



## Conflict of Interest (COI) Policy

Dalebrook Capital, places a high priority on its clients' interests. As conflicts of interest affecting clients could undermine the integrity and professionalism of our business, any instances must be identified as early as possible. If conflict situations cannot be voided, they must be managed equitably and in the client's interest. Detecting potential or recognised conflicts of interest that could compromise the interest of its clients and managing and limiting the impact of conflicts of interest therefore constitute an integral part of Dalebrook Capital's duties and obligations.

### 1) Introduction

1.1) A **"conflict of interest"** is a situation in which Dalebrook Capital or its representatives has 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 Dalebrook Capital 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 product supplier,
  - another provider,
  - an associate of a product supplier or a provider;
  - a distribution channel;
  - any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.)

This motion concerns Dalebrook Capital in its capacity as a management company, all individuals working for Dalebrook Capital (employees, associates, service providers, etc.), and the Dalebrook Capital businesses (major shareholders, companies controlled by the Group, etc.). A conflict of interest may occur in the provision of an investment service (management under mandate, fund management and advisory services). A conflict of interest may be recognised (actually identified) or potential

(conceivable). The notion of conflict of interest encompasses a range of very diverse factors, such as:

- Rules regarding personal transactions,
- Professional ethics of employees,
- The use of sensitive or privileged information, insider dealing, and professional secrecy,
- Respect for clients' interests,
- Respect for professional obligations in relation to the market and specific to Dalebrook Capital.

1.2) The primary objectives of this Policy are:

- i. To provide guidance on the behaviours expected in accordance with Dalebrook Capital's standards;
- ii. To promote transparency and to avoid business-related COI;
- iii. To ensure fairness in the interests of employees and Dalebrook Capital;
- iv. To document the process for the disclosure, approval and review of activities that may amount to actual, potential or perceived COI;
- v. To provide a mechanism for the objective review of personal outside interests.

Dalebrook Capital is committed to ensuring that all business is conducted in accordance with good business practice. To this end Dalebrook Capital 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). Dalebrook Capital and its representative must therefore avoid (or mitigate where avoidance is not possible) any COI between Dalebrook Capital and a client or its representative and a client.

## 2) Financial Interest

Dalebrook Capital 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.

"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.

Dalebrook Capital 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.

### 3) Identifying COI

What is a conflict of interest situation?

Conflict of interest situations that could prejudice a client may take a variety of forms, whether or not a client suffers any financial loss and independently of whether the actions or the motivations of the employees involved are intentional. At least five types of situations are defined by Dalebrook Capital to help determine whether a potential conflict of interest situation might occur:

- Dalebrook Capital, a department or an employee will realise a financial gain or avoid a potential loss at the client's expense;
- The interest of Dalebrook Capital, a department or an employee may be different from the client's interest;
- Dalebrook Capital or an employee exercises the same professional activity as the client;
- Dalebrook Capital, a department or an employee is induced to favour one client over another (whether for financial reasons or otherwise),
- Dalebrook Capital, a department or an employee will gain an advantage (financial or in kind) from a third party in the execution of the service conducted on behalf of the client.

### 4) Measures to Avoid COI

Dalebrook Capital has identified specific potential conflicts of interest in relation to its activities. These may be encountered by Dalebrook Capital or its associates when they deliver their services to clients. For such situation, Dalebrook Capital has analysed whether the risk is actual or potential for one or more of its clients. To handle potential or actual conflict of interest situations, Dalebrook Capital may:

- Conduct the transaction while, given the conflict of interest generated by it, implementing procedures that enable appropriate management of the situation in order to avoid damaging the interests of the client in question;
- Avoid conducting the transaction that would potentially generate a conflict of interest;
- Inform the client in the event that certain conflicts of interest cannot be properly handled and communicate the necessary information about the type and origin of the conflict of interest to the client, so that the client can make a fully informed decision regarding the proposed transaction.

Dalebrook Capital has established a management policy for conflicts of interest enabling it to prevent potential conflicts of interest, mitigate and manage actual conflicts of interest and communicate them effectively to clients. This policy is based on a system of prevention, detection, management, communication and recording conflicts of interest.

## 5) Disclosure of COI

At the earliest reasonable opportunity, Dalebrook Capital and its representative must, in writing, disclose to a client any COI in respect of that client including –

- a. Measures taken to avoid or mitigate the conflict;
- b. Any ownership interest or financial interest that the provider or representative may be or become eligible for;
- c. 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.

At the earliest reasonable opportunity, Dalebrook Capital and its representative must, in writing, inform a client of the Conflict of Interest Management Policy and how it may be accessed.

Notification of an actual or potential COI should be made to a person with responsibility for the issue or area, such as the relevant management team, supervisor, head of the department or key individual.

In accordance with an employee's obligation to act in the best interest of his or her employer, it is not permissible for employees to engage in conduct that would amount to a COI with Dalebrook Capital.

Staff that fail to disclose a potential or actual COI in accordance with this policy may be liable to disciplinary procedures as governed by relevant industrial awards or agreements.

## 6) Internal Controls and Training to facilitate compliance with the Policy

Every staff member has a copy of the Conflicts of interest Management Policy. If a potential COI arises, the transaction is first discussed with management before entering the transaction.

Dalebrook Capital informs its associates and makes them aware of the undertakings and restrictions concerning their actions with regard to the conflict of interest management policy in place at the management company. Awareness training is provided to staff.

## 7) Procedure if a Conflict of Interest Arises

Annexure C, sets out Dalebrook Capital management procedure on identified conflicts Johann Kloppers of Dalebrook Capital, is responsible for the operation and condition of the conflicts of interest register. If a new potential or actual conflict of interest should arise, management of Dalebrook Capital will decide whether the transaction will actually generate a conflict of interest and if so, if it will be accepted or declined, and managed in the client's interest. If a conflict of interest cannot be properly managed, the necessary information on the type and origin of the conflict of interest will be communicated to the client, to enable the client to make a fully informed decision. All the documents and supporting evidence will be archived by Dalebrook Capital. In general, all measures and complementary procedures will be taken to ensure the required level of independence.

## 8) Management of COI

Dalebrook Capital manages potential and actual conflict of interest situations based on the following:

- Ethical principles. Predominant among these rules are the principles of client sovereignty, equity, impartiality, respect for professional secrecy, market integrity and compliance with laws and regulations.
- A control system to ensure monitoring of the conflicts of interest and corrective measures taken.
- In this respect, Dalebrook Capital has procedures detailing the concrete measures to manage potential or recognised conflicts of interest in the interest of clients.
- Prohibition or control of multiple activities exercised by associates.

*Annexure C* sets out Dalebrook Capital management procedure on identified conflicts.

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Dalebrook Capital (Pty) Ltd is 100% owned by Holdings company, Sprint Capital (Pty) Ltd.

## 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 –
  - aa. are specifically agreed to by a client in writing; and
  - ab. 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\*;
- 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.

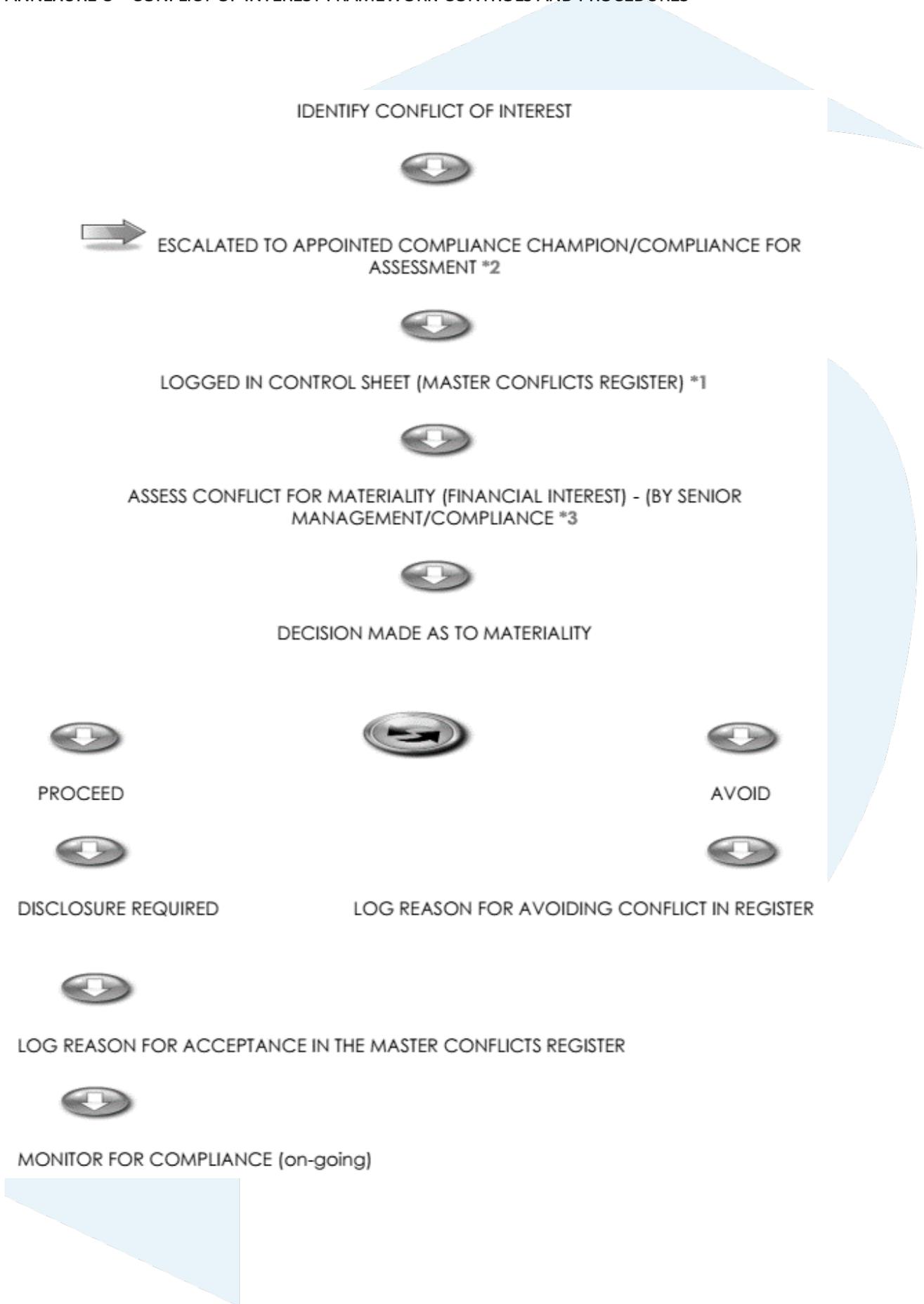
### Note

\* “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 of its representatives, aggregates the immaterial financial interest paid to its representatives.



ANNEXURE C – CONFLICT OF INTEREST FRAMEWORK-CONTROLS AND PROCEDURES



## Guide

- \*1) Log the date and contents of the COI (real, existing or potential).
- \*2) Can be communicated via email but must be in writing to the “conflicts officer”. All correspondence relating to conflict to be placed in a company conflicts file.
- \*3) Conflicts officer to liaise with the compliance function to evaluate the conflict and to decide which mechanism to be used to manage conflict (control, avoid or disclose). If the conflict can be resolved immediately, take the necessary action and advise compliance thereof. The on-going status of the conflict is to be recorded in the register. If the conflict requires further clarity and investigation by any other party, insert comments as appropriate in the appropriate register.

## Notes to Procedures

- 1) Assign a member of staff with primary responsibility for identifying, recording and managing conflicts of interest. (For Dalebrook Capital this is Johann Kloppers, known as the Conflicts Officer).
- 2) The “Conflicts Officer” will advise all relevant staff of:
  - The definition of ‘conflict of interest’;
  - The main features; and
  - Examples or possible conflicts of interest that may emerge
- 3) At the same time the Conflicts Officer will co-ordinate a questionnaire (annual) of directors and relevant staff, requiring them to assess all aspects of their responsibilities and their business relationships, with a view to identifying actual or potential conflicts (and circumstances that might be perceived as conflicts). Directors, managers and internal legal and compliance officers should attempt to identify conflicts across the business, while other staff will focus on their individual circumstances. Even when individuals completing the questionnaire are confident that objective financial advice will be provided, in spite of a potential conflict, they should report the conflict: clients and regulators may not easily be persuaded that advice was objective.
- 4) The “conflicts Officer” together with compliance will assess the seriousness (with compliance) of identified possible conflicts and will determine (in consultation with senior management) how the conflict should be managed. Typically, this can involve:
  - If current disclosures constitute adequate management
  - What further disclosures would constitute adequate management?
  - Whether or not disclosure alone can adequately manage the conflict. Where it cannot, all stakeholders can decide how the conflict should be avoided, or whether the conflict should be referred for prompt board consideration.
- 5) The Conflicts Officer will keep adequate records of the controls management process, from identification through to effective resolution of the conflict.
- 6) The Compliance officer can prepare a report on the management of conflicts of interest, for the Board to consider at intervals appropriate to the business.

- 7) Conflicts of interest will become a standing agenda item for Board meetings.
- 8) Procedures can be drafted and adopted by the Board to form part of the compliance documentation, addressing the above steps and responsibilities.
- 9) The COI procedures and their efficacy in operation will be reviewed by senior management of the FSP in conjunction with compliance.