

Conflict of Interest Management Policy

Commencement date – APRIL 2011

Sterling Private Wealth (Pty) Ltd (SPW) has been approved by the Financial Services Board as a financial services provider, License Number 32319, pursuant to the Financial Advisory and Intermediary Services Act 37, 2002, commonly known as 'FAIS'

1. POLICY OVERVIEW

1.1 Policy Objective

The objective of this policy is to provide a framework with regards to the avoidance and management of conflicts of interest in SPW. This is primarily in order to:

- ensure that our clients are treated fairly and with due regard to their interests;
- ensure compliance with FAIS.

1.2 Scope and Application

This policy applies to SPW, as well as its representatives, applicable employees, contractors, temporary staff and executive directors (for purposes of this policy "SPW personnel").

1.3 Policy Statement

SPW places a high priority on its client's interests and recognises the importance of identifying, avoiding or managing any conflicts that may arise in the course of providing a financial service. SPW acknowledges that its client's interests take priority. This policy highlights the following main principles.

Mechanisms for the identification of conflicts
Measures for avoidance or mitigation of conflicts
Measures for disclosure of conflicts
Processes, procedures and internal controls to facilitate compliance
Consequences of non-compliance
Basis on which Representatives qualify for a financial interest
List of Associates
Names of Third Parties in which SPW holds an Ownership Interest
Names of Third Parties that hold an Ownership Interest in SPW
Definitions

2 POLICY PRINCIPLES

2.1 Mechanisms for the Identification of Conflicts of Interest

SPW has identified potential areas of conflict and has established in-house policies and procedures to address the potential for an actual conflict of interest to arise.

SPW has and will continue to provide awareness training to SPW personnel regarding the identification and management of conflicts in terms of this policy.

2.2 Measures for Avoidance or Mitigation of Conflicts

As a fundamental principle, SPW and SPW personnel are required to avoid a conflict of interest in the first instance. Where this is not possible, the conflict must be mitigated.

In general terms, mitigation measures may include one or more of the following:
a. the establishment of related policies, policy principles or procedures which would preclude SPW or SPW personnel from being able to receive or give a Financial Interest representing:

- a. a conflict;
- b. segregation of duties;
- c. the establishment of information barriers such as Chinese walls;
- d. independent oversight / vetting;
- e. in – house awareness training of SPW personnel in conflicts of interest, legislation and the related company policies or procedures;
- f. the need for SPW personnel to adhere to the related policies and procedures as part of the terms and conditions of employment, if applicable;
- g. annual SPW personnel acknowledgement of this conflict of interest management policy;
- h. confidentiality rules and undertakings;
- i. disclosure to the client;
- j. obtaining specific approval from the client;
- k. declining to provide the service.

2.3 Measures for Disclosure of Conflicts

In terms of FAIS, SPW and a representative must, in writing, at the earliest reasonable opportunity disclose to a client any conflict of interest in respect of that client, including –

- the measures taken in accordance with this policy to avoid or mitigate the conflict;
- any ownership interest or financial interest, other than an immaterial financial interest, that SPW or representative may be or become eligible for;
- the nature of any relationship or arrangement with a Third Party that gives rise to a conflict of interest, in sufficient detail to a client to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest; the existence of this policy and how it may be accessed.

Where appropriate and / or possible, SPW will disclose conflicts and mitigation measures in the investment management agreements that it enters into with clients. In other instances, the conflict will be disclosed to the client in writing via a separate communication.

2.4 Processes, Procedures and Internal Controls to Facilitate Compliance

SPW personnel will be provided with annual in-house awareness training in respect of both the regulatory requirements and this policy. They are required to provide a declaration confirming that they have complied with the policy on an annual basis.

The compliance function will monitor compliance with this policy. Instances of non-compliance which are identified will be reported to management and will be tabled at each meeting of the Board.

2.5 Consequences of Non-Compliance

Non-compliance with this policy and the procedures described in it may be considered to be misconduct and could potentially lead to disciplinary action.

Key individuals and representatives may be debarred if found guilty of misconduct. Non-compliance will be reported to the Registrar of Financial Services at the Financial Services Board.

2.6 Record Keeping

SPW will maintain a register of conflicts that are identified.

2.7 **Basis on which Representatives Qualify for a Financial Interest**

Employees of SPW who are representatives, earn income and fees related to their annual revenue generated, in terms of the agreed remuneration from clients.

2.8 **Policy Review**

This policy will be reviewed on at least an annual basis by the Board. The legal and compliance function will be responsible for making and implementing any changes or updates to the policy.

2.9 **List of Associates**

Please see Annexure A for a list of associates as defined in Board Notice 58 of 2010 (see below).

2.10 **Names of Third Parties in which SPW holds an Ownership Interest**

Please see attached Annexure B.

2.11 **Names of Third Parties that hold an Ownership Interest in SPW**

Please see attached Annexure C.

3. **REFERENCES**

The following Board Notice issued by the Financial Services Board under FAIS is relevant to this policy.

Board Notice Number	Title
58 of 2010	Financial Advisory and Intermediary Services Act, 2002: Amendment of the General Code of Conduct for Authorised Financial Services Providers and Representatives

Annexure A: List of Associates

Name of Associate	Business Activity / Nature of Association
1) Personal Trust International LTD	Fund Fee Sharing Arrangement
2) Sentinel International Advisory Services (Pty) Ltd	Estate Administration and Executorships Fee Sharing Arrangement.

Annexure B: Names of Third Parties in which SPW holds an Ownership Interest

Name of Third Party	Nature of Ownership Interest
1) Counterpoint Boutique Asset Management (Pty) Ltd	SPW is a minority shareholder, currently enjoying a 16% of the shareholding. A SPW Director serves on the Counterpoint Board.

Annexure C: Names of Third Parties that hold an Ownership Interest in RCM

Name of Third Party	Nature of Ownership Interest
Not Applicable	Not Applicable

Annexure D: DEFINITIONS

3.1 “Conflict of Interest”

means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client –

- a) influence the objective performance of his/her/its obligations to that client; or
- b) prevent a provider or representative 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 –

- a) a financial interest;
- b) an ownership interest;
- c) any relationship with a third party.;

3.2 “Financial Interest”

means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than –

- a) an ownership interest
- b) training, that is not exclusively available to a selected group of providers or representatives, on –
 - i) products and legal matters relating to those products;
 - ii) general financial and industry information;
 - iii) specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.

3.3 “Immaterial Financial Interest”

means any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1000 in any calendar year from the same third party and 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.;

3.4 “Third Party”

means –

- a) a product supplier;

- b) another provider;
- c) an associate of a product supplier or a provider;
- d) a distribution channel; or
- e) 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.;

3.5 “Ownership Interest”

means –

- a) an equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person; and
- b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest.;

3.6 “SPW”

means Sterling Private Wealth (Pty) Limited, FSP32319, in its capacity as a licensed Financial Services Provider in terms of the Financial Advisory and Intermediary Services Act 37, 2002.;