



Treating Customers Fairly (TCF) Policy

1) Introduction

The Treating Customers Fairly (TCF) initiative is a key component of the Financial Sector Conduct Authority's broader consumer protection and market conduct mandate. TCF is an outcomes-based regulatory and supervisory approach designed to ensure that specific, clearly articulated fairness outcomes for financial services consumers are delivered by regulated financial firms.

Dalebrook Capital (Pty) Ltd incorporates TCF into the way that we conduct business every day and in the way that we deal with our clients. We may not outsource this responsibility to another party, although our compliance officer may provide guidance and assistance with regards to incorporating TCF into our business.

2) Scope

Our approach to TCF is reflected into the following organizational structures and processes:

<i>Leadership</i>	The Board and management provide direction and monitor the delivery of TCF behaviours and outcomes.
<i>Strategy</i>	The TCF aims are not merely stated vision and values, but built into our strategic and business plans.
<i>Decision-making</i>	Decision-making protocols ensure that all decisions that impact on customers are subject to the challenge implicit in our TCF strategy.
<i>Governance and controls</i>	Our governance structures and control mechanisms are designed to cater for TCF considerations and include TCF measurement systems and identification of TCF risks.
<i>Performance management</i>	Our staff and representatives are trained to deliver appropriate TCF outcomes. TCF deliverables form part of our staff performance contracts and performance is evaluated in terms of TCF competence and expectations.
<i>Reward</i>	Our remuneration, incentive and reward policies take cognizance of fair customer outcomes and ensure that conflicts of interest are avoided.

3) Treating Customers Fairly Fairness Outcomes

We have incorporated the following 6 TCF outcomes into our business operations:

Outcome 1 Customers are confident that they are dealing with a firm where the fair treatment of customers is central to the firm culture

- a. Our board is involved with TCF decisions and communicates to staff about it
- b. We frequently revisit the consideration as to whether we, as our own client, would be satisfied with the treatment received
- c. We talk about the treatment of clients and have a unified approach amongst our staff
- d. In terms of section 2 of the FAIS General Code of Conduct, we must at all times render financial services honestly, fairly, with due skill, care and diligence and in the interests of clients and the integrity of the financial services industry. We comply with this section by updating and distributing our internal rules FAIS policy to all staff members annually
- e. We do a due diligence on other businesses before contracting with them
- f. Our board and executive management discuss the strategic implications of TCF and how we treat our clients frequently
- g. TCF is a standing agenda point at all our executive committee meetings
- h. TCF responsibility been allocated to management and staff
- i. We have ensured a high level of staff awareness of TCF
- j. Our conflict of interest policy deals with a comprehensive scope of conflicts of interest and upholding the best interest of our clients at all times

Outcome 2 Products and services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly

- a. We extensively consider the profile of the end client when designing products or constructing funds (i.e. structuring portfolios and their charges)
- b. TCF standards influence our choice of who we allow to 'wrap' or distribute our products or whose platform we put them on
- c. A full and complete due diligence is undertaken when deciding to structure products/portfolios
- d. We keep ongoing and sufficient details about our clients and our clients' existing positions – at a minimum, an annual catch-up meeting is scheduled with each of our clients
- e. We understand who our client is, including individuals, pension funds, brokers, administrators and trustees as and where applicable

Outcome 3 Customers are given clear information and are kept appropriately informed before, during and after the time of contracting

- a. We use clear explanations of the products when talking to our clients
- b. The mechanics and risk profile of the products disclosed to the client in plain language
- c. We keep our clients informed of our own processes, information and fund performance
- d. We guide clients about the information required by product suppliers
- e. In terms of section 7 of the General Code of Conduct we must provide a reasonable and appropriate general explanation of the nature and material terms of the relevant contract or transaction to a client, and generally make full and frank disclosure of any information that would reasonably be expected to enable the client to make an informed decision. We disclose information in terms of this section in the form of our discretionary mandate, as well as the introductory and ongoing record of advice and ISD document. When and where necessary, we host product presentations for our clients detailing all the necessary product information, advantages and disadvantages
- f. We consider the end client when we develop marketing and product disclosure material - reference can be made to our fund fact sheets and website (www.dalebrookcapital.co.za)
- g. We review the quality and accuracy of material used by others who market or distribute our products – quarterly update sessions are held with our distribution partners to provide performance feedback and open up dialogue as to the experience from the broker/client perspective
- h. Should we discover misrepresentation of our products/services, a full review and due diligence process would again be undertaken – where need be partnerships with the offending parties would be discontinued
- i. We are highly accessible to end clients who may need information on our products
- j. We have controls in place to ensure our product/service information remains current:
 - Articles are compiled and distributed weekly to keep our clients and end users updated on the latest market movements
 - A comprehensive market overview, as well as updated fund fact sheets are distributed monthly to inform our clients and end users of the market statistics and our performance therein
 - A full quarterly update is distributed to our distribution partners detailing changes and decisions within the company, as well as a comprehensive fund update
 - All information is updated on our website at the time of distribution

Outcome 4 Where customers receive advice, the advice is suitable and takes account of their circumstances.

- a. In terms of Section 8 of the FAIS General Code of Conduct we must do a suitability analysis prior to providing a client with advice – a full and comprehensive analysis is undertaken when compiling the ISD document, which includes sustainability analysis
- b. We check the client's needs against the recommendations before any final advice is given
- c. Our record of advice complies with the FAIS General Code of Conduct and contains all required disclosures
- d. We consider all requirements relating to replacement products
- e. In terms of section 6(1) of the FAIS Discretionary Code we must furnish a written report to a client which complies with certain requirements; we comply with this section by keeping a full introductory and ongoing record of advice, which is signed off by an authorized Dalebrook signatory and the client

- k. A high level of insight into the quality of advice provided about our products/portfolios/services is sustained in the form of dedicated ongoing research and analysis collated by a senior analyst and the investment team, who work hand in hand with the Wealth Management team to ensure highest levels of service at all times
- l. We consider whether the advisers who provide advice on our products/ portfolios/services have the adequate knowledge thereof – we ensure that training is carried out on a yearly basis, and reports are submitted by each representative on a quarterly basis, which are signed off by their supervisor
- m. The advisers have reasonable access to any information they may need to advise on our products/ portfolios/services, and all specific information and analysis is sourced/compiled by the investment team upon request
- n. We monitor the adviser/client behaviour to alert us to possible inappropriate advice – the CIO and CEO play a very hands-on role in this operational aspect
- o. We provide sufficient information about the features and risks of the fund/ portfolio
- p. Accountability in terms of this outcome is clearly understood in the value chain and are stipulated in the Internal Rules policy of the company

Outcome 5 Customers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect.

- a. We check product performance and perform our own analysis before we offer these to our clients
- b. We give feedback to product suppliers about their products and services in the form of Manager meetings
- c. When we select funds, we do a full due diligence, as well as a quantitative and qualitative analysis – introductory and ongoing Manager Research meetings and telecoms are an integral part of the process
- d. The Investment Team, lead by the CIO of the company, is responsible for managing investment performance expectations
- e. It is the job of the Wealth Managers to mitigate risk for clients if we deliver poor investment performance or breach mandates – the Investment Team are available to assist
- f. The Wealth Managers are responsible for keeping clients informed of environmental changes that could result in products not meeting the expectations – a dedicated communications department manages and tracks all specific communications
- g. We have adequate service liaison structures in place to ensure the end client receives reasonable service
- h. We consider the client service standards of those who market or distribute our products
- i. Errors are dealt with at the highest leadership capacity possible – the CIO and CEO would become directly involved when and where necessary
- j. Should we discover a profit as a result of an error, this profit would be reimbursed to the party to whom this portion rightly belonged, including client reimbursement when and where found applicable
- k. We conduct feedback assessments in terms of whether the products are suited to what the product supplier said it would
- l. Accountability in terms of this outcome clearly defined in the value chain

Outcome 6 Customers do not face unreasonable post-sale barriers to change product, switch provider, submit a claim or make a complaint.

- a. When we provide after-sales services, it is easy for clients to contact us for assistance
- b. We make it a priority to assist clients who have complaints
- c. If an IFA contacts us on behalf of a client, we have processes to assist in such a scenario
- d. It is very easy for an end client to engage the direct contact to lodge a complaint – a complaints policy is freely available on the website detailing the contact person and their contact details
- e. We make a point to consider the end client’s position when dealing with complaints from others in the value chain

ANNEXURE A – PORTFOLIO SPECIFIC TCF

Dalebrook BCI Income Fund

In the case of this portfolio the TCF principles are achieved as follows:

- **Outcome 1:** Consumers can be confident that they are dealing with a firm where the fair treatment of customers is central to the corporate culture.
 - Our business strategy is focussed on our clients – our TCF policy this has been approved by our Board
 - We live out our business values and strategy in our daily operations and dealings with clients
 - Regular monitoring of FSCA and industry sites websites as well as compliance officer's mails for any news and other releases to ensure that we are up to date with all relevant information to ensure proper compliance
 - Apart from initial staff training on the portfolio, quarterly TCF sessions will be scheduled with staff to cover the product information
 - We will apply our board approved TCF principles to the portfolio.
 - Our risk management framework takes TCF related risks into account as TCF is one of the risk parameters that we built into it, including investors risk appetite and risk ratings. The portfolio's risk profile is also clearly stated in the MDDs.

- **Outcome 2** Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.
 - The portfolio caters for investors with a need of a high income
 - The portfolio will be risk profiled and will be disclosed as such (conservative)
 - The portfolio MDD will be written in clear plain English (but applying CISC definitions) and clearly state the portfolio objective as well as the investment universe (thus the investment strategy) addressing the client needs clearly.
 - We are a FAIS category 2 investment manager and have the skill-set to manage the portfolios in line with the portfolio objectives in order to meet the clients' needs.
 - Where we have direct clients, our clients are risk profiled and we try to find suitable portfolio match(es) for these risk profiles – comprehensive client needs analysis is performed

- **Outcome 3** Consumers are provided with clear information and kept appropriately informed before, during and after the point of sale.
 - Comprehensive MDD disclosing all relevant portfolio details
 - Detailed disclosure in application form
 - Regular investor communications
 - On-line access to statements, portfolio reports, including performance of portfolio and benchmarks, asset allocation, and other portfolio information
 - In the group we employ financial advisors who is accessible to our clients
 - Confidentiality of client information
 - The only marketing material used is the MDD which is BN92 compliant. The application form is the standard BCI form which is cobranded. BCI is part of the EFG group which has a large financial advice division. BCI updates material as and when we receive good suggestions from advisors and or investors.
 - The MDDs are checked by BCI on a monthly basis for accuracy and uniformity and lodged with the FSCA. BCI use the Morningstar system to prepare MDDs (mostly automated)
 - In the event of any misrepresentation being detected, BCI and Visio will immediately address it with party who provided it as well as with the investor – where appropriate we will report such advisor to the FSCA

· **Outcome 4** Where consumers receive advice, the advice is suitable and takes account of their circumstances.

- We ensure that we comply with FAIS in all aspects and we in-source an external compliance officer to assist us in monitoring our processes, etc to ensure that we do so.
- We maintain a complaints register and follow up all client queries and complaints within 24 hours. Where a complaint is lodge about poor advice, we follow up to ensure that it is not a case of mis-selling of the portfolio and if so, we address it with the advisor and request the client to also notify the Ombudsman.
- We make use of an advice support system with processes that ensures that client's needs and risks are matched to the portfolio(s) they are invested in and we monitor and review our advisors' advice records on a regular sample basis
- Where relevant, our advisors meet with clients on a regular basis to ensure that the portfolios that they are invested in are still suitable for their circumstances

· **Outcome 5** Consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect.

- On a monthly basis we clearly state in our MDD's the portfolios investment returns versus benchmark for various periods as required by BN92.
- We have a performance review process in place to monitor portfolio returns and the reason for any consistent long-term underperformance. Remedial actions are instituted where required.
- The portfolio benchmark is supporting the portfolio's objective
- The MDD will state the portfolio' risk profile and recommended investment duration plus state the recommended investment horizon of 1-3 years.
- We ensure that clients receive regular feedback on any complaints and/or concerns raised and that they are refunded for any losses where we are at fault due to gross negligence by our staff.
- BCI is liaising with intermediaries on a regular basis to ensure that client services are at an acceptable standard - and so too will Visio where we deal with intermediaries
- We have a clear understanding of our and the other parties' roles in the investment process. As the investment manager our core responsibility is investment performance in line with the objectives and benchmarks. We also have a client desk to deal with client related issues.

· **Outcome 6** Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

- We publish portfolio performance and pricing data from inception
- Advisors are available in person and well via email and telephonically
- Complaints policy in place and accessible by all clients
- We maintain a complaints' register and follow up all client queries and complaints within 24 hours
- Redemptions as well as all client static changes processed within 1 business day
- All client queries responded to within 1 business day
- We take responsibility for all our clients and our portfolios
- Where clients are negatively impacted, eg pricing errors, then the client is placed in the position it would have been if there was no pricing error at BCI's cost (who may recover it from their service providers)