possession of "inside information" about their own company or about another company must not use the information to trade in the relevant securities or to communicate that information to others.

It is therefore important that employees exercise due care in the timing of any dealings in securities and ensure that at all times they comply with the law in connection with trading in securities on behalf of themselves or the investment funds which K2 Asset Management Ltd manages (the "K2 Funds").

### 1.2 Purposes

This document sets out the Company policy on dealings in securities by directors and employees. The purpose of this policy is:

- a) to assist directors and employees avoid conduct known as "insider trading";

- b) to protect the Company against potentially damaging adverse inferences being drawn that its directors or employees may have engaged in unlawful activity, or acted for their personal benefit or for the benefit of the K2 Funds, using information not available to the public;
- c) to enable the Company to comply with its obligations under securities legislation and the ASX Listing Rules.

## 2. Insider trading

### 2.1 What is "Insider Trading"?

The Corporations Act contains three distinct, but related, offences of insider trading. The offences prevent a person in possession of "inside information" from:

- a) trading in the relevant securities;
- b) procuring another person to trade in the relevant securities; or
- c) communicating the inside information to another person who is likely to trade in the securities or procure someone else to trade.

### 2.2 What is "Inside Information"?

Inside information is regarded as being information:

- a) that a person possesses which is not generally available and which the person knows or reasonably ought to know is not generally available; and
- b) a reasonable person would expect that if generally available, the information might have a material effect on the price or value of the securities.

Inside information could relate to:

- c) actions of the Company or external parties;
- d) proposed mergers, acquisitions, sales or reconstructions;
- e) significant disputes or litigation;
- f) liquidity and cash flow information;



- g) potential changes in asset values or valuations;
- h) profit and yield forecasts;
- i) proposed buy back of a company's securities;
- j) proposed capital raisings/share issues;
- k) proposed dividend announcements;
- l) recruitment or resignation of key personnel;
- m) significant agreements with other companies;
- n) proposed substantial acquisitions or disposals of a company's securities;
- o) changes to the competitive environment in which a company operates;
- p) takeovers;
- q) increase or decrease in funds under management in the K2 Funds;
- r) increase or decrease in performance of the K2 Funds.

You do not need to work in a company to possess inside information. If a person learns inside information about another company it is equally prohibited to trade, procure or communicate on the basis of that information.

The prohibitions do not simply relate to shares, but relate to all other forms of securities, including options and debentures, and financial products issued or created over or in respect of the Company's securities. The prohibitions apply directly to employees of the Company.

### 2.3 Penalties

Criminal penalties for breaches of the prohibitions on insider trading are severe and include substantial fines or imprisonment for up to five years. Civil liability also attaches to breaches of the relevant provisions.

Any employee found to be insider trading in the Company's shares or in the shares of another company will be disciplined appropriately, and most likely dismissed.

## 3. Policy on company shares - designated persons

### 3.1 Designated Persons

The persons in paragraphs (a) to (d) below are referred to in this policy as "Designated Persons" and include:

- a) directors and the company secretary of the Company or its controlled entities;
- b) all employees of the Company and its controlled entities;
- c) any other person who is notified that they are considered a "Designated Person" by the chief executive officer or the company secretary; and
- d) in relation to any person above, any of the following "Connected Persons":
  - i. their spouse or partner;
  - ii. any of their children (including step-children);
  - iii. their nominee, including an investment manager managing funds on their behalf (subject to paragraph 3.4 below);
  - iv. a trust of which they, any member of their family, or any family controlled company, are the trustee or beneficiary;
  - v. a person in partnership with them or any of their Connected Persons mentioned above (acting in his or her capacity as such); and
  - vi. a company which they or their family control.

### 3.2 General Rules

Designated Persons must not deal in the securities of the Company when they are in possession of price sensitive information relating to the Company which has not been made public.

Designated Persons will not be given clearance to deal in securities of the Company under this policy where price sensitive, non-public information exists in relation to a matter, even though they may not be aware of it.



Designated Persons must not engage in “Tipping” (see below) others with respect to the Company’s securities at any time.

The Company may also, at its discretion, adopt a separate policy in relation to Designated Persons trading in the K2 Funds.

### 3.3 Appropriate Timing

The only appropriate time for a Designated Person to deal in the securities of the Company is when there is no price sensitive information which has not been made public.

Employees and other Designated Persons are prohibited from trading in the Company’s shares if they are in possession of inside information. Subject to this, trading can occur at all times except during the periods set out below.

- a) *Trading is not permitted from 1 December until after the half yearly results; and from 1 June until after the yearly results (“Blackout Periods”).*

Designated Persons may not trade in the Company’s shares

- ▶ from 1 December until one hour after the half-yearly financial reports are released to the market; and
- ▶ from 1 June until one hour after the annual financial reports are released to the market.

- b) *Written approval is required*

Outside of the Blackout Periods, if Designated Persons wish to trade they must first obtain the written approval of a director and give a written statement that they are not in possession of any material non-public information (see item 3.7 below for further details).

### 3.4 Trading which is not subject to the policy

This policy does not apply in the following circumstances:

- a) dealing in a managed securities portfolio or other arrangement, where the Designated Person is not in a

- b) position to influence a choice of the portfolio;
- b) dealing under a dividend reinvestment plan where the Designated Person has given a standing instruction to reinvest dividends;
- c) exercise of options granted under the K2 Employee Share Option Plan or K2 Employee Incentive Plan, or other K2 employee share plans;
- d) dealing under an offer to all or most of the Company’s shareholders;
- e) where the trade results in no change in the beneficial interest in the securities, for example a change in the trustee of a trust.

### 3.5 Severe Financial Hardship and other Exceptional Circumstances

A Designated Person who is not in possession of inside information about the Company may be given prior written clearance to deal in the Company’s securities during the Blackout Periods where, in the opinion of the chief executive officer (or in the case of the chief executive officer, another director) they are in severe financial hardship or there are other exceptional circumstances such that the proposed dealing is the only reasonable course of action available.

Such other circumstances may include:

- a) a tax liability where the person has no other means of satisfying the liability;
- b) a court order or court enforceable undertakings (for example a bona fide family law settlement) to transfer the securities;
- c) some other overriding legal or regulatory requirement; or
- d) other exceptional circumstances as determined by the chief executive officer from time to time.

The discretion should be exercised with caution, and if granted, the Designated Person must obtain written clearance from the chief executive officer (or in the case of the chief executive officer, another director) in accordance with item 3.7 below.



### 3.6 Confidentiality Agreements with External Advisers

It is possible that, as a result of acting for or advising the Company, external advisers to the Company may have access to price sensitive information affecting the securities of the Company.

It is the Company's policy to require such external advisers to enter into confidentiality agreements covering such price sensitive information.

### 3.7 Trading Approvals

Before any Designated Person deals in securities of the Company (at any time), he or she must first obtain approval from a director.

This obligation operates at all times.

Designated Persons must not deal in securities of the Company (including shares issued as a consequence of the exercise of options) until approval has been given by a director, evidenced in writing.

The request for approval must be in writing and include a statement that the Designated Person is not in possession of any material non-public information.

If approval is given, the Designated Person may ordinarily trade until the next Blackout Period. The Designated Person will be notified if the clearance position changes within this time.

Any Designated Persons who have been confidentially told that they cannot deal must not communicate this fact to others.

### 3.8 Notification of Dealings

Each of the directors and any person who is a party to the K2 shareholders' agreement is required to notify the company secretary (or in her absence, the chief executive officer) within two business days after any change in his or her interests in securities of the Company, or the interests of any of their Connected Persons.

This enables the Company to notify the ASX of the change in the shareholder's interests, which in some cases must occur by the end of the business day following the receipt of the notification.

All other Designated Persons are required to notify the company secretary (or in her absence, the chief executive officer) of any dealing in securities of the Company within five business days of effecting such a dealing.

### 3.9 Policy – All Employees

Employees of the Company and its controlled entities must at all times abide by the rules and regulations governing trading in securities including, without limitation, the Corporations Act, the ASX Listing Rules and this policy.

Securities in the Company should not be traded by an employee (including those "Connected Persons" of the employee as defined above) if that trading constitutes insider trading (see above).

Employees with inside information must not at any time procure another person to apply for, acquire, or dispose of, or enter into an agreement to acquire, or dispose of, the securities of the Company.

At certain times, the Company may advise employees that they may not trade in the Company's securities.

An embargo may apply when the Company is embarking on a significant transaction or a significant development that has not yet been announced to the market.

From time to time employees may gain inside information of the securities of another company as a result of their involvement with the Company or in some other way. The anti-insider trading provisions apply equally to that information.

### 3.10 Tipping

Directors or employees with inside information must not at any time, directly or indirectly, communicate any inside information or cause the information to be communicated if the director or employee knows or ought reasonably to know that the other person would be likely to apply for, acquire or dispose or enter into an agreement to acquire or dispose of the relevant securities or procure another person to do so ("Tipping").

### 3.11 Prohibition against Hedging

Designated Persons are prohibited from entering into transactions in associated



products which operate to limit the economic risk of holding unvested entitlements in Company shares.

#### **4. Compliance with share trading policy**

Directors and employees should be aware that they can be charged with criminal offences under the rules and regulations associated with the prevention of insider trading. Accordingly, it is the responsibility of each director and employee to ensure that they abide by the law.

Failure to comply with this policy is considered grounds for termination of employment.

#### **5. Review of policy**

The board will review this policy as often as the board determines and make any changes it determines necessary or desirable.

#### **6. Access to the policy**

This policy will be available for viewing by any person on the Company's website or a copy will be sent upon request.

In accordance with ASX Listing Rule 12.10, where the Company makes a material change to this policy it must give a copy to ASX within five business days of the change taking effect.