
Sale Conduct & Product Governance Policy



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Objective and Scope:

According to the SEC notification Nor Por 1/2560 re: guidelines of sales conduct on mutual fund product in capital market and fixed income instrument, it is required asset management company to have management structure, policy, procedure to support the communication and service provide to clients. The objective of this notification is to focus on the clients' interest or "fair dealing". Therefore, King Wai Asset Management (Asia) Company Limited (KWIAM) must response for the sale process and the practice of salesperson. This policy has the purpose to achieve six targets as follow:

1. To ensure that the KWIAM focus on the fair dealing rules as the core of organization culture.
2. The products and service have been selected and design to suit for the need of targeted clients.
3. The clients receive proper information from salesperson.
4. The clients receive good advice and offer the appropriate product in regard with the situation of the clients.
5. The clients receive product and service as their expectation.
6. The clients do not face any inconvenience experience after buying or selling the product including filing complain and claim for the damages from the service of the KWIAM.

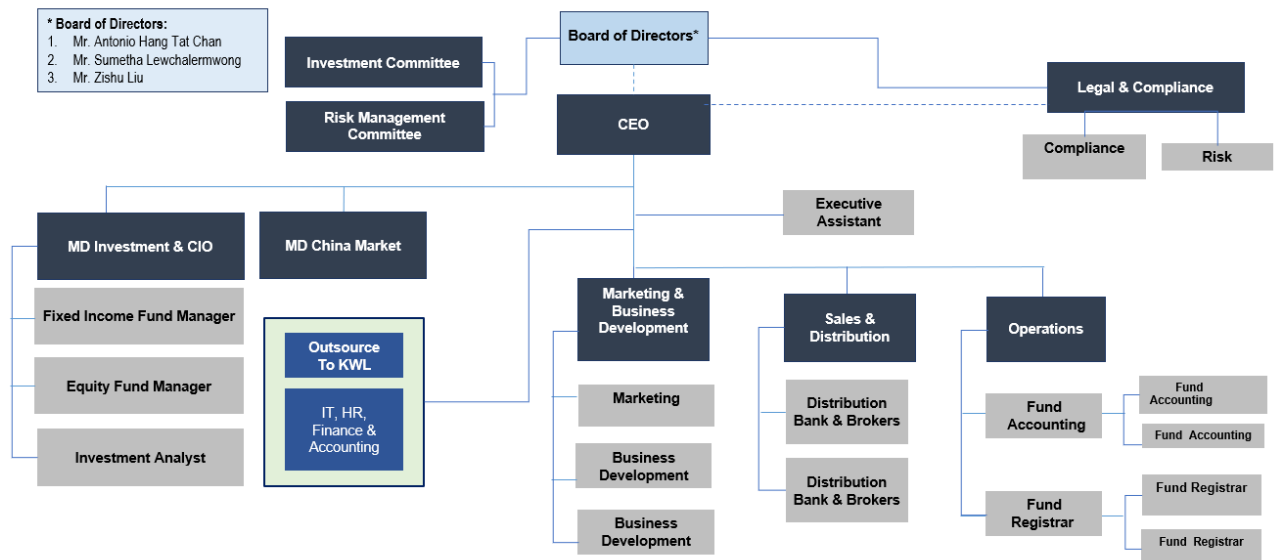


1. Organization structure, Roles of Board of Director and duty of Executives

King Wai Asset Management (Asia) Company Limited (KWIAM) has organization structure that reflects the segregation of duties. KWIAM must conform to the fiduciary duties and good corporate governance with objectives to have a fair dealing culture by managing the investment for the clients with honesty, due care and with the interest of clients prior to the interest of its own.

King Wai Asset Management (Asia)

Organization Chart



To achieve the above-mentioned objectives, the following requirements must be complied with:

1. There must be an organizational chart demonstrating units and lines of command. For personnel in the organization to be informed of and understand the structure, roles, duties and responsibilities of each unit in the organization. In this regard, units must be arranged in accordance with such organizational chart;

2. There must be a job description explaining duties and responsibilities of each unit and position;

3. There must be a clear segregation between the unit with investment management function and the unit with back-office supporting function for instance, the structure of unit which deals with customer or submitting trading orders (front-office function) must be clearly separated from the unit which has duties in calculating net asset value of fund or securities-clearing (back-office function) including the segregation of reporting line of the personal in the segregated units and there must be a person responsible for risk management;

4. There must be an establishment of a compliance unit to supervise and monitor the operation that is independent from the management and other units;

5. Operation conducted with concern to and to protect the best interests of clients must be encouraged, taking into account the following principles:

(a) Duty of Loyalty:

- 1) KWIAM must manage the investment in the best interest of the clients which must have priority over the interest of its own e.g. management of investment in accordance with the objective, investment policy and client's expectation by employing knowledge and ability as a professional under different situation, being independent in making investment decision and having diversified investment in order to reduce investment risk, etc;
- 2) KWIAM must treat all clients fairly and refrain from taking any action that may cause the conflict of interest except where a transaction is executed having received consent from the client or it is carried out in accordance with the rules prescribed under the law. KWIAM must also adequately disclose the related facts to client when requesting for consent to execute a transaction and such transaction must be fair to the client under that particular situation;

(b) Duty of Care:

KWIAM must observe the duty of care in its practice of investment management. It must employ knowledge, ability and skills as a profession in management of investment under different situation, for instance:

- 1) Employment of personnel who have suitable knowledge and ability for duty.
- 2) Disclosure of information that is necessary for making investment decision to the client including investment risk, fees or expenses, conflict of interest and other encumbrance. Where there is a disclosure of the investment portfolio, it must be disclosed to all investors equally;

- 3) Use adequate and reliable information, documents or referenced evidence in making investment decision;
- 4) Potential investment risks are managed when making investment decision. The investment must be done reasonably and appropriate to the fund at a particular time;
- 5) Investment in financial instruments/ contracts which are legal under the concerned laws;
- 6) All expenses chargeable to the fund must serve for purpose of fund operation;
- 7) Every delegate that has been delegated by KWIAM to operate on its behalf must be supervised except for juristic persons holding a license to undertake securities business in the category of brokerage, dealing or underwriting of investment units (LBDU);

6. The acceptance of client and the execution of transaction for client to prevent the use of fund management business as a vehicle for money laundering provided that the policy on such matter is in accordance with the notification prescribed by the Office Re: Measures on Prevention of Money Laundering and Terrorist Financing in Securities;

7. The prevention of conflict of interest in the fund management which are proprietary trading, affiliated transaction, soft commission and staff dealing;

In this regard, the high-level management must arrange for a procedure in notifying and acknowledging the related personnel of the policies and the practices as well as a procedure for continuous and regular monitoring and amending of the policy.

- Communicate with related person to be aware of fair dealing culture and the importance of compliance inspection including understanding of the policy and guideline;
- Assign the heads of business units to monitor and control the staff under their supervision to comply with the policy and guideline; and
- Board of Directors and high-level management follow up the course of the actions from compliance report and customers' complaint report which report by Compliance.



2. Product Selection and Client Segmentation

The management company shall have an appropriate process of the product development which covers identifying target market for the products to be issued and offered for sale, designing products to ensure that the preferences and the interests of investors are taken into account when the products are being designed, and testing the products before issuing and offering. This is to enable the management company to profoundly understand the features and risks of the mutual fund before offering and to ensure that the target market will be offered the product that meets their preferences.

The management company shall also have a particular way of monitoring the performance of products to ensure that it is still suitable for the target market.

The scope is for products which are mutual funds for retail sale; and locally managed by King Wai Asset Management (Asia) Company Limited ("KWIAM").

The management company must proceed with following matters:

1. Identification of target market

- 1.1 Identifying the target market in which the mutual fund will be offered by taking into consideration the characteristics of investors, preferences, and investment objectives. In this regard, the management company may use other sources of information for its consideration such as the distributors and/or study/ research in order to efficiently identify the target market.
- 1.2 Determining factors or conditions to identify the clear target market, for instance, type of investors,¹ investors' risk tolerance level, financial status, financial restrictions or conditions of investors (e.g. liquidity requirement or the length of investment), age of investors, investment experience, level of knowledge of the mutual fund etc.
- 1.3 Identifying distinctly types of investors who are not suitable for investment in the issued and offered mutual fund in order for the management company, the distributor, as well as investors to be aware of and take into consideration before making offer for sale or investing in such mutual fund.

2. Mutual fund product design

- 2.1 Determining relevant business units to engage in the process of designing a mutual fund product as well as having the compliance unit to participate in the process of designing
- 2.2 Having a process of designing a mutual fund product to make certain that the said mutual fund has been designed by taking into consideration interests and preferences of the target market. Having appropriate measures to prevent and manage conflict of interest in order to avoid investors making losses from investing in mutual funds.² Keeping evidentiary documentations concerning the issuance of the mutual fund available for inspection.
- 2.3 Taking into consideration, in the process of designing a mutual fund product, harmonization and suitability between the mutual fund and the target market in terms of policies, features, returns, risks, conditions of payment for the returns, reasonableness of the rates of the management company's management fees and related fees to be charged to the purchasers or the unitholders,³ transparency and distinguishing feature of the fee structure as to whether investors can easily understand. To be able to design the mutual fund product more efficiently, the management company may take into account other sources of information, for example, feedbacks from investors and related parties (e.g. distributors and salespersons) and the previous complaints, when designing a mutual fund product.
- 2.4 Identifying whether or not the mutual fund is considered risky/complex fund in order to be taken into account in determining a strategy for making offer for sale of investment units to be in line with the features of the mutual fund.

3. Mutual fund product testing

Conducting the mutual fund product testing before making an offer for sale of the investment units, under several possible scenarios (for example, any event that affects price or the liquidity of the assets, any crisis that affects overall market) in order to enable the management company to understand the mutual fund's performance under such scenarios, to be able to identify entirely the factors or conditions that affect the returns and risks of the mutual fund, and to be able to decide whether the said mutual fund's returns and risks are still suitable for and fair to the target market.⁴ In case the mutual fund is found inappropriate, improvement is required by means of determining distinct form and a clear method to evaluate the appropriateness. The management company may, for example, implement a risk assessment tool⁵ and risk tolerance tool.

4. Mutual fund product monitoring

- 4.1 Arranging to have a method of monitoring and inspecting the issued and offered mutual fund to ensure that such mutual fund is still suitable for the target market by taking into account the relevant information for example, considering whether or not the mutual fund's size is economical and/or its returns and risks are still suitable for the target market, information about trading in units of the mutual fund, feedback from investors and related parties (e.g. distributors, salespersons), previous complaints etc. Managing to conduct a mutual fund product review to assess the suitability of the mutual fund product by and determining the frequency of such review to be in harmony with the features of the mutual fund (e.g. risks, product complexity, investment strategies). Additionally, having a review in case of an occurrence of material events which may affect the mutual fund (for example, a credit rating of the instruments in which the mutual fund has invested is downgraded, the issuer of such instruments is in default or likely to default, or a country where the mutual fund has mainly invested is in the midst of an economic crisis or facing internal turmoil, etc.)
- 4.2 In case where the performance of the mutual fund is no longer suitable for the target market or has become unable to meet the preferences of the target market, or in case of an occurrence of material events which may affect investors' investment decision or significantly affect the returns and risks of the mutual fund⁶, the management company should continuously monitor the situations, analyze the effect upon its own mutual fund, and solve or take appropriate action, for example, disclosing information about the possible impact on the mutual fund on the website for investors to access and communicating such information with distributors in order for salespersons to have adequate information to explain to investors before making decision to invest in such mutual fund, etc.

Remark:

¹In this regard, the management company should identify types of investors at least according to major requirements (e.g. retail investors, vulnerable investors, HNW investors, UHNW investors) and may identify additional types of investors according to the commercial practice (e.g. private wealth clients, domestic investors, foreign investors)

²e.g. establishing a mutual fund that invests in assets more beneficial to shareholders of the management company than investment unit-holders

³e.g. front-end fee, back-end fee, and switching fee

⁴e.g. in case of buy-and-hold fund having an investment strategy that aims to make returns close to returns on fixed deposits, the management company should analyze and weigh between the returns and risks of the said mutual fund and the returns on the fixed deposit at the same length to find out whether they can be comparable.

⁵e.g. Value-at-Risk (VaR) maximum drawdown, tracking error, information ratio, etc.

⁶i.e. the assets in which the mutual fund has invested are having a problem, or other mutual funds having similar investment policy are having a problem which may occur in the mutual fund under the same condition.

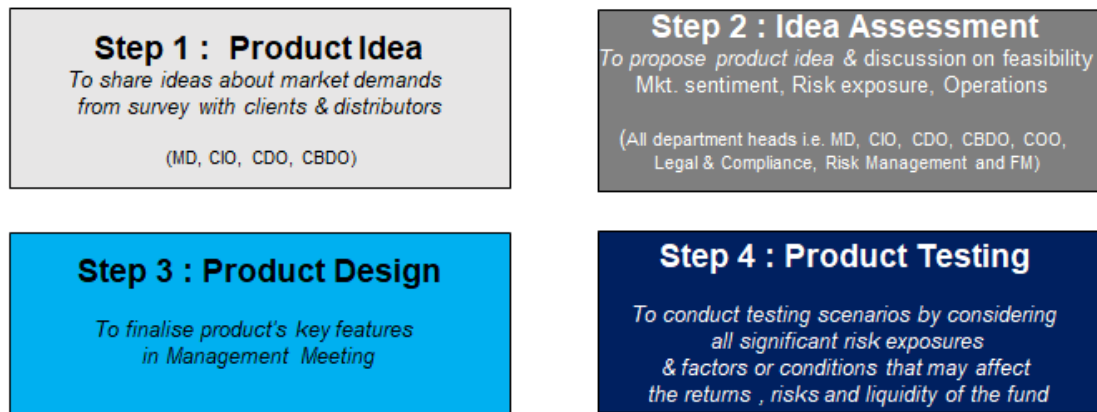
Product Development / Selection Process

The Product Development/Selection Process sets a framework for Business Units (“BU”) to follow when developing new product proposals, or notable changes to (and ongoing management of) existing products.

The scope is for products which are mutual funds for retail sale; and locally managed by King Wai Asset Management (Asia) Company Limited (“KWIAM”)

This stringent Product Development/Selection Process is to ensure that we have thoroughly considered the products based on quality, clear and disciplined investment process, rigorous operational and administrative framework in order to deliver the utmost benefits, meet the investment objectives and risk acceptable for our target clients. In addition, we have also assessed the relevant risk and profitability of new product proposals, or notable changes to existing products.

KWIAM: Product Development Process



Step 5 : Approval Process

	Documents Prepared by BD Team	Review & Approval
Step 1 Internal Approval	<p>Product Spec normally contains the following information.</p> <ol style="list-style-type: none"> 1. <i>Business Case,</i> 2. <i>Investment Policy Statement (IPS)</i> 3. <i>Operation Details</i> <p><i>Note: The format is subject to change.</i></p>	<p>Product Committee participated by</p> <ol style="list-style-type: none"> 1. <u>Standing members</u> i.e. MD, CIO, CDO, CBDO, COO, Legal & Compliance, Risk Management 2. <u>Invitation (based on relevant issue)</u> i.e. Investment team, Finance 3. Others i.e. representatives from relevant functions
Step 2 External Approval	<p>Fund Prospectus</p>	<p>SEC (Thailand)</p>

Remark: MD: Managing Director, CEO: Chief Executive Officer / CDO: Chief Distribution Officer / CBDO: Chief Business Development Officer / COO: Chief Operation Officer or Head of Department.

Five Key Phases for Product Development Process

Phase 1: Product Idea

- **Objective:** to share ideas about the industry activities, distributors and clients demands, product trends
- **Key participants: MD, CIO, CDO, CBDO**
- After having the rough idea generation, Business Development team (“BD”) (with regional product team’s support) will explore more on the product initiative i.e. possible product structure, competitor analysis, client segmentation and etc.

Phase 2: Idea Assessment

- **Objective:** to propose idea in the management meeting for more discussion and idea contributions from all related BUs in order to get their view on the product’s feasibility, challenges or concerns.
- **Key participants: all department heads i.e. MD, CIO, CDO, CBDO, COO, Legal & Compliance, Risk Management and Fund Managers**
- After the discussion, BD will work more on in-dept details and find out the best solutions on any challenges and concerns raised by other BUs.

Phase 3: Product Design

- **Objective:** to discuss and finalise the product’s key features i.e. structure, fees, and etc.
- **Key participants: all department heads i.e. MD, CIO, CDO, CBDO, COO, Legal & Compliance, Risk Management**

Phase 4: Product Testing

- **Objective:** To conduct testing scenarios by considering all significant risk exposures & factors or conditions that may affect the returns, risks and liquidity of the fund
- **Key participants: Risk Management, Fund Managers, Compliance**

Phase 5: Product Approval

- **Internal Approval by Product Committee**
Product Committee participated by
 1. Standing members i.e. MD, CIO, CDO, CBDO, COO, Legal & Compliance, Risk Management
 2. Invitation (based on relevant issue) i.e. Investment team, Finance
 3. Others i.e. representatives from relevant functions
- **External Approval by SEC (TH)**



KWIAM APPROVAL PROCESS OVERVIEW

- Once the product concept is finalised, BD team will draft **the product spec** and send to all related BUs for review. The product spec. normally contains the following information.
 - 1) Business Case
 - 2) Investment Policy Statement (“IPS”)
 - 3) Operation Details
- The revised product spec. (following all BUs’ comments) will be proposed to Product Committee for review and approval.

Key criteria for review and approval:

The product spec. is a document that sets out clearly a proposed product development/change. Dependent on the nature of the proposal, its contents will likely contain comments or analysis on a variety of elements, such as:

Purpose of Initiative: This section summarizes the key rationale to launch this product initiative or to change its features.

- a) **Target Market and Customer Needs (where applicable):** This section summarizes the specific or likely target markets, and where applicable or possible, indicate the expected need of customers within that target market and the ability of the proposed product to meet those needs. This may or may not include any customer insights obtained from customer research, feedback from the distributor and/or focus group discussion, such as specific needs and concerns, major purchase consideration factors, and barriers to purchase.
- b) **Market/Competitive Landscape:** This section briefly summarizes key features of the competitive environment and product trends in the market that are relevant to this product initiative (e.g. estimated market size or share for this product type, main competitors for this product, or competitive advantages and disadvantages, or past performance comparison).
- c) **Product Description:** This section covers the product details and expected positioning. This may include fund’s investment objectives, strategies, benchmark, and performance target, and, where relevant, the choice of sub-investment manager or sub-advisor along with the rationale. This section may also refer to an attached draft investment policy statement, which may provide additional details.
- d) **Operational Requirements:** This section elaborates on various facets to be considered in ensuring the smooth functioning of the product. These may vary substantially, depending on the nature of the proposal. However, sub-sections most likely to be covered or considered here are:
 - i. Administration (including comments on the impact of the proposal on processes, and confirmation that proposal can be supported)
 - ii. Investment Management (e.g. impact on fund monitoring, use of derivatives and/or new instruments, etc.)
 - iii. Systems (e.g. implications to various systems and whether changes and/or development required, if applicable)



- e) **Legal/Regulatory Overview:** This section indicates the legal and regulatory regime under which the fund will be constituted and managed. Any unique attributes of the product or strategy, including items that will need to be cleared with regulators on an extraordinary basis (e.g. having to obtain exemptive relief), and if known, conditions that this may entail, should be noted.
- f) **Risk Analysis:** This section identifies all significant inherent risk exposures with reference to the Risk Classification Framework (e.g. Counterparty, Leverage, Liquidity, Operational), applicable risk mitigation (existing controls) and an assessment of the residual risk. For residual risks that are not within risk appetite, action plans to reduce risk to within appetite are also included. If mitigants are not finalized, further information should be provided later in the product development process. Any conditions of approval are also included in the risk analysis for ease of tracking and closing conditions prior to launch. Following approval, the risk analysis should remain current with new significant operational risks and/or changes to significant operational risks until the product is launched. Divisional Risk Management, with the support of Subject Matter Experts as needed, will formally establish the appropriate on-going oversight approach to ensure that all identified risks have been mitigated or accepted prior to launch.
- g) **Expected Sales/Profitability:** This section will generally include a multi-year projected P&L table with all assumptions listed. Such assumptions may typically include items such as;
- i. Annual management fee, Front-end fee, Back-end fee
 - ii. Sales growth rate
 - iii. Redemption rate
 - iv. Seed capital requirements, costs and expected repatriation (if any)
 - v. Upfront costs required to launch product, along with marginal/ongoing costs, such as estimated sales/marketing/fund management expenses and legal fees.

Client Segmentation and Sales Communication

Our traditional client segmentation relies on key following indicators:

- Amount of wealth
- Investment amount
- Financial status
- Age of client
- Investment objectives and needs
- Returns and Risk acceptable level

When we offer the product to clients, our basic process is to consider based on the client's profile and/or suitability test (Risk Scoring) as details below (subject to change based on SEC (TH)'s update rules and regulations.

The Assessment of Unitholder's acceptable level of the risk

Type of Investor and Acceptable Level of Risk			
Total Score (Corporate)	Total Score (Individual)	Which type of investor are you?	Which level of risk is suitable for you?
Lower than 13	Lower than 15	Low Risk Investor You are a cautious investor who is unwilling or unable to accept risk/volatility, expect returns higher than bank deposit rates and prefer short-term investments.	1 and should invest in levels of risk at 2-8, not exceeding 20% of total investments.
13-18	15-21	Medium to Low Risk Investor You are willing and able to accept low risk/volatility, favour capital preservation investment, and need current income from your investments.	1-4 and should invest in levels of risk at 5-8, not exceeding 20% of total investments.
19-24	22-29	Medium to High Risk Investor You can tolerate downs in the short-term value of your investments periodically.	1-5 and should invest in levels of risk at 6-8, not exceeding 20% of total investments.
25-30	30-36	High Risk Investor You are able to accept a high level of risk, and can tolerate market fluctuation and losses for the possibility of growing your investments and achieving long-term gains.	1-7 and should invest in levels of risk at 8, not exceeding 20% of total investments.
31 up	37 up	Very High Risk Investor You are a risk taker who has a high return expectation for your investment and can tolerate higher degrees of fluctuation (sharp, short-term volatility) in the value of your investments and accept significant losses for the possibility of achieving greater long-term gains.	1-8+

List of Marketing Materials:

- Fund Fact Sheet (SEC)
- Q&A + Full Prospectus
- Monthly Fund Fact Sheet
- Presentation (optional)
- Leaflet/Brochure (optional)

Information Accessibility / Communication Channel:

- Website (www.kwiam.com)
- E-Mail
- SMS
- Post (optional)

Suitable Types of Fund According to Levels of Risk		
Level of Risk	Which type of fund can you invest in?	
Low	1	Money Market Fund investing in Thailand market only The fund's policy is to invest in local fixed income securities and/or assets and/or deposits, or other financial instruments that mature at call or due date or with the maturity no more than 397 days from the investment date in accordance with the notifications of the SEC or the Office of the SEC. The fund's average portfolio duration will not exceed 92 days.
	Medium to Low	2
3		Government Bond Fund The fund has net exposure in government bonds, on average in any accounting period, not less than 80% of NAV.
4		Fixed Income Fund The fund has net exposure in fixed income securities or bank deposits not less than 80% of NAV at any time. - Non-IG : ≤ 20% of NAV
5		Mixed Fund The fund has net exposure in equity and fixed income instruments or alternative assets. - Non-IG : 20-80% of NAV
High	6	Fixed Income Fund The fund has net exposure in Non-IG / unrated fixed income securities, on average in any accounting period, not less than 80% of NAV. Equity Fund The fund has net exposure in equity or equity-related securities, on average in any accounting period, not less than 80% of NAV. This type of fund includes Equity-FIFs.
	7	Sector Fund The fund has net exposure in equity securities of some specific sectors or entirely or predominantly invest in a single sector, on average in any accounting period, not less than 80% of NAV.
Very High	8	Alternative Investment Fund The fund has net exposure in alternative investments or have sophisticated structures, e.g. REITs / infrastructure fund / property fund / commodities / gold funds / oil funds or Structured Notes (non-capital protection), on average in any accounting period, not less than 80% of NAV
Extremely High	8+	Fund with significant risk from investment The fund significantly invests in derivatives or has borrowings / repo for investments and short selling

3.Communication and Training Program

Sales & Distribution Department has prepared the procedures which includes all the process regarding any communication system, transfer knowledge to salespersons by organizing product training especially high risk or complex product as following details:

1.Communication with salesperson

- 1.1 To authorise Sales & Distribution Department to response for communication and training the salespersons prescribing the content, communication method, test the result and frequency of training.
- 1.2 To focus on content to communicate with salesperson. It should be complete and in line with the product information.
- 1.3 To establish the communication tool to communicate with the salesperson efficiency such as computer, internet, and email.
- 1.4 To ensure the effectiveness of communication and training such as to review the understanding of the salesperson, set up the meeting etc.
- 1.5 To monitor the scope of responsibility of salesperson to ensure that they can perform their own function properly.

2.Training for salesperson

- 2.1 To provide the training to the salesperson regarding the skill or knowledge of salespersons. The content of training should consist of the information of products.
- 2.2 To organize the training course for the salespersons focusing on the high risk or complex products.
- 2.3 To set the practice lesson for the salespersons and may prepare script for complex product or high-risk product.
- 2.4 To monitor the accuracy, sufficient and appropriate content for the training provider.
- 2.5 To have any testing to assess the salespersons' understanding on the training content and be able to perform correctly.

4.Sales Process

The management company shall perform as following:

1.The process of preparing the readiness of sale and service offer

1.1 Readiness of sales process

- To prepare the manual for salesperson to understand the sales process and procedure.
- To set up the system or tools for sales monitoring.
- To prescribe the roles of salespersons and to ensure that clients will have satisfactory services.

1.2 Selection criteria of Distributors and IFCs

- To select the qualified Distributors and IFCs who have understanding in product.
- To ensure that the Distributors and IFCs are qualified in line with SEC regulations.
- To communicate with clients that the Distributors and IFCs who contact with them are the person assigned by the management company.

1.3 Preparation of tools to explain the risk of complex products such as factsheet, marketing flyer, any visualized presentation, video clip, presentation etc.

2.The process of sale and service providing

2.1 Gathering and analyzing clients' profile

- To categorize the type of clients and to do know your clients' process.
- To prepare a questionnaire of know your clients and suitability review.
- To prescribe knowledge assessment of the clients.
- To have inspection process and storage of clients' information.

2.2 Explanation of information and distribution of sales documents

- To ensure that there is procedure for the salespersons to present complete, accurate information about product risk especially unrated bond.
- To have additional procedure for presentation of high risk or complex product.
- To provide additional information for high risk or complex product and also provide product details for salespersons to distribute to clients such as factsheet, prospectus or marketing flyer.

2.3 Explanation of asset allocation and investment ratio

- To advice on asset allocation in line with investment profile after the clients have executed the KYC review, suitability test and knowledge assessment (in case of any investment transaction in high risk or complex product)
- To set the scope of asset allocation advice.
- To alert the salespersons to have awareness on explanation details of product risk especially for the case that clients invest in the product not in line with their risk level or asset allocation.

2.4 Inform the clients of any material event on effected product such as downgrade of debt instrument invested by fund.

2.5 Acknowledgement from clients regarding high risk or complex product.

3.To adapt the sales process for the type of product/clients, sales channel.

- 3.1 To reduce the sale process for the clients who have repetitive transactions.
- 3.2 To control and review the online sale and service process

4.The sales process for vulnerable investors

The vulnerable investors are the group of clients required more protection such as client aged 60 years old up. The management company should have manual or guidelines for the salespersons to deal with such clients by prescribing the process of KYC, providing any warning message of investment risk.



5. Remuneration Structure

KWIAM shall perform as following:

- a. To prescribe the remuneration structure for the salespersons and any related person in concern with the clients' interest. The remuneration should in compliance with quality of service as professional (non-sales KPI) not focusing only sales KPI. KWIAM should be aware of the product-focus approach which may lead to miss-selling and no quality of sale presentation or lack of responsibility to clients
- b. To evaluate the risk from remuneration structure such as accelerate selling risk, not completed warning message, sell inappropriate product to the clients etc. KWIAM should prescribe the measurement or tools to prevent such risks.



6. Complaint Handling

KWIAM has established procedures to handle complaints from unit holders and in accordance with SEC investor's handbook. Compliance Department will act as the liaison for handling complaints.

6.1. Procedures for handling complaints

- 6.1.1 Compliance Unit will handle complaints client made in person and record the details and have client acknowledged the complaints. Compliance Department will investigate the matter and inform client of any progress.
- 6.1.2 Any complaints via letter or e-mail will be handled by Compliance Department and via the same procedures as (6.1.1).
- 6.1.3 Complaints by telephone are handled by Compliance Unit and recorded as (6.1.1).
- 6.1.4 Compliance Department has the responsibility to ensure client acknowledges the complaints (with signature) before proceeding with any investigative actions.
- 6.1.5 Complaints made via channels or LBDU they will be responsible for recording the details and obtaining acknowledgement (with signature) from clients and sending a copy to KWIAM within 24 hours. Channels and /or LBDU will have to take appropriate and swift actions to resolve any complaints. The KWIAM will inform clients involved of outcome within seven days from complaint date.
- 6.1.6 For complaints relating to LBDU or Channel will refer the complaints to the particular LBDU or Channel but continue to monitor the handling of the complaints



6.2. Procedures for resolving complaints

- 6.2.1 Compliance Department is responsible for investigating complaints and taking appropriate action in resolving the complaints as soon as possible either with department involved or outside parties such as channels or LBDU.
- 6.2.2 Complaints received from any other departments will be reported to Compliance Department immediately.
- 6.2.3 Compliance Department will ensure that complaints are resolved as quickly as possible.
- 6.2.4 KWIAM will endeavor to resolve complaints within seven days.

6.3. Complaints to SEC

KWIAM will have 30 days to review and resolve complaints to the SEC. If KWIAM cannot resolve such situations within 30 days, KWIAM must inform SEC of progress and try to resolve as soon as possible.

6.4. Recording of Complaints

Compliance will be responsible for ensuring all complaints are properly documented, including that of channels and LBDU. The report will be sent to SEC within 15 days of every quarter end. Compliant records will be kept on site at the office for two years, after which all records will be sent to the warehouse facility for storage.

6.5. Efforts to reduce frequent complaints

Compliance department will hold meetings with relevant parties to further identify reasons for complaints and consider and recommend changes/ and or additional procedures to address areas of weakness and reduce client complaints.

7. Internal Control and In-house Inspection

7.1 Internal Control System

KWIAM must implement an internal control system that promotes good corporate governance, risk management, objective and mission setting for the purpose of internal audit including systematic review provided that the high-level management has the power to proceed with any improvement or correction of any mistakes to achieve the prescribed missions and objectives whereby the following components are to be considered.

7.2 Internal Control and performance review

7.2.1 The high-level management must arrange the management process to create the control environment and promote good awareness in control and operation of duties and responsibilities of all employees including establishment of an organizational information system that is clear, adequate and up to date. There are three lines of defences as following:

First line of defence: Business Units have an internal control and review the daily operation such as there is maker & checker in each department.

Second line of defence: Compliance is to monitor as an oversight function

Third line of defence: Internal Audit is independent of both the businesses and Risk Management functions and reports directly to the Board of Director Committee

7.2.2 To evaluate the sale process to detect the risk in early stage such as fraud, mis-selling product.

7.2.3 To prescribe preventive control to protect any risk which may occur and detective control such as having a system for regular examination on work operation.

7.2.4 To prepare the audit plan to detect the risk.

7.2.5 To present the audit result to Board of Director and suggest any future improvement measurement (if any)

7.3 Conflict management and insider information protection

To achieve the above-mentioned objectives, the Senior Management must ensure that the appropriate measurement have been implemented as follows:

- 7.3.1 To specify the activities which may trigger conflict of interest and prescribe the measurement to prevent any conflict of interest and any penalty process against any violation of such measurement.
- 7.3.2 To set the tools to manage conflict separately for each issue
- 7.3.3 To inspect the operation as prescribed and evaluate the risk including review the policy if any change.
- 7.3.4 To prescribe information data control and segregate each department in line with Chinese Wall rules and have set the access to information for authorized person on the basis of “need to know”
- 7.3.5 To prescribe staff dealing rules

8. Operation and Business Continuity

1. Operation Procedure

- 1.1 To set up operation procedure which clearly identifies after sale process i.e., payment process, unit allotment process.
- 1.2 To ensure operation procedure is compiled with Laws and regulations.
- 1.3 To ensure security and stability of IT system in the following aspects:
 - a) Safety of IT system(s); BCP Plan (BCM and BCP attached – BCP & BCM Policy)
 - b) Safety of Data
 - c) IT Supports in System Development; to design IT program that is appropriated and served using propose or objective i.e., auto warning message in the system.

2. Business Contingency Plan

The management company must prescribe a plan to prevent and to manage unexpected incident or emergency case which may affect the management company, fund and client or investor to reduce the risk and damage that may possibly be incurred and to allow the management company to continue its businesses that are significant and necessary.

To achieve the above-mentioned objectives, the management company must ensure that the appropriate contingency plan for emergency cases has been implemented.

- 2.1 Prescription of plan for emergency cases which at least has the following details:
 - (a) Evaluation of situations both internally and externally that may occur and significantly effects management company, fund and client or investor. The situation should be prioritized in accordance with the degree of the impact caused by the problem.
 - (b) Prescribing resolving procedures for each situation; and

(c) Prescribing the responsible officer and a person having authority to decide and preparing the list of names and telephone numbers of related persons and notifying the responsible person.

2.2 Having effective internal communication channel that is able to notify the related persons in due course.

2.3 Preparation of backup information stored in the computer system, list of names and telephone numbers of related persons including the preparation of necessary resources that may be used in the event of unusual situations.

2.4 Having revision and improvement of contingency plan to be up-to-date and to confirm to the current situation.

2.5 In the case of emergency, the following must be executed:

- a) Communication of the plan with the public; and
- b) Recording of the details of the incident, cause of problem and the resolving measures.