

Conflict of Interest and Corporate Gift Policy

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Policy Owner	Compliance Officer
Approved By	EXCO & VFM Board
Date approved: This version replaces all previous versions of the policy	28 February 2019

The Financial Advisory and Intermediary Services Act (“FAIS Act”) requires all Financial Service Providers to have a Conflict of Interest Policy, which is approved the board and published.

A copy of this policy can be found Vunani Fund Mangers’ website: <https://www.vunanifm.co.za/>
(Click on: Legal information at the bottom of the home page)

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1. Introduction

Vunani Fund Managers (Pty) Ltd ["VFM"] has established a policy to ensure that the quality of our financial services is not significantly compromised by **conflict of interest** situations that may arise in the normal course of carrying out our business. This policy does not attempt to describe all possible conflicts of interest that may develop.

Vunani Fund Managers' business is predominantly that of a discretionary asset manager.

Conflicts of interest means any circumstance where VFM or a representative of VFM has an actual or potential interest that may, in rendering a financial service to a client; -

- influence the objective performance of his, her obligations to that client; or
- prevent VFM or a representative of VFM from rendering an unbiased and fair financial service to that client, or from acting in the best interests of that client,

Including, but not limited to –

- a) a financial interest;
- b) an ownership interest;
- c) any relationship with a third party;

Financial interest means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, **other than-**

- an ownership interest;
- **training, that is not exclusively available to a selected** group of providers or representatives, on:
 - products and legal matters relating to those products;
 - general financial and industry information;
 - specialised technological systems of a third party necessary for the rendering of a financial service; but **excluding** travel and accommodation associated with that training.

Ownership interest means:

- a) any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person; and
- b) includes any dividend, profit share or similar benefit derived from that equity of ownership interest;

Third party means:

- a) a product supplier;
- b) another provider;
- c) an associate of a product supplier or provider;
- d) a distribution channel;
- e) any person who in terms of an agreement or arrangement with a person referred to in a – d above provides a financial interest to a provider or its representatives.

The aim of this policy is to:

- protect both VFM and its employees / directors / representatives from any appearance of impropriety;
- ensure compliance with statutory and best practice requirements;
- ensure that all clients are treated fairly;
- encourage disclosure by employees / representatives of potential conflict of interest;
- provide guidelines with regards to soft dollar practices;
- provide guidelines with regards to accepting / offering of gifts, cash and / or non-cash incentives;
- Promote transparency.

The implementation, application and ongoing monitoring of the policy is intended to be performed in the least onerous manner possible.

The conflict of interest and corporate gift policy may be amended from time to time, if required by law or in terms of VFM's internal processes and procedures or other business requirements.

Compliance Officer and EXCO members contact details are listed in Annexure A.

All employees are required to sign an annual declaration (Annexure B) wherein they acknowledge their adherence to the conflict of interest and corporate gift policy and submit this to the compliance officer. These records will be kept for a period of 5 years.

This conflict of interest policy has been approved by the Board of Directors of VFM.

2. Binding

This policy is binding on all employees of VFM and its directors, excluding non-executive directors, who are only bound by clause 3.

Employees in this regard are assumed to include the following:

- Any direct employee of VFM;
- Any direct employees of a subsidiary / associate of VFM;
- Any company that is registered as a juristic representative on VFM's license and its employees who are registered as representatives of VFM with the Financial Sector Conduct Authority.

3. Conflict of Interest

The basic duty to avoid any conflict of interest gives rise to several duties, which include the following: (but are not limited to)

- The duty to act bona fide in the interests of VFM and all its clients;
- The duty not to misappropriate opportunities proposed to or pursued by VFM;
- The duty not to knowingly make any misrepresentations;
- The duty not to compete improperly with VFM;
- The duty not to use VFM's resources for personal gain;
- The duty to disclose interests in contracts with VFM; and
- The duty to only exercise powers for the purpose for which they were conferred.

As a condition of employment, no employee may, without the written permission from VFM, be actively associated with the conducting of any enterprise / business which may conflict with his/her duties to VFM or be in direct competition with VFM. (Annexure C – Disclosure of Interest Form).

Employees and directors must make full and fair disclosure of all matters that could reasonably be expected to impair their independence, objectivity or interfere with their duties to clients.

The Compliance Officer shall maintain a register of all business interests disclosed. The register shall be reviewed regularly to ensure that there is no evidence of any undue influence or conflict due to employees' 3rd party business interests.

4. Personal Account (“PA”) Trading

VFM acknowledges the interest of employees in conducting personal transactions in financial instruments and securities. However, such trading should not, represent a conflict of interest, prejudice clients, make use of confidential information, or, negatively impact on the integrity of VFM. All employees (including representatives) of VFM are required to sign an acknowledgement confirming their understanding of the policy and provisions and giving their undertaking to adhere thereto. The compliance officer will enforce this as a condition of employment. Employees are required to complete an annual PA Trading disclosure form; both the form and PA trading policy are available on the VFM intranet or from the compliance officer.

5. Proprietary Trading

VFM does not partake in any proprietary trading activities.

6. Client Orders

VFM places orders with execution brokers, on behalf of clients' portfolios, in such a way as to ensure that one client will not be treated in such a way to create a disadvantage or loss to another client. This includes policies and procedures which include (but are not limited to) the following business activities:

- Placing of orders with execution brokers on behalf of clients' portfolios fairly.
- Fair placing of orders when placing orders on behalf of multiple clients' portfolios.
- Equal disclosure of relevant information to clients.

VFM has procedures and security measures in place to ensure that confidential information regarding one client's orders is not inadvertently disclosed to another third party.

7. Soft Dollar / Commission

CFA Institute Soft Dollar Standards provide investment professionals guidance on how to use client brokerage ethically and in a manner that benefits clients. The CFA Institute Soft Dollar Standards are based on the following concepts:

- Soft dollar practices involve the use of client brokerage by an investment manager to obtain certain products and services to aid the manager in its investment decision-making process.
- Soft dollars belong to the client
- Investment managers may only purchase research with client brokerage if the primary use of the research, whether a product or a service, directly assists managers in their investment decision-making process and not in the management of the investment firm.
- Investment managers are fiduciaries and therefore, they have a duty to: act in the best interests of clients and disclose all relevant benefits they receive through client brokerage.

Vunani Fund Managers' Soft Dollar Policy:

VFM has adopted a policy of NO SOFTING

8. Fees and Remuneration

As a financial service provider VFM is entitled to charge its clients fees which are agreed upon and incorporated in our discretionary client mandate. Our mandate allows us to make use of our own staff or duly appointed representatives in carrying out our obligations in terms of the mandate. Where use is made of a representative, VFM has a separate agreement in place governing the relationship and fee sharing arrangements between itself and the representative.

Currently no such representative arrangements exist.

9. Corporate Gifts / Gratification /Entertainment

VFM recognizes that in doing business and applying industry norms, employees may be required to accept, receive or give gifts as a token of appreciation. VFM's business is based on the principles of quality, service and excellence and to avoid any impropriety in the acceptance, receipt and giving of gifts we have established the following guidelines.

Gifts may include, but are not limited to, the following: promotional items such as calendars, pens, clothing, branded products, tickets for sporting and other events, business lunches, entertainment, cash or gift vouchers, sponsored attendance of seminars and /or conferences, travel, gifts in kind (hospitality), sponsorship of events / seminars / conferences.

Gratification: [Directive 8 to the Pension Fund Act which came into effect on 08.03.2018] means:

- (a) Money, whether cash or otherwise
- (b) Any donation, gift, loan, fee, reward, valuable security, property or interest in property of any description, whether movable or immovable, or any other similar advantage;
- (c) The avoidance of a loss, liability, penalty, forfeiture, punishment or other disadvantage;
- (d) Any office, status, honour, employment, contract of employment, or services, any agreement to give employment or render services in any capacity and residential or holiday accommodation;
- (e) Any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or part;
- (f) Any other service or favour or advantage of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted, and includes the exercise or the forbearance from the exercise of any right or any official power or duty;
- (g) Any right of privilege
- (h) Any real or pretend aid, vote, consent influence or abstention from voting or
- (i) Any valuable consideration or benefit of any kind, including any discount, commission, rebate, bonus, deduction or percentage.

But excludes any remuneration paid by a sponsor of a retirement fund to a board member appointed by the sponsor of the retirement fund.

10. **Specific Types of Gratification not Permitted: [Directive 8 to the Pension Fund Act]**

This relates specifically to entities governed by the Pension Fund Act. The following types of gratification are automatically **not permitted to be accepted**, agreed or offered to be accepted by:

- a board member
- principal officer
- employee of a retirement fund
- valuator
- auditor
- administrator
- employee of an administrator
- other officer
- service provider to a retirement fund
- from any other person connected in whatsoever manner to a service provider of a fund; or
- from any potential future service provider

- (a) any gratification which objectively viewed, creates a conflict of interest with their fiduciary duty towards the fund;
- (b) token gift/s that exceed/s the annual limit set by the board in terms of the fund's gift policy, which annual limit shall **not be more than R500.00 per annum in aggregate from any one service provider;**
- (c) any gratification relating to local or international due diligence including, but not limited to, subsistence, travel or accommodation;
- (d) any gratification relating to local or international entertainment or sporting event, including but not limited to, subsistence, travel or accommodation or
- (e) conferencing cost or board or fund expenses.

11. Values and thresholds:

- Any gift, gratuity or other benefit, for which an arms-length payment was not required, **received or given** by VFM employees and having a **value under R1000 is acceptable, except if received from or given to a Pension Fund refer to clause 10 above. All gifts must be recorded in the gift register available on the intranet**, by the employee within 30 days of receipt
- The acceptance of receipt of cash (bank notes or equivalent) is specifically prohibited.
- The acceptance of discounts in excess of normal commercial practice or free memberships is prohibited.
- Gifts in kind (i.e. hospitality) require prior approval by the Key Individuals.
- Business lunches and client entertainment aimed at all clients are a necessity and are useful to promote or expedite business matters and as such are acceptable and need not be disclosed, employees are required to use their discretion as to what is appropriate, given the guidelines contained herein.
- Any gift, gratuity or other benefit offered to a client or third parties must be recorded in the gift register by the marketing team.
- The annual cumulative value of gifts received by an employee must not exceed R5,000.00 for a single year.

The annual cumulative value of gifts received or given from a single source may not exceed R1, 000.00 for a single year and R500.00 from a Pension Fund.

Employees are prohibited from offering or receiving, soliciting or accepting any inducements, gifts, benefits, compensation or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.

Employees are prohibited from soliciting gifts for themselves, their family members or related parties. Attempts by suppliers, clients or third parties to solicit gifts during their interaction with VFM employees, should immediately be reported to the Compliance Officer.

No employee may approach any client, potential client, supplier or business contact for donations / sponsorships or gifts without the prior approval of EXCO. Any approach made by suppliers, clients or third parties with regards to requests for donations / sponsorships or gifts, should immediately be reported to the Compliance Officer and EXCO.

All gifts sent to clients and sponsorship opportunities need to be signed off by Marketing in order to ensure it is brand compliant and within budget.

Regardless of value, employees should ensure that no gift or series of gifts be accepted which might appear to create a conflict of interest.

In considering whether a gift or form of entertainment is excessive or inappropriate, the Compliance Officer in conjunction with Key Individuals will consider the nature of the business relationship and whether it could be regarded as an improper inducement by the employer of the recipient or donor or by any other relevant party.

VFM shall not offer entertainment to a client, where the client is not accompanied by a VFM employee nor shall an employee of VFM accept entertainment where the employee is not accompanied by the donor.

Employees are to notify Compliance in advance of any entertainment which might give the impression of influencing an employees', judgment or behavior in the performance of their duties to VFM and its clients.

Any invitation or entertainment that could be construed to be unusual or appear to create a sense of obligation to the host or bias in their favor must be refused. This should be assessed in the context of the nature of the invitation, including cost or rarity value and any other relevant factor.

This gifts policy also applies to all suppliers and service providers as well as potential suppliers and service providers.

In the event of uncertainty as to whether a gift or entertainment is appropriate / disclosure is required, employees are required to consult the Compliance Officer.

12. Managing conflicts of interest

VFM will manage conflict of interest situations in accordance with the steps set out below:

- Identification of conflicts
- Notification of conflicts
- Assess conflicts
- Resolve conflicts
- Reporting and Record keeping

13. Identification of conflicts

Identification of conflicts is the responsibility of all employees and directors of VFM. If an employee / director is unsure as to whether a situation represents a potential conflict of interest or not, he / she is required to raise the issue immediately with the Compliance Officer.

14. Notification of conflicts

Employees and directors are required to immediately raise any conflict or potential conflict of interest that comes to his / her attention to the Compliance Officer, who will assess and monitor all conflict of interest situations.

15. Assess conflicts

The Compliance Officer shall assess all conflict of interest situations. Such assessment shall include (but is not limited to) assessing:

- whether the situation represents an actual or potential conflict of interest;
- how the conflict of interest can be appropriately managed;
- the materiality of the conflict of interest;
- whether the conflict of interest requires immediate notification to Key Individuals for further assessment;
- Whether it is necessary to disclose the conflict of interest to the client(s) to agree on a course of action with the client or resolve the matter via another route.

16. Resolution

VFM will take the necessary actions to resolve and or manage conflicts of interest / potential conflicts of interest. This may include (but is not limited to):

- Managing the situation to prevent the conflict of interest arising;
- Managing the situation to ensure the interests of VFM or its employees are not permitted to disadvantage or lead to a loss for the client(s);
- Notifying the conflict of interest to the client(s) so that either a satisfactory course of action may be decided on or the client may elect not to use the service insofar as there is a conflict.
- If a situation arises where VFM identifies a conflict of interest or potential conflict of interest, which relates to a particular client and cannot manage it to its satisfaction, VFM shall disclose the nature of the conflict of interest to that client before providing any further services to that client in relation to any matter that might be affected by that conflict.

17. Reporting and Record keeping

The Compliance Officer shall maintain a register of all circumstances in which a conflict of interest or potential conflict of interest has been identified as having arisen.

The register will reflect the following:

- Date
- Names of person(s) / client(s) involved
- Short description of the conflict / potential conflict
- Steps taken in order to mitigate the conflict
- Client disclosure and subsequent instructions

The register shall be updated each time a conflict of interest or potential conflict of interest is identified as having arisen and shall be kept for a minimum of five years.

18. Disciplinary Action

Avoidance, limitation or circumvention of this policy through whatever means will be seen as non-compliance and may result in the instituting of internal disciplinary procedures.

Non-compliance with this policy by a FAIS affected employee that results in an internal disciplinary procedure, may result in the debarment of the FAIS affected employee and or dismissal.

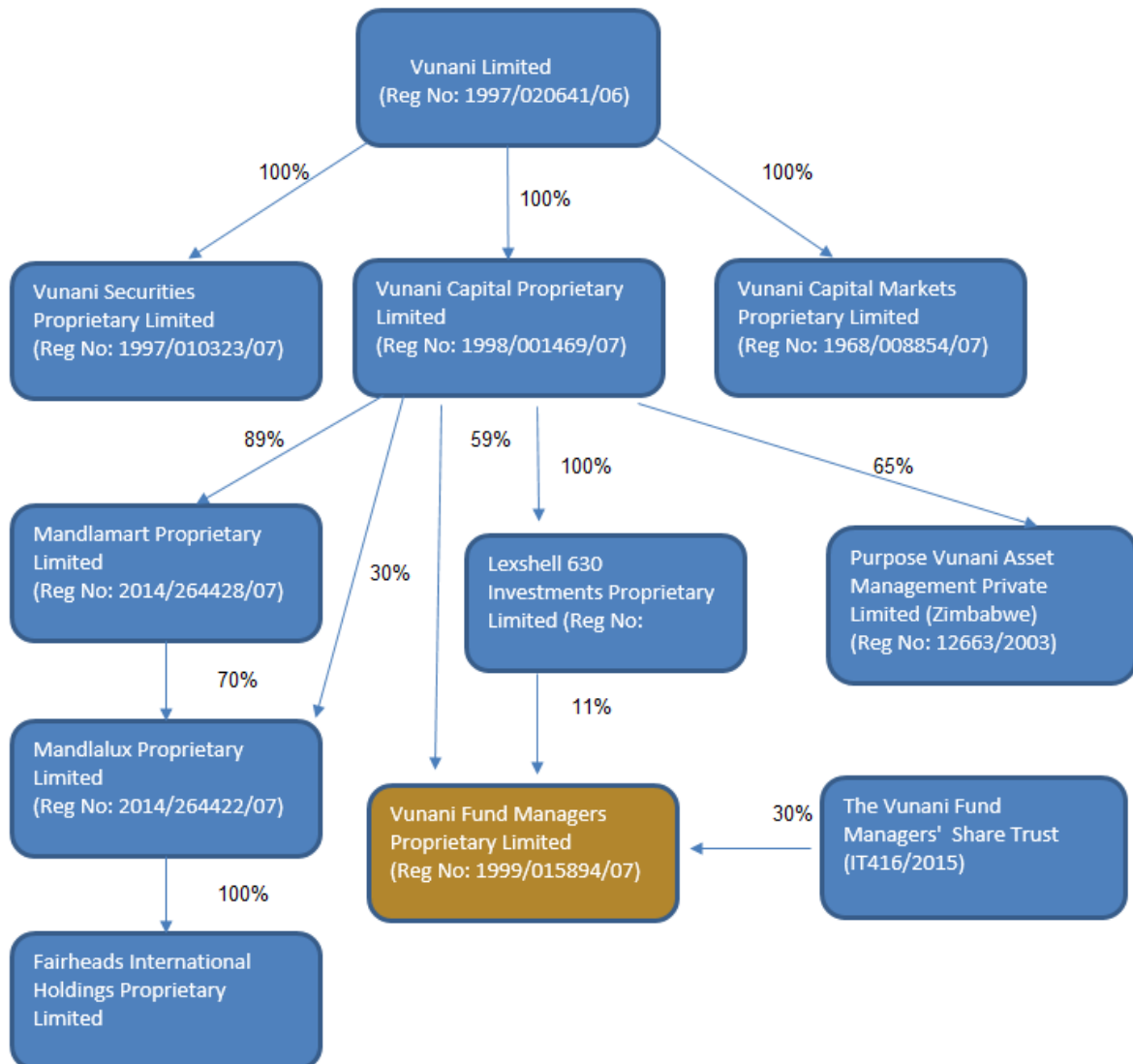
19. Disclosure

Ownership Interest:

VFM (Pty) Ltd shareholding:

- 11% : Lexshell 630 Investments (Pty) Ltd
- 89% : Vunani Capital (Pty) Ltd

Group Structure



Juristic Representatives: None

Associated companies:

We make use of Vunani Securities (Pty) Ltd as one of our allocated brokers.

ANNEXURE A – CONTACT DETAILS

Name	Contact details	Email
Compliance Officer		
Carmen Peskin	021 670 4980	compliance@vunanifm.co.za
EXCO		
Butana Khoza	021 670-4900 011 263-9514	butanak@vunanifm.co.za
Letshego Rankin	021 670-4922 011 263-9583	letshegor@vunanifm.co.za
Sarfaraz Narker	021 670-4943	safsn@vunanifm.co.za
Michelle Savage	021 670-4995	michelles@vunanifm.co.za
Kirsten Elvin-Jensen	021 670-4993	kirstenej@vunanifm.co.za

ANNEXURE B – ANNUAL DECLARATION

ANNUAL DECLARATION OF COMPLIANCE WITH VUNANI FUND MANAGERS (PTY) LTD

CONFLICT OF INTEREST AND CORPORATE GIFT POLICY

I, the undersigned, _____ an employee / director / authorised representative / compliance officer of Vunani Fund Managers (Pty) Ltd, do hereby acknowledge that I have read and understood the contents of VFM Conflict of Interest and Corporate Gift Policy (‘the policy’) and confirm that –

- a) I accept and agree to be bound by the policy;
- b) I have updated the gifts register on VFM intranet as per the policy;
- c) I have complied with the policy and have made the necessary disclosures; and
- d) I am aware that certain clients have specific restrictions with regards to their employees receiving gifts and VFM must make annual declarations with regards to compliance with this policy.

Do you have any information that should be brought to the attention of compliance?

This form must be completed and returned to compliance@vunanifm.co.za annually.

Employee Signature:

Date

Compliance Signature:

Date

ANNEXURE C – DISCLOSURE OF INTERESTS FORM

This form declares your financial and fiduciary interest outside your dealings with Vunani Fund Managers (Pty) Ltd. This form must be completed, signed and returned to compliance@vunanifm.co.za.

Name of Employee / Director / Representative	
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Disclosure of Interest:

Please list all relevant interests below: (1) ownership interest (2) all directorships (3) Trusts – nature of your interest i.e. trustee or beneficiary. The holding of shares in a listed company need not be recorded if this constitutes less than 5% of the companies issued share capital.

Name of Company	Registration Number	Nature of Interest	% Shareholding
e.g. ABC Company		Founder / executive director /	X%
e.g. EFG Company		Non- Executive Director	n/a

Remuneration outside VFM:

Name of Employer	Business Type

Employee Signature

Date

Compliance Signature

Date