

Conflict of Interest Policy

In terms of the General Code of Conduct for Authorised Financial Services Providers and Representatives, as amended, promulgated in terms of the provisions of the Financial Advisors and Intermediary Services Act (Act No. 37 of 2002)
Last revised: 18 July 2012

Vunani Private Clients (Pty) Ltd

An Authorised Financial Service Provider (FSP 564),

And a Juristic Representative of Prime Investment Management Services (Pty) Ltd (FSP 20293)

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Company Reg: 1999/008361/07, Vat No. 4460193222,

Directors: Mark Weetman (Managing), Aphrodite Judin

1. Introduction

Vunani Private Clients (Pty) Ltd (“VPC”) in terms of the General Code of Conduct for Authorised Financial Services Providers and Representatives, as amended (“the Code”), promulgated in terms of the provisions of the Financial Advisors and Intermediary Services Act (Act No. 37 of 2002 – “the FAIS Act”) has established a policy to ensure that the quality of our financial services is not significantly compromised by conflict 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.

VPC is an Authorised Financial Services Provider (FSP564), whose business is predominantly that of a retail discretionary and non-discretionary asset manager.

Conflicts of interest can be described as circumstances where VPC or a representative of VPC has an actual or potential interest that may, in rendering a financial service to a client:

- a. Influence the objective performance of his, her obligations to that client; or
- b. Prevent VPC or a representative of VPC 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;

The aim of this policy is to:

- protect both VPC 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 potential conflict of interest;
- provide guidelines with regards to 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 policy may be amended from time to time, if required by law or in terms of VPC’s internal processes and procedures or other business requirements.

Details of the Compliance Officer is listed in Annexure A.

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 conflict of interest policy has been approved by the Board of Directors of VPC.

2. Binding

This policy is binding on all employees of VPC and its directors.

Employees in this regard are assumed to include the following:

- Any direct employee of VPC;
- Any direct employees of a subsidiary / associate of VPC;
- Any company that is registered as a juristic representative on VPC's license and its employees who are registered as representatives of VPC with the Financial Services Board.

3. Conflict of Interest

The basic duty to avoid any conflict of interest gives rise to a number of particular duties, which include the following: (but are not limited to):

- The duty to act bona fide in the interests of VPC and all its clients;
- The duty not to misappropriate opportunities proposed to or pursued by VPC;
- The duty not to knowingly make any misrepresentations;
- The duty not to compete improperly with VPC;
- The duty not to use VPC's resources for personal gain;
- The duty to disclose interests in contracts with VPC; and
- The duty to only exercise powers for the purpose for which they were conferred.

As a condition of employment no employee may, without the written permission from VPC, be actively associated with the conducting of any enterprise / business which may conflict with his/her duties to VPC, or be in direct competition with VPC. (Annexure C – Disclosure of Interest Form).

Employees and directors must make full and fair disclosure of 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

VPC 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 VPC. All employees (including representatives) of VPC are required to sign an acknowledgement confirming their understanding of the PA Trading policy and provisions and giving their undertaking to adhere thereto (Annexure D – PA Trading policy).

The compliance officer will enforce this as a condition of employment.

5. Proprietary Trading

VPC does not partake in any proprietary trading activities. However Buttonwood Proprietary Trading, a Juristic Representative of VPC does offer proprietary trading to its staff members.

6. Client Orders

VPC places orders with execution brokers, on behalf of clients portfolios, in such a way as to ensure that one client will not be treated in such a way so as 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;
- Equal disclosure of relevant information to clients.

VPC has an ongoing duty to ensure, for transactions effected on behalf of its clients, include:

- seeking to obtain best execution;
- minimizing transactions costs

VPC has procedures and security measures in place to ensure that confidential information regarding one client’s orders is not inadvertently disclosed to another third party.

More than 30% of VPC business may be placed with one of the following authorised Financial Service Providers:

- Vunani Securities (Pty) Ltd, an Authorised JSE member,
- Nedbank Capital (or Nedbank Group companies),
- Momentum Wealth,
- Prime Investment Management Services (Pty) Ltd (FSP 20293)
- Unicorn Risk Consultants cc,
- Total Trust (Pty) Ltd trading as iProtect and/or
- Investec Equity Derivatives.

7. Soft Dollar / Fees and Remuneration

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.

VPC must disclose to the client that it may engage in soft dollar/commission sharing arrangements prior to engaging in such arrangements involving the client's account. These arrangements will be detailed in the VPC Client Mandate.

As a financial service provider VPC is entitled to charge its clients fees which are agreed upon and incorporated in our Client Mandate. Our mandate allows us to make use of our own staff or duly appointed representative in carrying out our obligations in terms of the mandate. Where use is made of a representative VPC has a separate agreement in place governing the relationship and fee sharing arrangements between itself and the representative.

8. Corporate Gifts / Entertainment

VPC recognizes that in doing business and applying industry norms, employees may be required to accept, receive or give gifts as a token of appreciation. VPC's business is based on the principals 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.

Gifts under R1,000.00, are acceptable and must be recorded in the non-cash incentive register by the employee within 30 days of receipt. Any gift, gratuity or other benefit offered to a client or third parties exceeding R1,000.00 must be pre-approved by the CEO. The compliance officer will be responsible for ensuring that this register is kept up to date.

The annual cumulative value of gifts received from a single source may not exceed R1,000.00 for a single year.

The acceptance of receipt of cash (bank notes or equivalent), discounts in excess of normal commercial practice or free memberships is prohibited is specifically prohibited.

Employees are prohibited from offering or receiving, soliciting or accepting any inducements, gifts, benefits, donations, sponsorships, compensation or consideration for themselves, their family members or related parties, that reasonably could be expected to compromise their own or another's independence and objectivity.

Attempts by suppliers, clients or third parties to solicit gifts during the course of their interaction with VPC employees, should immediately be reported to the Compliance Officer.

Regardless of value, employees should ensure that no gift or series of gifts be accepted which might appear to create a conflict of interest or which might give the impression of

influencing an employees', judgment or behavior in the performance of their duties to VPC and its clients. 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.

All gifts sent to clients and sponsorship opportunities need to be signed off by Marketing in order to ensure it is brand compliant and within budget.

9. Managing conflicts of interest

VPC will manage conflict of interest situations in accordance with the steps set out below:

- Identification
- Notification
- Assess conflicts
- Resolve conflicts
- Report and Record

10. Identification of conflicts

Identification of conflicts is the responsibility of all employees and directors of VPC. In the event that an employee / director is unsure as to whether a situation represents a potential conflict of interest or not, he / she is required to raise the issue immediately with the Compliance Officer.

11. Notification of conflicts

Employees and directors are required to immediately raise any conflict or potential conflict of interest that comes to his / her attention to the Compliance Officer, who will assess and monitor all conflict of interest situations.

12. 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;
- how the conflict of interest can be appropriately managed;
- the materiality of the conflict of interest;
- whether the conflict of interest requires immediate notification to the Compliance Officer for further assessment;
- Whether it is necessary to disclose the conflict of interest to the client(s) to agree on a course of action with the client or resolve the matter via another route.

13. Resolution

VPC 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 so as to prevent the conflict of interest arising;
- Managing the situation so as to ensure the interests of VPC 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 VPC identifies a conflict of interest or potential conflict of interest which relates to a particular client and cannot manage it to its satisfaction, VPC 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.

14. Reporting and Record keeping

The Compliance Officer shall maintain a register of all circumstances in which a conflict of interest or potential conflict of interest has been identified as having arisen.

The register will reflect the following:

- Date
- Names of person(s) / client(s) involved
- Short description of the conflict / potential conflict
- Steps taken in order to mitigate the conflict
- Client disclosure and subsequent instructions

The register shall be updated each time a conflict of interest or potential conflict of interest is identified as having arisen and shall be kept for a minimum of five years.

VPC will furthermore include all general conflicts identified in the Client Disclosure Record.

ANNEXURE A

External Compliance:

Charmaine van Wyk,
The Compliance Toolbox (Pty) Ltd (CO 4073 & 5561),
charmaine@ctb.co.za
+27 (0)11 795 3900 / +27 (0)11 794 1189

Internal Compliance:

Carrie Howell
Vunani Private Clients (Pty) Ltd (FSP 564)
carrie@vunaniprivateclients.co.za
+27 (0)11 263 9500

ANNEXURE B

**ANNUAL DECLARATION OF COMPLIANCE WITH VUNANI PRIVATE CLIENTS(PTY) LTD
CONFLICT OF INTEREST AND CORPORATE GIFT POLICY**

I, the undersigned, _____ an employee / director / authorised representative / subsidiary of Vunani Private Clients (Pty) Ltd, do hereby acknowledge that I have read and understood the contents of Vunani Fund Managers' Conflict of Interest and Corporate Gift Policy ("the policy") and confirm that –

- a) I accept and agree to be bound by the policy
- b) I have complied with the policy and have made the necessary disclosures

Employee Signature:

Date

Compliance Signature:

Date



ANNEXURE C

Register of Non-Cash Incentives

Date	Product Provider / Doner	Description of Gift or Incentive Received	Estimated Value of the Gift	Who was the intended recipient?	What is the reason for the reward/gift?	Is this a once-off incentive?	Should this be disclosed on the Sec 5 Client Disclosure Record in future?	YES / NO



Annexure D – PA Trading policy

General

All Staff Accounts must be formally registered as such with records maintained.

Any accounts of connected persons must be formally registered as such. Connected Persons accounts will be treated as standard client accounts in terms of fees, but staff trading rules will apply.

Connected person means:

- (i) A spouse or partner;
- (ii) Minor children;
- (iii) Any person in a business or profit sharing relationship with the employee, including partners in an investment club;
- (iv) A trust in which the employee or any person mentioned in (i) or (ii) is a beneficiary;
- (v) A company in which the employee or any person mentioned in (i), (ii) or (iv) is a shareholder;
- (vi) A pension fund (other than a pension fund managed by the institution) of which the employee or any person mentioned in (i), (ii) and (iii) is a beneficiary; and
- (vii) Or any other accounts where the person has a direct or indirect benefit.

Special Staff trading rates will apply to staff accounts.

All first Day Margin Calls must be met by 12H00 on the next business day. Any unresolved margin calls will be handled as any client account would be.

No Funding will be extended to staff accounts.

Trading Rules

- All trades must be registered up front (details must include the entry price, the target exit price and the stop loss – execution on exit of a trade will only be allowed at these levels) Failing pre-registration of a trade it must be held through a minimum for 2 close of days.
- (Entering into the trade at auction does count as 1 close of day)

- No client may be the counterparty to any trade into a staff account.
- No trade in a staff account can arise from an off-market transaction.
- Trading will only be allowed in the approved trading universe.
- All trades entered into must have sufficient available cash to cover the full IMR (Initial Margin Requirement) of the trade. Any payment into the account to create a sufficient available balance must be evidenced by a proof of payment presented to the compliance officer before the trade is executed.
- Any trades done without sufficient available funds will be removed from the account and closed during the opening auction of the next morning. Any loss incurred will be

deducted from the staff members account or, failing there being sufficient funds to cover the loss, will be deducted from the staff member's salary. Any profits arising from such action will be forfeit in favour of the company.

- Any trade made into a staff account must be flagged as such in the comments field of the trading frontend with the assigned PA trade code assigned to that staff member (ie SAFEX Account Code). Any trade not flagged as such will be dealt with in the same manner outlined above for trades done without sufficient IMR, with the same treatment of profits and losses.
- All trades into staff accounts must be documented and sent to the compliance officer at the close of trade on the day the trade is executed.