



INDEPENDENT ALTERNATIVES INVESTMENT MANAGERS (PTY) LTD

“THE COMPANY”

CONFLICT OF INTEREST POLICY

June 2017

1. This document embodies the Conflict of Interest Management Policy for the Company.
2. “Conflict of interest” means any situation in which the Company or its representatives have an actual or potential interest that may, in rendering a financial service to a client influence the objective performance of his, her or its obligations to that client; or prevent the Company or its representatives from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client, including, but not limited to:
 - i. a financial interest;
 - ii. an ownership interest;
 - iii. any relationship with a third party: third party means
 - a. a product supplier,
 - b. another provider,
 - c. an associate of a product supplier or a provider;
 - d. a distribution channel;
 - e. any person who in terms of an agreement or arrangement
 - f. with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.
3. The primary objectives of this Policy are:
 - i. To provide guidance on the behaviours expected in accordance with the Company's standards;
 - ii. To promote transparency and to avoid business-related COI;

- iii. To ensure fairness in the interests of employees and the Company;
 - iv. To document the process for the disclosure;
 - v. Approval and review of activities that may amount to actual, potential or perceived COI;
 - vi. To provide a mechanism for the objective review of personal outside interests.
4. Independent Alternatives is committed to ensuring that all business is conducted in accordance with good business practice. To this end Independent Alternatives conducts business in an ethical and equitable manner and in a way, that safeguards the interests of all stakeholders to minimize and manage all real or potential conflict of interest (COI). Independent Alternatives and its representative must therefore avoid (or mitigate where avoidance is not possible) any COI between Independent Alternatives and a client or its representative and a client.

A. FINANCIAL INTEREST

1. The Company or its representatives may only receive or offer financial interest from or to a third party as determined by the Registrar of Financial Services Providers from time to time, and as set out in Annexure A hereto.
2. Financial interest" means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic and foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than:
 - i. an ownership interest
 - ii. 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; specialized technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.
3. The Company may not offer any financial interest to its representatives for giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients; OR giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; OR giving preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client.

B. MECHANISMS FOR IDENTIFYING, RESOLVING AND AVOIDING COI

There is the potential for conflicts of interest in any activity, relationship or process the Company's employees are involved in. All employees, especially managers, need to be aware of this potential.

The first and most important line of defence against COI or commitment must be by the employees and managers (i.e. key individuals and representatives).

The following steps have been put in place:

1. The Company must always try to avoid a conflict of interest. It is always best to avoid being in a position, where there is a conflict of interest situation between the company and the client's interest.
2. How would the Company deal with a conflict of interest situation?

Step 1: Identify the conflict

When providing a financial service, you need to ask am I acting independently, objectively and professionally towards the client; am I acting in my or the company's interest or in the client's interests; is the company's interest aligned with those of the client; and if you suspect a conflict you need to report it to the compliance officer who will record it in the conflict of interest register.

Step 2: Manage the conflict

The conflict now needs to be managed by doing an evaluation and deciding on what steps to take. This will entail consideration of whether it is possible to avoid the conflict by ending it the relationship of the product supplier; why can the conflict not be avoided or ended; what can be done to control and or mitigate the conflict; what to tell the client about the conflict; and when and how the client will receive disclosure?

Step 3: Avoid / Mitigate the conflict

If the evaluation found that it is feasible for the conflict to be avoided by ending the situation, this should be done at this point. If the conflict cannot be avoided, the company and the compliance officer will determine which steps can be taken to reduce the negative effects on the customer.

Step 4: Disclose the conflict

The last step is to disclose to the client in writing details about any relationship with a third party that has caused the conflict of interest; what Independent Alternatives, has done to manage

or mitigate the conflict; details about any 'ownership interest' or 'financial interest' Independent Alternatives, or an employee may have that would benefit the employee or company. Disclosures to customers must be meaningful, prominent and specific to each situation. Please refer additional detail in Section D. Disclosure of COI.

C. POTENTIAL COI THAT COULD AFFECT THE COMPANY

The following are potential COI that could affect the Company:

- i. Directorships or other employment;
- ii. Interests in business enterprises or professional practices;
- iii. Share ownership;
- iv. Beneficial interests in trusts;
- v. Personal Account Trading;
- vi. Professional associations or relationships with other organizations;
- vii. Personal associations with other groups or organizations, or family relationships;
- viii. Front running;
- ix. Rebates;
- x. Kickbacks; and
- xi. Commissions

D. DISCLOSURE OF COI

1. The Company, must make full and fair disclosure of all material that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to their client's prospective clients, and employer. Independent Alternatives, must make full and fair disclosure of all material that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to their clients' prospective clients, and employer.
2. At the earliest reasonable opportunity, the Company and its representative must, in writing, disclose to a client any COI in respect of that client including:
 - i. measures taken to avoid or mitigate the conflict;
 - ii. any ownership interest or financial interest that the provider or representative may be or become eligible for;
 - iii. the nature of the relationship or arrangements with a third party that gives rise to a COI in sufficient detail to enable the client to understand the exact nature of the COI.

ANNEXURE A: FINANCIAL INTEREST

The Registrar of Financial Services Providers issued Board Notice 58 of 2010 (BN 58) under section 15 of the Financial Advisory and Intermediary Services Act, 2002 (FAIS). BN 58 amends the General Code of Conduct for Authorised Financial Services Providers and Representatives under FAIS and determines that a financial services provider or its representatives may only receive or offer financial interest from or to a third party as follows:

- i. Commission authorised under the Long-term Insurance Act or Short-term Insurance Act;
- ii. Commission authorised under the Medical Schemes Act;
- iii. Fees authorised under the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act, if those fees are reasonably commensurate to a service being rendered;
- iv. Fees for the rendering of a financial service in respect of which commission or fees referred to in sub-paragraph (i), (ii) or (iii) is not paid, if those fees –
 - a. are specifically agreed to by a client in writing; and
 - b. may be stopped at the discretion of that client.
- v. fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
- vi. subject to any other law, an immaterial financial interest*¹; and
- vii. a financial interest, not referred to under sub-paragraph (i) to (vi), for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

* "immaterial financial interest" means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 in any calendar year from the same third party in that calendar year received by –

- a) a provider who is a sole proprietor; or
- b) a representative for that representative's direct benefit;
- c) a provider, who for its benefit or that of some or all its representatives, aggregates the immaterial financial interest paid to its representatives.

