

CONFLICT OF INTEREST POLICY

	Risk
Approved Date	3 October 2019 for revision 3
Approved By	The ACM directors
Effective Date	1 April 2019
Current Version	3

In terms of Section 3A(2)(a) of the FAIS General code of Conduct "every provider, other than a representative, must adopt, maintain and implement a conflict of interest management policy that complies with the provisions of the Act".

This policy provides the requirements for managing, avoiding and disclosing potential conflicts of interest and the process for obtaining a conflict of interest review. The purpose of this document is to provide our staff and clients with appropriate information in relation to the policies we have in place to manage conflicts of interest.

Policy: The Board of Directors of Affinity Capital Management (Pty) Ltd ("ACM") hereby accepts the provisions stipulated in this document as the formal Conflicts of Interest Management Policy of the FSP.

SCOPE

This policy covers all individuals working at all levels and grades, including managers, officers, directors, employees, consultants, contractors, trainees, homeworkers, part-time and fixed-term employees, casual staff and volunteers (collectively referred to as staff or employees).

REVIEW OF THIS POLICY

The policy shall be reviewed at least annually to ensure that it continues to meet legal requirements and reflects best practice.

PURPOSE

Conflict of interest arises when the business or a staff member has an affiliation or interest that will or may compromise, or have the appearance of compromising, their impartiality, incentive and/ or ability to fulfil their duties, to clients. It is acknowledged that operating a business may create actual or potential conflicts, and these require identification and addressing.

No illegal or unethical conduct on the part of officers, directors, employees or affiliates is in the business' best interest and ACM will not compromise its principles for short-term advantage. All staff members are therefore expected to adhere to high standards of personal and professional integrity.

DEFINITIONS:

"ACTUAL CONFLICT OF INTEREST" means a set of established circumstances (interests) that detract from the person's fulfilling of their obligation

'ASSOCIATE' for a natural person means:

- Spouse, life partner, or civil union partner
- Child (including adopted, step or illegitimate) or their spouse/ partner
- Parent or stepparent or their spouse/ partner
- The person legally responsible for managing such person's affairs or ensuring that daily needs are met or their spouse/ partner
- Business partner
- Any juristic person who is accustomed to taking instructions/ directions from such person, and acting in accordance with these.
- Any trust controlled or administered by such person

'ASSOCIATE' for a Company means:

- Subsidiary or Holding company
- Another subsidiary of the holding company
- The holding company of the holding company
- Any person from whom the Board of Directors is accustomed to take instructions/ directions

- Any juristic person who is accustomed to taking instructions/ directions from the Board of Directors, and acting in accordance with these
- Any trust controlled or administered by the Company

'ASSOCIATE' for a Close Corporation means:

- All members of the close corporation
- Any person from whom the governing body is accustomed to take instructions/ directions
- Any juristic person who is accustomed to taking instructions/ directions from the governing body, and acting in accordance with these.
- Any trust controlled or administered by your Close Corporation

'ASSOCIATE' for a Trust or other juristic entity means:

- any juristic person with a relationship to the entity, which would be similar to that of a subsidiary or holding company
- Any person from whom the governing body is accustomed to take instructions/ directions
- Any juristic person who is accustomed to taking instructions/ directions from the governing body, and acting in accordance with these.
- Any trust controlled or administered by the entity

"CONFLICT OF INTEREST" means where the business or representative has an actual or potential interest that may:

- influence the objective performance of obligations to a client
- prevents or impedes the rendering of an unbiased and fair service
- prevents the person from acting in the best interests of a client

"DISTRIBUTION CHANNEL" means:

- An arrangement between a product supplier (or any of its associates) and an FSP (or any of its associates) where support or service is provided to the FSP in rendering a financial service to a client
- An arrangement between two or more FSP's (or their associates) which facilitates/ supports or enhances the relationship with a product supplier
- An arrangement between two or more product suppliers (or their associates) which facilitates/ supports or enhances the relationship with an FSP

"FINANCIAL INTEREST" means cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, and includes travel and accommodation in respect of training. The following is not a financial interest:

- ownership interest
- training in respect of: (as long as it's not exclusively limited to a selected group of providers or representatives)
 - products and legal matters in respect of these
 - general financial and industry information
 - specialised technological systems (third party provides) necessary for rendering a financial service
- a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity

"IMMATERIAL FINANCIAL INTEREST" means:

Any financial interest where the monetary value can be determined and where the aggregate (all additions) is less than R1000 per calendar year received by:

- an FSP who is a sole proprietor
- a representative (for his own, personal benefit)
- an FSP, who for its benefit, aggregates the financial interest paid to its representatives

- d) an FSP, who for the benefit of some or all of its representatives, aggregates the financial interest paid to its representatives

“OWNERSHIP INTEREST” - any ownership interest which was bought for fair value, and any dividend, profit share or similar benefit derived from this. Equity or proprietary interests held as an approved nominee on behalf of another person is not included in this definition.

“POTENTIAL CONFLICT OF INTEREST” means a set of established circumstances where actual conflict may result if one or more future known events occur, creating an actual conflict of interest that would otherwise have been avoided.

“PERCEIVED CONFLICT OF INTEREST” means a set of circumstances which may or be seen to compromise the interests of a client

“REFERRAL FEE” means any beneficial consideration between ACM and another party, where one party receives benefits for directing trades to the other. Referral remuneration may either be in cash or any other type of consideration.

“SIGNIFICANT OWNER” means a person who is a significant owner of a financial institution if the person directly or indirectly alone or together with a related or inter-related person has the ability to control or influence materially the business or strategy of the financial institution, as per section 157 (1) (2) of the Financial Sector Regulation Act, 2017.

“THIRD PARTY” means:

- A Product supplier or its associate
- Another financial services provider or its associate
- A Distribution channel
- any person who provides a financial interest to a provider/ representative as result of an agreement with a product supplier or its associate
- Any person who provides a financial interest to a provider/ representative as result of an agreement with another FSP or its associate.

“WHITE LABELLING” refers to the marketing of or offering a specific financial product supplier wholly or partially under the brand of another person who is not the product supplier, in terms of the arrangement between product supplier and that other person

POLICY

The Board of Directors of ACM (“the Board”) has reviewed the Conflicts of Interest legislation contained in the General Code of Conduct of Financial Advisory and Intermediary Services Act (“FAIS”), in consultation with the ACM’s compliance officer, and has updated ACM’s conflicts of interest policy accordingly.

A conflict of interest may exist when ACM or a staff member is involved in an activity or has a personal interest that might interfere with his or her objectivity in performing business duties and responsibilities. Personal interests of employees must not influence or appear to influence business transactions. Such conflicts may appear as favouritism or otherwise damage the reputation of ACM or its employees. Conflicts of interest must be avoided, and where this is not possible, mitigated.

An actual conflict of interest does not need to be present to constitute a violation, it is sufficient that there is a potential or perceived conflict of interest. Activities that create the appearance of a conflict of interest must be avoided, and where this is not possible, mitigated.

The Board has therefore adopted the following principles relating to conflicts of interests to which all Key Individuals,

Representatives and employees are required to conform .

Any employee who fails to comply with these principles will be deemed to no longer be Fit and Proper, will face disciplinary action and may be debarred from acting as a Key Individual or Representative.

DISCLOSURE OF POLICY

All clients shall be informed in writing, of the existence of the conflict of interest policy and disclosures, and where and how to access these. This disclosure shall be done by way of including a reference to this in the Mandate document as well as on request via email: info@affinitycapital.co.za. And on our website

IDENTIFYING CONFLICTS OF INTEREST

To adequately manage conflicts of interest, ACM must identify all relevant conflicts timeously.

ACM shall:

- identify actual or potential conflicts of interest;
- assess and evaluate those conflicts; and
- decide upon, and implement, an appropriate response to those conflicts

All employees, including compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify their immediate superior of any conflicts of which they become aware.

Guidance Notes on “objective performance” and “unbiased and fair”

The contextual definition of the relevant sections referring to “influences the objective performance” and “unbiased and fair financial services” cannot to be found within legislation and its interpretive meaning must therefore be sourced from elsewhere.

It is generally accepted that the word “objective” implies a situation where an individual’s feelings or opinions are completely absent. The “objective performance” of an FSP’s obligations therefore implies a situation where financial services are rendered without the influence of unrelated feelings or opinions. In the same vein, “unrelated feelings and opinions” denote separate, external persuasions or motivations where no causal link or nexus can be found between the particular feeling or opinion and the financial service that is rendered within the best interests of the client.

Put differently, if an unrelated feeling or opinion of an individual, influences the performance of such said individual’s obligations, it cannot be said to be an objective performance of that individual’s obligation.

The word “bias” indicates an inclination or prejudice in favour of a particular person or viewpoint. Similarly, the word “fair” indicates a situation of just circumstances or treating people equally. Unbiased financial services therefore imply financial services that do not lend itself to a particular preference towards a person or viewpoint, if an accompanying, reasonable justification for such preference cannot be found.

Consequently, all unbiased financial services must necessarily comprise services that are capable of being motivated by readily discernable, logical reasons and explanations. “Fair” financial services on the other hand imply a situation where the same conclusion or outcome is consistently reached given the same exact set of circumstances. In other words, financial services cannot be said to be fair if a pattern of favouritism begin to present itself vis-à-vis a particular person or service. Any unexpected inconsistencies towards a group of clients and/or a

particular client must therefore again, have to be motivated by logic reasons and explanations.

MANAGING CONFLICTS OF INTEREST

When any staff member of ACM suspects a potential conflict of interest, that person must discuss the matter with his/her immediate superior. The content of the discussion as well as any decision made must be recorded on the appropriate form. The superior and staff member will accept joint responsibility for the decision taken unless the decision is put forward for ratification to a more senior person.

In assessing whether a conflict is material or of a lesser nature, regard must be had to the impact that such a conflict will have on reputation, financial loss and internal erosion of ethical standards.

The following is a list of possible management strategies to manage the potential or actual conflict of interest:

- Avoid the conflict of interest
- Mitigate the impact
- Where this is not possible, full disclosure

Where a conflict will have a serious potential impact on clients or the business, it must be avoided. Where the conflict cannot reasonably be avoided, the impact shall be mitigated and full disclosure must be made in writing to clients prior to any services being rendered.

Part of managing conflicts of interest is making appropriate disclosures. This means providing clear, concise and effective disclosure so that clients can make an informed decision about how the conflict might affect the relevant service. Disclosure is not, by itself, always an adequate response if the conflict still leads to advice or action that is inappropriate or compromises the client's interests.

RECORDS

Where a conflict is identified and an action decision is made, the nature of the decision must be communicated to the third party in writing as soon as possible. This applies regardless of whether the decision was made to stop doing business or continue with ACM, despite the existence of the conflict.

Written records of how conflicts of interest are managed, together with all reports referred to, must be kept for a period of 5 years and be available for inspection by the compliance officer on request. (for example, records of disclosures made and actions taken over any breaches of policies and procedures)

CONFLICTS OF INTEREST

The principal conflicts or potential conflicts that exist in the business and the steps required to mitigate these are noted hereunder:

INSIDER TRADING

Officers and employees may come into contact with, or have possession of, proprietary, confidential or business-sensitive information and must take appropriate steps to assure that such information is strictly safeguarded.

This information – whether it is on behalf of ACM or any clients or affiliates, could include strategic business plans, operating results, marketing strategies, client lists, personnel records, upcoming acquisitions and divestitures, new investments, and manufacturing costs, processes and methods. Proprietary, confidential and sensitive business information about the business, other companies, individuals and entities should be treated with sensitivity and discretion and only be disseminated on a need-to-know basis.

No disclosure of confidential information is permitted without written permission of the client or the most senior manager of this business. Misuse of material inside information in connection with trading in securities can expose an individual to civil liability and penalties. Under current legislation officers, and employees in possession of material information not available to the public are “insiders.”

Spouses, friends, suppliers, brokers, and others who may have acquired the information directly or indirectly from an officer or employee are also “insiders.” Insiders are prohibited from trading in, or recommending the sale or purchase of securities, while such inside information is regarded as “material”, or if it is important enough to influence any person in the purchase or sale of securities of any business with which business is conducted, which could be affected by the inside information.

The following guidelines should be followed in dealing with inside information:

- Until material information has been publicly released, an employee may not disclose it to anyone except those within the business whose positions require use of the information.
- Employees may not buy or sell securities when they have knowledge of material information concerning the business until it has been disclosed to the public and the public has had sufficient time to absorb the information.
- Employees may not buy or sell shares of another corporation, the value of which is likely to be affected by an internal action by the business of which the employee is aware and which has not been publicly disclosed.
- Officers, and employees will seek to report all information accurately and honestly, and as otherwise required by applicable reporting requirements.
- Officers, and employees will refrain from gathering competitor intelligence by illegitimate means and refrain from acting on knowledge which has been gathered in such a manner. The officers and employees will seek to avoid exaggerating or disparaging comparisons of the services and competence of their competitors.

ASSOCIATES AND 3RD PARTIES

An association with, or third party in which an interest is held, may be perceived as a conflict of interest. To mitigate this, it is the business/ policy to fully disclose all such relationships in enough detail, so that stakeholders can understand the nature of the relationship or arrangement and the actual or potential conflict of interest.

OUTSIDE RELATIONSHIPS

Officers and employees must avoid representing ACM in any transaction with others with whom there is any outside business affiliation or relationship. Officers and employees must avoid using their business contacts to advance their private business or personal interests at the expense of ACM, its clients or affiliates.

Where a member of the governing body has an outside affiliation or relationship with a third party, this shall be fully disclosed in the conflicts of interest register. The business is not prohibited from doing business with such entities should it be in its best interests, however where voting occurs, the conflicted person shall recuse him or herself and any vote executed by such person shall not be counted.

GIFTS AND INDUCEMENTS

No bribes, kickbacks or other similar remuneration or consideration shall be given to, or received from, any person or organization in order to attract or influence business activity. Officers, directors and employees shall avoid gifts, gratuities,

fees, bonuses or excessive entertainment, in order to attract or influence business activity

Representatives are permitted to receive gifts, sporting tickets, vouchers or other items from a product provider, or other financial services provider, or their associate, to the maximum value of R1 000 (one thousand rand) per calendar year, per provider. This provision also applies to invitations to any functions, including lunches, dinners, training interventions and prize-giving.

Details of all gifts, both received and given, shall be registered in the non-cash incentive and gifts register. The non-cash incentive and gifts register shall be updated with the following details within 5 working days of the receipt of the gift or gratuity:

- a) Date of receipt
- b) Recipient
- c) Donor
- d) Reason
- e) Description of item
- f) Value of item
- g) Running total

Any gifts or gratuities over the value of R1 000 (annual calendar year total) from a provider or their associate to a representative, may not be accepted, and neither may such gifts or incentives be given by any person in the business, to any third party. Any items or activities which have a value exceeding this must be returned or paid for by the person in question.

INCENTIVES AND REMUNERATION

ACM strives to ensure employees remain motivated whilst at the same time ensuring remuneration schemes do not encourage inappropriate behaviour or result in actual or potential prejudice to clients. We recognise this conflict and through our monitoring mechanisms remain alert to potential abuse.

It is the policy of the business that no person shall be remunerated or receive a financial interest as part of an incentive structure with its main or sole aim to increase production. This shall apply across the board and for all levels of employees and management.

No financial interest shall be offered to any staff member as an incentive or reward for:

- a) Giving preference to the quantity of business but excluding any quality aspects of business. Sales performance targets where the quality of business is not taken into account for rewards or incentives or bonuses is not permitted and must be avoided.
- b) Giving preference to only one product supplier, or one particular product, where more than one choice is available.

Where more than 30% of the business' income is received from a provider or their associate, this shall be disclosed to all clients in the Statutory Notice.

Only the following may be received or offered by a provider or its representatives, from or to a third party:

- a) Commission authorised under the Long-Term Insurance Act or Short-Term Insurance Act
- b) Commission authorised under the Medical Schemes act
- c) Fees authorised under the Long-Term insurance Act, Short Term insurance Act or Medical Schemes Act if those fees are reasonable in respect of the service being offered

- d) Fees for the rendering of a financial service, as long as
 - a. the amount, frequency, payment method and recipient of those fees and the details of the services rendered in exchange for those fees are specifically agreed to by the client in writing, and . This would include
 - b. these fees can be stopped at any point at the discretion of the client

This would include fees for the discretionary management of portfolios of collective investment schemes, both locally and globally

- e) Fees/ remuneration for the rendering of a service to a third party, which are reasonable
- f) Subject to any other law, an immaterial financial interest
- g) A financial interest not included above, for which a reasonable, fair value, consideration or remuneration has been paid at the time of receiving this interest

A salary-based remuneration strategy ensures that the financial interest to which ACM's representatives are entitled to, is not:

- a) based on quantity of business secured for the FSP, without also giving due regard to the delivery of fair outcomes for clients;
- b) based on preference given to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
- c) preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client

Furthermore, a salary-based remuneration strategy, allows the FSP to consider measurable indicators relating to:

- a) achievement of minimum service level standards in respect of clients;
- b) delivery of fair outcomes for clients;
- c) quality of the representative's compliance with this Act; by incorporating the above into key performance indicators that employees must demonstrate to employers on an ongoing basis. Sufficient weight is therefore attached to such indicators to materially mitigate the risk of the representative giving preference to the quantity of business secured for the provider over the fair treatment of clients

Any incentive or bonus scheme must be approved by the AMC Board in writing prior to approval. Incentives and production bonuses must take into account a combination of quantitative and qualitative criteria, including the fair treatment of clients, and may not be limited to a specific product supplier and specific product. This shall be clearly documented in the approval process.

All incentive projects must be disclosed to clients of the business and must be attached to this policy, together with a description of the nature and basis of participation and any other rules as well as the duration of the incentive project.

THIRD PARTY NAMED PORTFOLIOS

There is the risk that only Third Party Named Portfolios, also referred to as white-labelling, are promoted where these are not providing good performance on a consistent basis compared to alternatives. To mitigate this, where third party named portfolios are recommended by an associate advisor, the record of advice shall clearly state why the given solution or portfolio is considered suitable for the client's investment time-frame, return expectation, and risk tolerance.

ACM does not earn any advisory fees. It only earns DFM fees as stipulated in our mandate. Currently these earned fees are as follows:

PRODUCT TYPE	ANNUAL MANAGEMENT FEE EXCL. VAT	DESCRIPTION
Affinity Ci funds	1.3%	This is the maximum mandated annual management fee and includes the Manco fee. Fee is levied inside the unit trust and accrued daily.
Affinity model portfolios	0.4%	This is the investment management fee only. Fee is levied on the model by the Lsp.

Where ACM is able to negotiate remuneration arrangements for the submission of business with Collective Investment Scheme Managers and this has not been passed on to the client, this shall be fully disclosed to the client at the earliest reasonable opportunity, together with the reasons for such remuneration. ACM may only receive these fees if such fees are specifically agreed to by a client in writing, and may be stopped at the discretion of the client at any given point in time.

Where a collective investment scheme manager passes client rebates to LSPs and the LSP utilises the rebate to offset LSP administration and/or adviser fees, this shall be reflected in clients' statements.

REFERRAL REMUNERATION

It is acknowledged that the receipt or payment of referral commission or fees, may be deemed an actual or potential conflict of interest. This practice is common and economically viable, and as such permitted, subject to the following:

- A written agreement must be concluded between the parties which dictates the terms and conditions of the agreement. Fee arrangements and disclosure requirements must be included as a part of the contract that is written and signed by both parties.
- Confirmation must be provided, in writing, that the referred matter does not present a conflict of interest
- ACM must disclose to clients and prospective clients, as appropriate, any compensation, consideration or benefit received from, or paid to, others for the recommendation of products or services. This disclosure must be in clear language and stipulate the parties, the amount, and the reason for the consideration.
- Current business model is a partnership model. Supporting IFA business do not receive any referral fees. Should a third party provide distribution to ACM, then a referral fee may be determined on an ad hoc basis.

EXAMPLES OF CONFLICTS OF INTEREST

- Personal interests include working relationships and/or financial interests with immediate family members or relatives.
- Activities include outside employment in areas similar to those in which the business is involved;

- Outside work for clients, suppliers, vendors, or competitors of the business;
- Operating as a supplier to the business
- Activities that have the potential to affect the staff member's objectivity
- Activities that could reflect negatively on the reputation of ACM and its employees.
- Holding a financial interest in a business concern that is a supplier, client, partner, subcontractor, or competitor of the business constitutes a conflict of interest under certain conditions
- Participating in any activity that might lead to or give the appearance of unapproved disclosures of confidential information or client confidential information
- Using an official position to obtain special privileges or advantages from individuals or businesses
- An employee, officer or director may serve on external non-profit, governmental or for-profit governance boards, however if such service in any way could create an actual or perceived conflict of interest, the services must be disclosed, and approved by the governing authority
- No person may receive or solicit outside employment, including paid service on a governance board, or compensation that would impair the independence of judgment of the individual in performing duties as an employee of ACM

ACTIVITIES REQUIRING FULL DISCLOSURE

Where an interest, relationship or arrangement that is material to a service, or transaction concerned is held, a conflict of interest may exist. To manage such conflicts, staff members must fully disclose the following:

- Financial interest in any supplier, client or competitor entity.
- Acting as an employee, officer, director, consultant, representative, or agent for a supplier, client, partner, subcontractor, or competitor
- Engaging in any activity that could create the appearance of a conflict of interest, which may impair on the reputation for impartiality and fair dealing

STAFF TRAINING AND GENERAL AWARENESS

A copy of the policy will be provided to each staff member at inception of that staff member's duties and updated versions must be circulated as and when they are updated.

All staff shall annually be refresher trained on this policy.

CONTROL

Violation of this policy can result in disciplinary action, including possible termination of services. The degree of discipline relates in part to whether there was a voluntary disclosure of any ethical violation and whether or not the violator cooperated in any subsequent investigation.

ANNEXURE A: REGISTER OF CONFLICTS OF INTEREST

In terms of the Conflicts of Interest Management Policy, the Board of ACM has identified the following conflicts of interest, the reasons for the unavoidability of said conflicts of interest and the specific steps that will be taken to mitigate the conflict of interest to clients:

The identified conflicts of interests

1. The recommendation of investments into the Affinity Funds

Potential conflict of interest: ACM carries out activities as an asset manager. ACM is the specialist investment management business that is responsible for the investment management of the Affinity Funds. Furthermore, certain representatives of ACM are members of the Affinity investment committee and may be entitled to an annual investment management fee, financial interest or ownership interest in relation to investments placed in the Affinity Funds. A potential conflict of interest may arise where recommendations are made by representatives of ACM in relation to investments in the Affinity funds.

2. The acceptance of invitations to functions, incentive trip and conferences

Potential conflict of interest: A potential conflict of interest is possible if the sole result of the acceptance of any invitation would be an attempt by a product of service provider to attract business.

Policy: As a point of departure, Key Individuals and Representatives of ACM are not permitted to accept any invitation that has as its sole purpose an incentive to transfer assets to the applicable provider.

Incentive trips: For purposes of this Policy, incentive trips are defined as any trip, whether local or foreign that has its sole objective the incentivisation of ACM to place investments with the relevant product or service provider.

Policy: No Key Individual or Representative is entitled to accept any invitation to any incentive trip.

Functions: Functions are defined as marketing events that are organized by product or service providers in an attempt to build relationships with their clients, where the event is held in the Republic of South Africa and does not include the funding of accommodation and travel.

Policy: Key Individuals and Representatives are entitled to accept invitations to functions, however they are cautioned against accepting more than 2 functions per year from any one product or service provider.

Conferences: Conferences are defined as any event that is sponsored by a product or service provider, whether in or outside of the Republic of South Africa, in terms of which the applicable Key Individual or Representative will be exposed to speakers and/or workshops and/or information that could ultimately improve the knowledge base of the business and benefit ACM's clients.

Policy: Key Individuals and Representatives are entitled to accept invitations to conferences, provided that the

prior written approval of the Board has been obtained and provided that ACM funds all travel and accommodation requirements associated with such trip.

3. Global asset management capability and partnerships

Potential conflict of interest: In order to cater for the ever-growing needs of South African investors who wish to globally diversify their investment portfolios, the Affinity group, through its Mauritian investment management business ACM International, is a member of the Strategic Investment Partners ("SIP") group of companies in Mauritius. SIP and ACM International are specialist investment management businesses that focus on managing global investment portfolios.

ACM International and SIP act as the unrestricted investment advisors and co-investment managers of the Affinity offshore portfolio/s which are domiciled in Ireland, for which they earn a combined annual advisory fee of up to 0.80% on the value of investments in the Affinity offshore range of portfolios

ACM has the authority to invest in the Affinity offshore range of portfolios which are managed by other investment managers within the Affinity global group provided that Affinity does not charge any fees in South Africa against the value of investments that are invested in the Affinity offshore range of portfolios.

Somerset Morkel, Ian Martens and Bruce Deane are direct and/or indirect shareholders of ACM International and SIP and may therefore either directly or indirectly become entitled to dividend distributions from ACM International and/or SIP.

4. ACM has an indirect shareholding in Ci

ACM is an indirect shareholder of Ci Collective Investments (RF) (Pty) Ltd ("Ci"). Ci is approved by the Financial Sector Conduct Authority as a manager in terms of the Collective Investment Schemes Control Act. Ci is responsible for hosting and administering the Affinity Ci Funds. As a shareholder, ACM may earn dividends from time to time and ACM's participation in any dividends will be linked to:

- The revenue generated by Ci from the Affinity Funds, and
- The revenue generated by Ci from investments in any Ci institutional funds

Reasons why the conflict of interest is unavoidable

(1) The recommendation of investments into the Affinity Funds

This strategy is unavoidable and in the interests of investors for the following reasons:

- (a) Should ACM provide advice to clients, this is the only efficient way that ACM can actively manage its clients' investments on an ongoing basis given:
 - i. The number of clients
 - ii. The geographical spread of the clients
 - iii. The number of investment platforms utilised
- (b) It is the only way to ensure that clients in similar risk profiles are managed on the same basis without timing and investment constraint differences.
- (c) It is the only way to ensure that discretionary management does not result in CGT implications for investors.

- (d) It is the only way of formally ensuring that investors have the benefit of greater transparency in the manner in which their investments are managed and the quantum of the costs that are levied.
- (e) The only way to have access to specialised, dedicated asset management expertise and investment research on an ongoing cost-effective basis.
- (f) It's the only way to effectively implement the predetermined investment process without the administrative constraints of Lisps (capped funds, funds not on platforms, timing of switches).

(2) The acceptance of invitations to functions, incentive trip and conferences

- (a) The attendance by ACM at functions and conferences is the only way for ACM to remain informed with regard to industry matters, investment related matters, market conditions, product development initiatives and compliance. This is ultimately for the benefit of clients.
- (b) It is the best way for ACM to maintain relationships with key service providers for the benefit of clients.

(3) Global asset management capability and partnerships

- (a) This is the only way in which the Affinity group can ensure that there is no double charging applied to investment portfolios.
- (b) This is the only way to aggregate Affinity's global investment scale with the scale of other independent global asset managers with a view to reducing the cost of investing.
- (c) This is the only way that the Affinity group can provide access to institutionally priced investments that are only available to SIP members.
- (d) This is the only way for the Affinity group to have access to the SIP investment and operational specialists.

(4) ACM has an indirect shareholding in Ci

- (a) Notice 778 of 2011 of the Collective Investment Schemes Control Act requires that asset managers make an election to either remain on the manco platform that hosted them at that point in time or amalgamate onto their own platform. In this sense, the making of the election was unavoidable. After much investigation, ACM is of the opinion that the Ci joint venture option is the best option available to clients and to ACM.
- (b) The law requires that each asset manager may only have one manco. ACM will therefore not be conflicted in terms of having to consider other manco offerings and the election of only one manco is unavoidable.
- (c) This is the only feasible way for ACM to enjoy the strategic freedom that ACM will need in future to be able to reduce Total Investment Charges TIC's for investors.
- (d) The Ci Institutional unit trust funds are the only way that the clients of ACM can be exposed to reduced asset management costs through aggregation.

Specific steps that will be taken by ACM to mitigate the conflict of interest

In addition to the general mitigation steps specified in the policy, ACM will take the following specific steps to mitigate the potential risk to clients:

(1) The recommendation of investments into the Affinity Funds

In light of the fact that this investment strategy is in the best interest of clients, it may continue provided that:

- (a) Full disclosure must be given to investors with regard to:
 - i. The fact that ACM has an interest in the product
 - ii. The nature of the interest and full disclosure of fees earned
 - iii. The nature of the product and all relevant details relating to the product
- (b) Institute a pricing policy that will confirm the following:
 - i. No fee increases will take place without prior notice to clients.
 - ii. No performance fees will be levied by Affinity.
 - iii. All rebates will be re-invested back into the funds.
 - iv. As far as possible the aggregated scale will be utilised to negotiate favourable fee deals with underlying managers for the benefit of the client.
- (c) ACM must ensure that it will only recommend the in-house solutions where this is in the interests of the client.

(2) The acceptance of invitations to functions, incentive trip and conferences

Please see "policy" statements under the section headed "Identification of conflicts of interest" above.

(3) Global asset management capability and partnerships

ACM does not charge any fees in South Africa against the value of investments that are invested in the Affinity offshore range of portfolios. In this way ACM ensures that no "double charging" occurs and the Affinity group is able to reduce the total investment charges for investors.

(4) ACM has an indirect shareholding in Ci

- (a) Wherever reasonably possible, Ci will be utilised to reduce TIC's for clients.
- (b) The aggregated scale of all Ci partners will be used to reduce the costs of the Ci Institutional building blocks.
- (c) Full disclosure will be done in all marketing and product documentation.
- (d) All non-core activities will be outsourced.
- (e) All portfolios will be co-branded so as to ensure that all clients are aware of the link between Ci and ACM.

ANNEXURE B: LIST OF ASSOCIATES

In terms of Section 3A(2)(b)(iii) of the General Code of Conduct, a conflict of interest management policy must include a list of all ACM's associates

Refer back to the definition of an "associate" and complete the form below. The nominated Key Individual and appointed Compliance Officer must sign and date the annexure. Print additional copies of this page should the need arise.

Associate's Name	Type of Relationship
Affinity Capital Partners Pty Ltd	Holding company
ACM International	Affiliate
Strategic Investment Partners	Affiliate
Serala Wealth Managers	Sister company
Futurity Wealth Management	Sister company

ANNEXURE C: OWNERSHIP INTEREST

In terms of Section 3A(2)(b)(v) of the General Code of Conduct, a conflict of interest management policy must include the names of any third parties in which the provider hold an ownership interest.

Refer back to the definition of "third party" & "ownership interest" and complete the form below. The nominated Key Individual and appointed Compliance Officer must sign and date the annexure. Print additional copies of this page should the need arise.

Name of 3rd party in which Affinity holds an ownership interest:	Nature and extent of ownership interest:
Indirect – Ci Collective Investments (RF) (Pty) Limited	Ci Holdings owns 70% of Ci Collective Investments (RF) (Pty) Limited

ANNEXURE D: OWNERSHIP INTEREST (3RD PARTIES)

In terms of Section 3A(2)(b)(vii) of the General Code of Conduct, a conflict of interest management policy must include the names of any third parties that holds an ownership interest in the provider.

Refer back to the definition of "third party" & "ownership interest" and complete the form below. The nominated Key Individual and appointed Compliance Officer must sign and date the annexure. Print additional copies of this page should the need arise.

Name of 3rd party that holds an ownership interest in Affinity of greater than 10%	Nature and extent of ownership interest
Ian Martens	Individual and associate of Futurity Wealth Management (FSP 811)
Lynn Morkel	Individual and associate of Serala Wealth Managers (FSP 46663)
Bruce Deane	Individual and associate of Futurity Wealth Management (FSP 811)