

27four Investment Managers

FSP Number: 31045

Conflict of Interest Management Policy

March 2024



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1. POLICY STATEMENT

- 1.1. In terms of the General Code of Conduct for Authorised Financial Services Providers and Representatives (“the Code”) published in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002 (“the FAIS Act”), all financial services providers must take the necessary steps to eliminate any practices or services that could create a conflict of interest between its interests and the interests of its existing or potential clients.
- 1.2. 27four Investment Managers (Pty) Ltd (“the FSP”) is an authorised financial services provider and is committed to ensure that all financial services being rendered by the FSP is conducted in accordance with best business practices in the financial services industry.
- 1.3. The FSP will conduct business in an ethical and equitable manner and in a way that will safeguard the interests of all stakeholders.

2. POLICY SCOPE

- 2.1. This policy applies to the FSP, its Key Individuals, its Representatives and all employees.
- 2.2. “Employees” will include full-time employees, fixed-term contractors, temporary employees and both executive and non-executive directors.

3. PURPOSE

- 3.1. The purpose of this policy is to provide an internal framework to the FSP to avoid and manage both actual and perceived conflicts of interest.
- 3.2. The policy aims to provide guidance on the following:
 - 3.2.1. Behaviours expected from employees;
 - 3.2.2. to promote transparency and fairness;
 - 3.2.3. how to identify and to disclose conflicts of interest;
 - 3.2.4. how to avoid or manage conflicts of interests;
 - 3.2.5. the processes for compliance with the policy; and

4. DEFINITIONS

- 4.1. “Conflict of Interest” means any situation in which a person has an actual or potential interest that may, in rendering a financial service to a client, influence the objective performance of their obligations to that client; or prevent a person 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; and
 - c. any relationship with a third party.
- 4.2. “Third party” means:
 - a. a product supplier;
 - b. another provider;
 - c. an associate of a product supplier or a provider;

- d. a distribution channel; and
 - e. any person who in terms of an agreement or arrangement with a person referred to above provides a financial interest to a provider or its representatives.
- 4.3. “Financial interest” means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive, or valuable considerations, other than:
- a. an ownership interest;
 - b. training, that is not exclusively available to a selected group of providers or representatives, on products and legal matters relating to those products;
 - c. general financial and industry information; and
 - d. special technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation, associated with that training.
- 4.4. “Ownership interest” means any equity or proprietary interest for which the 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 includes a dividend, profit share or other benefit derived from that equity or ownership interest.
- 4.5. “Associate” means:
- a. in relation to a natural person:
 - a person who is recognised in law or the tenets of religion as the spouse, life partner, or civil union partner of that person;
 - a child of that person, including a stepchild, adopted child and a child born out of wedlock;
 - a parent or stepparent of that person;
 - a person in respect of which that person is recognised in law or appointed by a court as the person legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned person;
 - a person who is the spouse, life partner or civil union partner of a person referred to in (ii), (iii) and (iv); or
 - a person who is in a commercial partnership with that person.
 - b. in relation to a juristic person:
 - which is a company, means any subsidiary or holding company of that company, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary;
 - which is a closed corporation registered under the Close Corporations Act, means any member thereof as defined in section 1 of that Act;
 - which is not a company or a closed corporation, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person:
 - had such first-mentioned juristic person been a company; or
 - in the case where that other person, too, is not a company, had both the first-

- means any person in accordance with whose directions or instructions the board of directors of or, in the case where such juristic person is not a company, the Operational Risk Committee of such juristic person is accustomed to act.
- c. in relation to any person,
 - means any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the Operational Risk Committee is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph; or
 - includes any trust controlled or administered by that person.

5. IDENTIFYING A CONFLICT OF INTEREST

- 5.1. To determine whether there is or may be a conflict of interest to which this policy applies, the FSP must consider whether there is a material risk of harm to a client, considering the FSP, its Representative or employee and whether –
- a. It is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
 - b. it has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client’s interest in that outcome;
 - c. has a financial or other incentive to favour the interest of another client, group of clients or any other third party over the interest of the client; and
 - d. receives or will receive from a person other than the client, an inducement in relation to a service provided to the client in the form of monies, goods, or services, other than the legislated commission or reasonable fee for that service.
- 5.2. When rendering a financial service, the FSP, Key Individual and Representative are required to identify and disclose any potential, actual or perceived conflict of interest to the Head of Compliance.

6. POTENTIAL CONFLICT OF INTERESTS THAT COULD AFFECT THE FSP

- 6.1. A potential conflict of interest that could affect the FSP include, but is not limited to:
- a. Beneficial interests in trusts;
 - b. Commission;
 - c. Directorships or other employment;
 - d. Front running;
 - e. Interests in business enterprises or professional practices;
 - f. Kickbacks;
 - g. Personal account trading;
 - h. Personal associations with other groups or organisations, or family relationships;
 - i. Professional associations or relationships with other organisations;

- j. Rebates; and
- k. Share ownership.

7. AVOIDING AND RESOLVING CONFLICTS OF INTEREST

- 7.1. The FSP may not offer any financial interest to a Representative for:
 - a. Giving preference to the quantity of business secured for the FSP to the exclusion of the quality of the service rendered to clients.
 - b. Giving preference to a specific product supplier, where a Representative may recommend more than one product supplier to a client.
 - c. Giving preference to a specific product of a product supplier, where a Representative may recommend more than one product of that product supplier to a client.
- 7.2. The FSP enters contractual relationships with its Representatives to prevent the Representatives from placing business with another FSPs unless consent has been obtained.
- 7.3. If a conflict of interest is identified as being avoidable, the FSP will adopt the necessary internal procedures to ensure that the activity which gives rise to the conflict, is avoided.
- 7.4. If a conflict of interest is identified as being unavoidable, the Head of Compliance in conjunction with the Key Individuals will establish a strategy to mitigate the risk of such conflict of interest impacting negatively on the FSPs ability to render fair and unbiased services to affected clients.
- 7.5. All gifts received from third parties, with an estimated value of R150.00 or more, are recorded in the gift register which is kept and maintained by the Head of Compliance.
- 7.6. The FSP, Key Individuals or its Representatives may only receive or offer the following financial interest from or to a third party:
 - a. Commissions as authorised under the Long-term Insurance Act.
 - b. Fees as authorised under the Long-term Insurance Act, if those fees are reasonably commensurate to a service being rendered.
 - c. Fees for the rendering of financial services in respect of which the abovementioned commissions and fees are not paid, provided that the client agreed to such fees in writing and may be stopped at the discretion of the client.
 - d. 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.
 - e. An immaterial financial interest (i.e. a financial interest with a determinable monetary value, the cumulative value of which does not exceed R1000.00 in any calendar year from the same third party in that calendar year received by – a provider who is a sole proprietor, or a representative for that representative's direct benefit, or a provider who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives).
 - f. A financial interest not referred to above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value.

8. INTERNAL CONTROLS TO MITIGATE A CONFLICT OF INTEREST

8.1. The following internal controls have been implemented by the FSP to avoid and to mitigate potential conflicts of interest:

- a. Ongoing training of the FSP employees in respect of this conflict of interest policy.
- b. Following business practices – maintain strict client confidentiality.
- c. Information barriers – restrictive access control to server folders, IT access control policy and “Clean Desk” policy.
- d. Disclosures – clear and concise disclosures by the FSP to enable the recipient to fully understand its relevance.
- e. Personal Account Dealing Policy.
- f. Outside Business Interests Policy – ongoing declaration as part of employment contract.
- g. Gifts and Entertainment Policy – register maintained.
- h. Whistle-Blowing Policy.
- i. Keeping record of how the FSP reached a decision on what product to recommend.
- j. Keep a record of why and how the FSP made recommendations to clients about products.
- k. Specific instances of conflicts may require the management of the FSP to intervene in addition to the documented controls that have been implemented by the FSP and include escalation to the Board of Directors for a decision on how the conflict should be managed.

9. DISCLOSURE OF CONFLICT OF INTEREST

9.1. All directors and officers who attend board meetings or sub-committee meetings must disclose their personal financial interest to the board, regardless of whether such interest represents an actual or potential conflict with the FSPs interest.

9.2. The company secretary must maintain a register of conflict of interest situations that were disclosed at any board or board committee meetings.

9.3. The FSP will disclose any specific conflict of interest impacting a client to such impacted client together with the mitigation strategy employed by the FSP.

9.4. The FSP, Key Individuals and its Representatives must at the earliest reasonable opportunity disclose in writing to a client any conflict of interest in respect of that client including which should address the following –

- 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 3rd party that gives rise to a Conflict of Interest in sufficient detail to enable the client to understand the exact nature of the Conflict of Interest.
- d. At the earliest reasonable opportunity, the FSP, key individuals and its representatives

must, in writing, inform a client of the Conflict of Interest Management Policy and how it may be accessed.

10. RESPONSIBILITIES

- 10.1. The FSP has adopted a governance process that requires senior management to ensure compliance with this policy.
- 10.2. Divisional Heads are responsible for ensuring compliance with this policy as an integral part of day-to-day operations and risk management.
- 10.3. Employees are required to familiarise themselves with the policy, adhere to the policy and to undergo regular training.
- 10.4. The Head of Compliance is responsible for investigating any potential or actual conflict of interest to determine whether such conflicts are conflicts as contemplated in the applicable legislation.
- 10.5. The Head of Compliance in conjunction with senior management will determine whether such conflicts of interest are avoidable or unavoidable and attempt to agree on the controls that need to be put in place to further manage or mitigate the conflict.
- 10.6. The Head of Compliance will maintain a conflict of interest register which is reviewed periodically with the Key Individuals to determine whether conflicts already identified are still valid, whether the mitigation controls in place operate effectively and whether there are any new or potential conflicts that may have arisen since the last review.
- 10.7. The Head of Compliance will also ensure that ongoing training on the Policy is provided to employees.

11. CONSEQUENCES OF NON-COMPLIANCE

- 11.1. In accordance with an employee's obligation to act in the best interests of his or her employer, it is not permissible for employees to engage in conduct that would amount to a Conflict of Interest with the FSP.
- 11.2. Non-compliance with this policy and the procedures described in it may be misconduct and a breach of the employee's employment contract and therefore the employee may be subject to disciplinary action that may lead to dismissal.

12. LIST OF THE FSPS ASSOCIATES

- 12.1. 27four Life Limited;
- 12.2. 27four Wealth (Pty) Ltd; and
- 12.3. 27four Collective Investments (RF) (Pty) Ltd.

13. OWNERSHIP INTEREST HELD IN OR BY THIRD PARTIES

- 13.1. No external third party owns an equity interest in the FSP.

14. DOCUMENT CONTROL

Policy Owner: Compliance

Policy Review and Recommendation: 27four Group Risk Committee

Approval: 27four IM Board of Directors

Policy renewal frequency: Annually

Version	Date	Author	Summary of changes	Board Approved date
1.0	November 2022	Yolanda Boqwana	New Policy	28 November 2022
1.1	December 2023	Vic du Preez	Policy reviewed internally and by ICS. No changes.	07 March 2024

15. DOCUMENT SIGN-OFF

DocuSigned by:



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JL du Preez (Director)

Duly authorized to sign.

03 April 2024

Date