

Conflict of Interest and Corporate Gift Policy

Policy Title	Conflict of Interest & Corporate Gift Policy
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Policy Owner	Compliance Officers
Approved By	Key Individuals & VFM Board
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The Financial Advisory and Intermediary Services Act (“FAIS Act”) requires all Financial Service Providers to have a Conflicts of Interest Policy, which is approved by 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 **conflicts 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 an existing or potential client; -

- influence the objective performance of his or 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:
 - a) products and legal matters relating to those products;
 - b) general financial and industry information;
 - c) 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:

- d) a product supplier.
- e) another provider.
- f) an associate of a product supplier or provider.
- g) a distribution channel.
- h) 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 any potential conflict of interest;
- provide guidelines with regards to so-called “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.

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 Conflicts 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 bound only by clause 3.

Employees in this regard 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 to not misappropriate opportunities proposed to or pursued by VFM;
- The duty to not knowingly make any misrepresentations;
- The duty to not compete improperly with VFM;

- The duty to not use VFM's resources for personal gain;
- The duty to disclose interests in contracts with VFM; and
- The duty to exercise powers only for the purpose for which they were conferred.

As a condition of employment, no employee may, without 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.

Employees and directors must make full and fair disclosure by completing Annexure C – Disclosure of Interest Form during take on and annually on 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 may invest its own money in collective investment schemes where we are the appointed fund manager.

6. Client Orders

VFM places orders with execution brokers, on behalf of clients' portfolios, in such a way as to ensure that no one client will 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.

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

8. Vunani Fund Managers' Soft Dollar Policy:

VFM has adopted a policy of **NO SOFTING**.

9. 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 mandates. Our mandates allow us to make use of our own staff or duly appointed representatives in carrying out our obligations in terms of the mandates. Where use is made of a juristic representative, VFM will have a separate agreement in place governing the relationship and fee sharing arrangements between itself and the juristic representative.

Currently no such juristic representative arrangements exist.

10. 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.

11. 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.

12. 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 as referred to in 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 exceeding normal commercial practice or free memberships is prohibited.
- Gifts in kind (e.g. hospitality) require prior approval by the Key Individuals.
- Business lunches and client entertainment aimed at all clients are sometimes a necessity and can be 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 / Business Development team or any other donor.
- The **annual cumulative** value of gifts received by an employee must not exceed R5,000 in 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 / 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.
- 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.
- 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.

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 the gift 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 unless the client is accompanied by a VFM employee, nor shall any 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 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 favour 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.

13. Identification and notification of conflicts

All employees and directors are required to report any potential or actual conflicts of interest to the Compliance department. The onus is on every employee to comply. Should an employee be unsure whether a situation represents a potential conflict of interest or not, he / she is required to raise the issue immediately with the Compliance department.

Non-executive directors are bound by their obligations in terms of the Companies Act and the King Code of Corporate Governance to comply with the requirements relating to Conflicts of interest.

14. 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;
- whether the conflict could be avoided and what procedures need to be adopted to prevent the activity that gave rise to the avoidable conflict.
- how the conflict of interest can be appropriately managed and risk mitigated.
- the materiality of the conflict of interest.
- whether the conflict of interest requires immediate notification to Key Individuals for further assessment.

15. 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 again;
- 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.

16. Record keeping

The compliance department maintains a conflict-of-interest register which is reviewed periodically to determine whether conflicts already identified are still valid, whether the mitigation strategies in place operate effectively and whether there are new or potential conflicts that may have arisen since the previous review.

17. Disciplinary Action

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

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

18. Disclosure

Juristic Representative/s: None

Associated companies:

Vunani Securities (Pty) Ltd is one of VFM's allocated brokers.
VFM's Payroll is outsourced to Vunani Capital (Pty) Ltd.

Co-named Collective Investment Scheme [CIS]:

VFM has entered into agreements with Boutique Collective Investments (RF)(Pty) Ltd ["BCI"] and with Prescient Fund Services (Ireland) Limited ("Prescient"), where both BCI and Prescient provide co-named portfolios for VFM and VFM provides financial services of a discretionary nature to these Portfolios. BCI, Prescient and VFM are all distributors. The portfolio management and related activities are the responsibility of VFM, whilst BCI and Prescient are responsible for all other regulatory functions related to the portfolios.

VFM may invest its own money and client/s money in the below co-named portfolios where appropriate. There are no upfront fees or any fees in excess of the fee agreed in the client/s mandate for participating in any co-named funds.

- Vunani BCI Bond Fund
- Vunani BCI Equity Fund
- Vunani BCI Global Macro Fund
- Vunani BCI Short Term Interest Fund
- Vunani BCI Multi Asset Fund
- Vunani Global Equity Fund

Ownership Interest:

Vunani Fund Managers (Pty) Ltd shareholding:

- 11% : Lexshell 630 Investments (Pty) Ltd
- 59% : Vunani Capital (Pty) Ltd
- 30% : Tocosize (Pty) Ltd which is 100% owned by “The Vunani Fund Managers’ Share Trust”

