

Barrenjoey[®]

Research Policy Statement

Barrenjoey Capital Partners Group

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Research Policy Statement

1 Background

Barrenjoey research is produced by Barrenjoey Markets Pty Limited (ACN 636 976 059, **Barrenjoey Markets**), the holder of Australian Financial Services Licence (**AFSL**) 521800. Barrenjoey Advisory Pty Limited (ACN 636 976 228 and AFSL 521801, **Barrenjoey Advisory**) provides corporate finance services and is a related body corporate of Barrenjoey Markets (collectively and each entity individually are referred to as **Barrenjoey** and references to **we** and **our** have the same meaning). Barrenjoey is only licensed to provide financial services to wholesale clients¹, and as such our research is intended only for this user group, and not retail clients or members of the public.

This policy applies to research reports about identifiable and tradeable financial products, not economic research.

Capitalised terms are defined in the **Glossary** in [section 6](#).

2 Key principles and objectives

As an AFSL holder and provider of research, Barrenjoey is subject to various obligations and regulatory expectations, including obligations under section 912A(1) of the Corporations Act 2001(Cth) and Australian Securities and Investments Commission (**ASIC**) Regulatory Guides 181², 79³ and 264⁴. Against this backdrop, Barrenjoey has a number of policies and procedures designed to ensure:

- high quality, reliable and independent research; and
- the integrity and objectivity of Barrenjoey's research and research analysts.

This policy statement summarises how Barrenjoey Markets produces objective and independent research within a comprehensive conflicts management framework in compliance with the obligations and regulatory guidance referred to above. This policy supplements Barrenjoey's [Conflicts of Interest Disclosure](#) and the [Research Disclosures](#) page on the Barrenjoey website, where you can view our approach to research ratings, as well as general regulatory and other Issuer specific disclosures.

Barrenjoey Markets is committed to producing independent, fair and objective research

The integrity of research directly affects the integrity of financial markets and investor confidence. Barrenjoey Market's research is delivered by highly trained, skilled and experienced research analysts, and based on sound analytical principles. Research independence and objectivity is supported via requirements intended to minimise any undue influence or pressure from Barrenjoey's other business divisions (including Barrenjoey's Corporate Finance division), Issuers, and any external party.

Barrenjoey has robust conflicts management arrangements in place

The identification and management of conflicts of interest plays a vital role in producing credible and reliable research. Barrenjoey's conflicts management framework is designed to facilitate the identification, management, and when necessary, the avoidance of conflicts of interest, whether actual, potential or perceived. With respect to research, Barrenjoey's research analysts are required to identify personal conflicts and avoid some conflicts in order to help maintain the independence and integrity of their research, whilst Barrenjoey's potential conflicts of interest are disclosed to users of research via prominent and specific disclosures.

Fair dissemination of material research views

Barrenjoey's Research business has established information barriers to ensure the confidentiality of unpublished material research changes, including research coverage decisions and changes to ratings, price targets and forecasts. This confidentiality is required to be maintained (including internally) until such material research views are expressed via the publication of a research report, for the benefit of clients and other users (including internal users).

¹ As referred to in subsection 761G(4) of the Corporations Act.

² ASIC Regulatory Guide 181 Licensing: Managing conflicts of interest.

³ ASIC Regulatory Guide 79 Research report providers: Improving the quality of investment research.

⁴ ASIC Regulatory Guide 264: Sell-side research.

3 Research expertise, quality and coverage approach

3.1 Scope and expertise

Barrenjoey Research is a full-service research business, servicing institutional investors, located in Australia, New Zealand and other international markets. Our research product includes published research reports and advice, that clients use to inform their investment decisions. We aim to cover around 200 ASX, and a targeted selection of NZX listed securities, providing advice and regular published content to our clients, the production of which is overseen by experienced research management, a research review committee, supervisory analysts and Compliance.

Our expert sector and macro teams (across economics, quant, ESG and strategy) provide differentiated content, advice and service on individual issuers, sectors, investment themes and macro considerations⁵. Sector heads typically have 15-20 years' experience in financial markets and their industry/sector of expertise. Research Employees are mentored and developed, particularly junior Employees. Regular training (business and compliance) is provided to all Employees.

3.2 Coverage, ratings and methodology

At Barrenjoey, decisions about research coverage, including whether to initiate, continue or terminate coverage on a particular Issuer or within a sector, is at the sole discretion of Research Management. Coverage decisions are not permitted to be made with regard to, or be influenced by, the interests of any other Barrenjoey business division, an Issuer, or Employees holding an investment in an Issuer the subject of potential coverage.

In general, Research Management may consider factors including the following in making research coverage decisions:

- an Issuer's size (market capitalisation) and activity within its sector;
- the liquidity of an Issuer's securities and investor interest in the Issuer;
- synergy or overlap with existing coverage;
- research resource availability and personnel changes; and
- changes in the market profile of an Issuer and its business.

All Issuers currently under coverage, as well as details concerning Barrenjoey's ratings descriptions and approach, can be found under the [Company Specific Disclosures](#) heading on the [Research Disclosures](#) page on the Barrenjoey website.

Barrenjoey Markets assigns securities under coverage with an Overweight, Equal Weight or Underweight rating. These ratings provide investment context for a security by comparing key attributes to others within the research analyst's coverage universe. The key attributes include:

- expected return where research analysts typically use the discounted cash flow valuation methodology;
- forecast growth measures across numerous financial metrics; and
- market position in relation to competitors, suppliers and customers.

All research reports include a price target that is the research analyst's 12-month price target or objective which is usually the valuation rolled forward 12-months at the Issuer's cost of equity less dividends. Most research reports, excluding flash reports, contain these ratings definitions, the methodology used to arrive at each rating, a distribution of ratings table across Barrenjoey Markets coverage universe and a three-year history of target prices table and chart⁶. Flash reports, because of their size, direct readers to Barrenjoey's website which contains this information, in relation to each Issuer under coverage.

⁵ Barrenjoey is a relatively new financial services firm, which commenced providing research services in July 2021. Barrenjoey will continue to build-out the entirety of its research coverage team during the remainder of 2021 and in 2022.

⁶ Please note, as above, because Barrenjoey is a relatively new financial services firm, it does not as yet have a three-year history of target prices for securities under coverage.

4 Research independence

Barrenjoey has arrangements in place to promote the integrity and independence of research. Information about some of these arrangements is set out in this section.

4.1 Research structure

At Barrenjoey, research analysts are physically segregated, sitting together within a secure area accessible only to Research and Compliance and a limited number of other personnel approved by Research Management and Compliance. Similarly, the electronic platform within which Research drafts and publishes research reports is only accessible to Research and Compliance. Further, all electronic/soft copy files connected to the preparation and distribution of research are saved in secure electronic folders accessible only to research analysts operating within the same coverage sector.

Research reporting lines are required to be independent. All research analysts report to the Head of Research or their respective coverage sector head. The reporting line for the Head of Research is determined in consultation with Compliance. The Head of Research does not report to Barrenjoey's Corporate Finance division.

4.2 Research remuneration

Decisions relating to research analyst remuneration are determined by Research Management, based on qualitative and quantifiable measures including seniority, the quality and extent of research coverage, analytical and ratings performance, industry understanding, client feedback and overall industry rankings.

Whilst the overall profitability of Barrenjoey can be taken into account, research analyst remuneration is not tied to Corporate Finance revenues or performance.

4.3 Research clearance and publication

All Barrenjoey research reports are required to be reviewed and approved by an analyst responsible for supervisory review and by Compliance. In certain cases, a draft research report can be escalated by the supervisory analyst or by Compliance to Research Management for additional review. Research reports are reviewed to ensure that recommendations are based on reasonable grounds, and internal and external regulatory requirements are met, including that research is objective, clear, fair and not misleading.

In cases where material changes are being made, research is reviewed by the Research Review Committee (RRC) as an additional check before review by the supervisory analyst and Compliance. Material changes include, initiation of coverage, cessation of coverage, a rating change, a price target change greater than a specified level, and an earnings change greater than a specified level. The RRC is made up of senior research analysts and the Head of Research who chairs the RRC. Operation of the RRC and definitions of material changes are covered by the RRC terms of reference. Publication of research reports occurs via Lighthouse, our client facing platform, and a number of third-party aggregation or distribution platforms.

Research reports are not permitted to be selectively distributed to anyone outside of Research, Legal or Compliance including to any other Employees, clients, or other third parties in advance of publication or otherwise on a preferential basis. All newly issued research recommendations and price targets are valid as at the date and time of publication (included at the top of each research report's disclosure appendix) and supersede previously published research. It is generally expected that research analysts will update their research frequently, at least quarterly or more often in response to market events, significant news and financial results.

4.4 Research analyst attestation

Prior to publication, the lead research analyst is required to certify that the views expressed in each research report accurately reflect their own personal views about the subject Issuer(s) or securities of those Issuers, and that no part of the research analyst's compensation was, is or will be directly or indirectly related to the specific views or recommendations expressed in the research report. This attestation can be found in the disclosures section of each research report.

4.5 Inappropriate pressure or communications

It is Barrenjoey's policy that no one should place undue pressure on research analysts to alter the content (including rating and price target) or timing of release of any research report, including the initiation of coverage on any particular Issuer. Similarly, no one may retaliate, or threaten (either directly or indirectly) to retaliate against a research analyst for

content in a research report, which may be perceived to adversely affect a client or prospective client relationship or position.

4.6 Prohibition of promising research

It is Barrenjoey's policy that research analysts may not directly or indirectly offer a favourable research rating or target price, or offer to change a rating or target price, or promise specific research content as inducement for receipt of business or compensation. Similarly, research analysts may not directly or indirectly threaten to publish an unfavourable research rating or target price, or threaten to change a rating or target price, or to terminate coverage as an inducement for business or compensation.

In addition, no Employee of Barrenjoey is permitted to promise the initiation of coverage, even where Barrenjoey is preparing an Investor Education Report for the purposes of a capital raising. Whilst Barrenjoey can inform Issuers that our general practice in the circumstances is to provide research coverage following an IPO, all coverage decisions nevertheless remain at the sole discretion of Research Management.

5 Conflicts of interest

Barrenjoey research is produced and distributed within a robust conflicts of interest management framework designed to identify, manage and avoid conflicts of interest, whether actual, potential or perceived. The identification and management of conflicts is important to ensure research is independent, objective and credible. Conflicts can arise internally and externally, including with respect to Issuers, investor clients, our Corporate Finance and Sales and Trading activity, and the interests of our Employees, including the personal interests of our research analysts.

We use various methods at Barrenjoey to identify and manage conflicts related to the publication of research including appropriate controls, disclosures and conflict avoidance.

5.1 Controls

The below is a non-exhaustive list of some of the controls we have in place to manage conflicts of interest inherent in the publication of research. For other information with respect to Barrenjoey's conflicts of interest management arrangements, please see Barrenjoey's [Conflicts of Interest Disclosure](#):

- **Information barrier arrangements:** Barrenjoey has in place physical and technological information barriers designed to manage and restrict the flow of confidential information (including Inside Information) between business divisions, including between Corporate Finance and Research and our Sales and Trading businesses. Employees are required to only communicate confidential information on a "need to know" basis and in compliance with our policy on Managing Confidential Information and Information Barriers and our wall crossing processes and procedures.
- **Restrictions on interactions:** Barrenjoey has adopted policies designed to restrict and control the interactions research analysts can have with Corporate Finance, Sales and Trading, and in some instances, external third parties. For example, research analysts are generally not permitted to attend three-way meetings (meetings between an Issuer, Corporate Finance and Research) other than in exceptional circumstances or in the case of widely attended meetings.
- **Training program:** Employee training is conducted on a regular basis to inform research analysts and other relevant Employees of the importance of the integrity and independence of research, Barrenjoey's conflicts management arrangements and regulatory requirements and expectations.
- **Monitoring and surveillance:** Barrenjoey has a dedicated monitoring and surveillance team that, amongst other things, monitor research independence and whether potential conflicts are being appropriately considered and escalated.

5.2 Conflict avoidance

On some occasions the only way to manage conflicts of interest is to avoid them. For example, from time to time, our Corporate Finance business may be involved in a transaction that poses a material conflict of interest that we consider is best managed by a suspension of research coverage or a restriction on certain content normally included in research reports. We may also be restricted or suspended from publishing a research report for regulatory or legal reasons. Where this occurs our research analysts are guided by our Restricted List and our Compliance team.

Another example of where we avoid potential conflicts of interest is with respect to Employee personal trading. To avoid an actual or perceived conflict that a research analyst's personal holding in a security under their research coverage might present, Barrenjoey's research analysts are generally not permitted to hold or trade in securities they cover. All personal trading conducted by research analysts is subject to pre-approval by the Head of Research or their supervisor, and Compliance.

5.3 Disclosures

All Barrenjoey research reports include meaningful, clear and prominent disclosures about actual and potential conflicts of interest relating to Issuers that are the subject of a research report. Our disclosures are included to ensure readers understand any potential conflicts of interest Barrenjoey might have in relation to the Issuers covered in the research reports. This disclosure allows readers to assess the extent to which they wish to rely on Barrenjoey research.

All Barrenjoey research reports include a disclosure appendix with a number of disclaimer categories for all subject Issuers. The following disclosures will appear in all research reports (excluding flash reports):

- Research analyst attestation;
- Important disclosures (including research analyst and company specific disclosures);
- Ratings and methodology;
- History of investment ratings and price targets;
- Distribution of investment ratings; and
- General disclaimers and Regulatory disclosures.

Short or "flash" reports do not include all the above disclosure categories within the report itself; but instead, clearly refer users to the relevant disclosures on the Barrenjoey website. A full list of all the possible Issuer specific disclosures can also be viewed on the Barrenjoey website.

6 Glossary

Term	Definition
ASIC	Australian Securities and Investments Commission
Barrenjoey Advisory	Barrenjoey Advisory Pty Limited
Barrenjoey	Barrenjoey Capital Partners Group Pty Limited and its related bodies corporate, which includes Barrenjoey Markets and Barrenjoey Advisory
Barrenjoey Markets	Barrenjoey Markets Pty Limited
Compliance	Barrenjoey's Compliance & Anti-Financial Crime department
Corporate Finance	Barrenjoey's Corporate Finance division
Employee	Persons engaged by Barrenjoey as staff members on a permanent, fixed term or part-time basis
Inside Information	Information that is not generally available and if it were, would be likely to have a material effect on the price or value of a tradable financial product
Investor Education Report	A research report provided to professional and other wholesale investors that contains information about an investment opportunity occurring in the context of a likely capital raising transaction (usually an initial public offering (IPO))
Issuer	A legal entity that issues, sells and registers securities and other financial products for the purpose of capitalising its operations. In the context of Barrenjoey's business, an Issuer's securities or other financial products are generally listed on an exchange
Research	Barrenjoey Markets' research business
Research Management	The Head of Research along with senior coverage analysts responsible for supervision and reviewing research reports from time to time
Restricted List	A confidential internal list maintained and published by Compliance that includes restrictions imposed on Barrenjoey's financial services business and Employees because of Barrenjoey's publicly known involvement in corporate and other transactions or the provision of financial or corporate advice to clients
Sales and Trading	Barrenjoey Markets' equities and fixed income businesses