

## **ALTINVEST CONFLICT OF INTEREST MANAGEMENT POLICY**

### **RESPECTING REGULATION AND LEGISLATION**

Management, Key Individuals and Authorised Representatives of Altinvest (Pty) Ltd are required to have a complete understanding to apply the principles and constitution of the following Acts according to Law:

- Companies Act
- Labour Law
- Prevention of Crime Act
- Money Laundering Regulation
- Income and Capital Gains Tax Acts
- FAIS Act and Code of Conduct, while adhering to Fit and Proper requirements
- FIC Act
- FSB Regulation and Code of Conduct
- Collective Investment Schemes Act
- Long Term Insurance Act
- Short Term Insurance Act
- Medical Insurance Act
- Estate Duty Act
- National Credit Act
- ASISA Code of Conduct

### **CONFLICT OF INTEREST POLICY**

Section 3A(2)(a) of the General Code of Conduct stipulates that every provider, other than a representative, must adopt, maintain and implement a conflict of interest management policy that complies with the provisions of the Act. The policy is to provide for mechanisms in place at *ALTINVEST (PTY) LTD* to identify, mitigate and manage the conflicts of interest to which the *ALTINVEST (PTY) LTD* is a party. This Conflict of Interest Management Policy is designed as prescribed in Board Notice 58 of 2010 which amends the General Code of Conduct for Financial Services Providers and Representatives published in Board Notice 80 of 2003, as amended by Board Notice 43 of 2008.

## OBJECTIVE OF THE POLICY

This Conflict of Interest Management Policy does not change our existing conflict of management procedures but intends to document them in simple form as required by the Financial Services Board.

In terms of the Financial Advisory and Intermediary Services Act, 2002, *ALTINVEST (PTY) LTD* is required to maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflict of interest. *ALTINVEST (PTY) LTD* has put in place a policy to safeguard its clients' interests and ensure fair treatment of clients.

All providers, key individuals, representatives, associates and administrative personnel will commit to such policy and the processes will be monitored on an ongoing basis. *ALTINVEST (PTY) LTD* keeps and maintains a register in which all actual or potential conflicts are recorded.

## MISSION STATEMENT ON CONFLICT OF INTEREST

*ALTINVEST (PTY) LTD* is committed to ensuring that all business is conducted in accordance with good business practice. To this end *ALTINVEST (PTY) LTD* conducts business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimise and manage all real and potential conflicts of interests. Like any financial services provider, *ALTINVEST (PTY) LTD* is potentially exposed to conflicts of interest in relation to various activities. However, the protection of our clients' interests is our primary concern and so our policy sets out how:

- we will identify circumstances which may give rise to actual or potential conflicts of interest entailing a material risk of damage to our clients' interests;
- we have established appropriate structures and systems to manage those conflicts; and
- we will maintain systems in an effort to prevent damage to our clients' interests through identified conflict of interest.

## UNDERSTANDING THE DEFINITIONS

***Conflict of interest:*** A conflict of interest may occur when in rendering a financial service to you, we do not act objectively or do not render an unbiased or fair service to you or do not act in your interests, including but not limited to:

- a) A financial interest
- b) An ownership interest
- c) Any relationship with a third party.

### ***A financial interest:***

Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration (exceeding R1000 per annum) 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.

***An ownership interest:***

- (i) any equity or proprietary interest for which a fair value was paid on acquisition other than such an interest held by a nominee;
- (ii) includes any dividend, profit share or similar benefit derived from such interest.

***Fair value:***

Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 61 of 1973.

**WHAT MAY WE GIVE AND RECEIVE**

We confirm that we will only receive financial interest from the aforesaid providers in the form of:

- (i) Commission authorized under the Long-term Insurance Act, 52 of 1998;
- (ii) Commission authorized under the Short-term Insurance Act, 53 of 1998;
- (iii) Commission authorized under the Medical Schemes Act, 131 of 1998;
- (iv) Fees under the aforesaid acts if these fees are reasonably commensurate to the service being rendered;
- (v) Fees for rendering a financial service in respect of which no commission or fees are paid as aforesaid, if those fees are specifically agreed to by you in writing and may be stopped at your discretion;
- (vi) Fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered;
- (vii) Subject to any other law, an immaterial financial interest;
- (viii) Financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid at the time of receipt thereof.

**REMUNERATION POLICY**

Altinvest receives only fees from the provision of intermediary service on collective investment schemes where such fees are fully disclosed to clients.

**REMUNERATION OF KEY INDIVIDUALS**

Key Individuals:

- Warren Brown receives a fixed remuneration in terms of the contract between him

and Altinvest (Pty) Ltd, specifically for KI duties.

- Anton Turpin receives no direct remuneration, see disclosure for ownership interest.

## **REMUNERATION OF AUTHORISED REPRESENTATIVES REPRESENTATIVE INCENTIVES**

We confirm we will not offer any financial interest to our key individuals or representatives for-

- (i) favouring quantity of business over quality of service; or
- (ii) giving preference to a specific product supplier where more than one supplier can be recommended to a client; or
- (iii) giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.

Our Authorised Representatives have no volume requirement to motivate any one of them to maintain their representative status.

## **Identification of Conflict of Interest**

To adequately manage conflicts of interest we must identify all relevant conflicts timeously. In determining whether there is or may be a conflict of interest to which the policy applies, **ALTINVEST (PTY) LTD** considers whether there is a material risk of damage to the client, taking into account whether **ALTINVEST (PTY) LTD** or its representative, associate or employee:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- 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;
- has a financial or other incentive to favour the interest of another client, group of clients or any other third party over the interests of the client;
- 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.

Our policy defines possible conflicts of interest as, *inter alia*:

- conflicts of interest between **ALTINVEST (PTY) LTD** and the client;
- conflicts of interest between our clients if we are acting for different clients and the different interests conflict materially;
- conflicts of interest where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client;
- affect the advice or services provided to clients. We may only receive commissions authorised in terms of applicable legislation.

## **ALTINVEST (PTY)**

All employees, including internal compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify the Key Individual of any conflicts they become aware of. The Key Individual will assess the implications of the conflict and how the conflict should be managed and act impartially to avoid a material risk of harming clients' interests.

## **MEASUREMENT FOR AVOIDANCE AND MITIGATION OF CONFLICT OF INTERESTS**

- Create awareness and knowledge of applicable stipulations of the General Code of Conduct and relevant legislation relating to conflict of interest, through training and educational material.
- Ensure understanding and adoption of conflict of interest policy and management measures by all employees, representatives and associates.
- Regular inspections on all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance.
- Keep a register of conflict of interest.
- Once a conflict of interest has been identified it needs to be appropriately and adequately managed.
- The Key Individual will assess each conflict, including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk. Compliance and management then agree on the controls that need to be put in place to manage the conflict.
- Disclosure: Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect clients' interests, the conflict must be disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients.
- Publication: our conflict of interest management policy is easily accessible for public inspection at all reasonable times is available on [www.mi-plan.co.za](http://www.mi-plan.co.za).
- Declining to act: We may decline to act for a client in cases where we believe the conflict of interest cannot be managed in any other way.

## **ONGOING MONITORING OF CONFLICT OF INTEREST MANAGEMENT**

This policy will be reviewed annually, to manage implementation, monitoring and compliance with, and the accessibility of the conflict of interest management policy.

## **TRAINING AND STAFF**

- All employees and representatives are required to read Board Notice 58 of 2010 as well as this policy and to sign a statement to the effect that they have done so

and fully understand the provisions of both documents and the application thereof. Comprehensive training on the Conflict of Interest policy is provided to all employees and representatives as part of general FAIS training or specifically.

- Training will be incorporated as part of all new appointees' induction and refresher training provided on an annual basis.
- Checks on business transactions to ensure the policy has been complied with. This will include monitoring of the Conflict of Interest policy as part of his general monitoring duties and will report thereon in the annual compliance report. Non-compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable. Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance. This policy shall be reviewed annually and updated if applicable.

**ALTINVEST (PTY) LTD** has implemented the registers and disclosures below:

1. Nature and Extent of Ownership interests
2. Financial Interest Received
3. Business Relationships and due diligence

#### **REGISTERS and DISCLOSURES:**

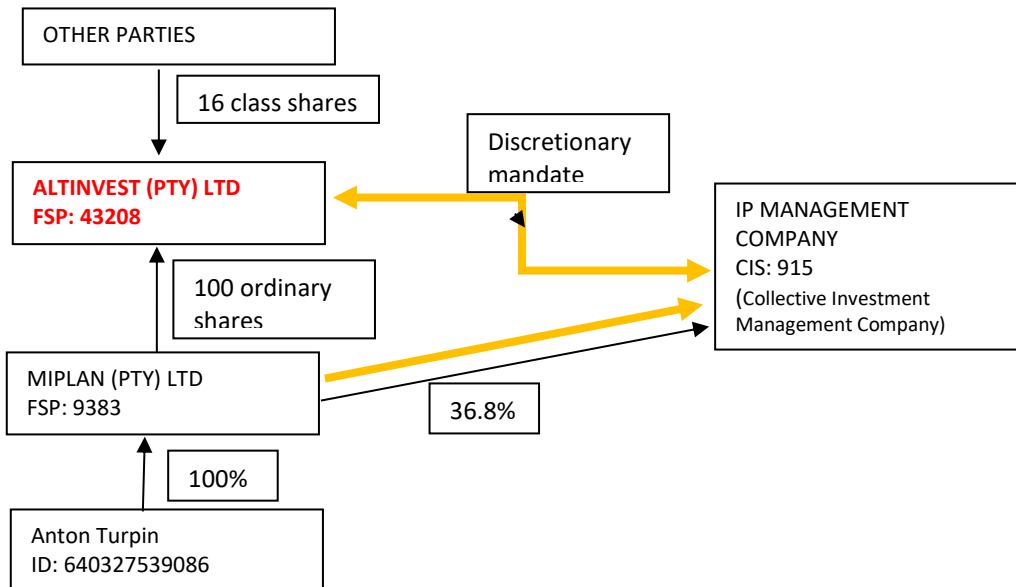
With regard to existing relationships, we confirm that Miplan and other financial service providers, who may also offer and be remunerated for advice to clients that may culminate in the selection of a fund managed by Altinvest, directly or indirectly; have an ownership interest in Altinvest. Such shares which were purchased at fair value are of different classes having different rights with respect to dividend and capital, based on each shareholders' income derived from their client contributions, relative to all income received by the company. The company has the right to buy back such shares should certain contribution criteria not be met over prescribes periods. Altinvest is mandated to manage three Multi-asset IP unit trust funds, administered by IP Management Company. Miplan (Pty) Ltd has a 36.8% ownership interest in IP Management Company (Pty) Ltd. IP Management is a registered Collective Investment Manager in terms of CISCA and performs administrative functions on, Multi-asset IP unit trusts for which it receives contracted fees. In terms of its licence IP Management Company may not conduct any other business other than the business of running a Collective Investment scheme. Accordingly all intermediary services and advice where applicable is provided by ALTINVEST and or Miplan in terms of their licences for which fees are paid and disclosed on all minimum disclosure documents.

Such disclosures include:

- Maximum charge, Total investment charge, methodology and how recovered, performance fees where applicable.
- These details are updated regularly together with performance, ranking and volatility statistics.

#### Ownership Structure:

- Miplan owns 36.8% of IP Management Company.
- Miplan owns 100 ordinary shares of Altinvest (Pty) Ltd where other parties own the other 16 class shares of Altinvest (Pty) Ltd



Altinvest offers investors a unique liability matching offering that matches the clients' portfolio to their unique needs as documented [www.mi-plan.co.za](http://www.mi-plan.co.za). The complexity and uniqueness of this process and variability of each clients' needs require that technology be used to embed Miplan intellectual property and the financial service offering. In delivering this financial service software is provided by Miplan to advisers that determines a liability matched asset allocation constructed using Multiasset IP funds. Multiasset IP funds are specially designed to match this liability matched asset allocation. No fee is charged for the software and no obligation is placed on the advisor to offer, continue to offer or offer to a minimum number of clients. There are no other conditions placed on the advisors for the continued use of such technology that may influence the objective performance of the advisor. The advisors obligations to render unbiased, fair advice in the best interests of you the client remains with your advisor. Your advisors obligation is to compare this financial offering against all others and ensure it is the most appropriate for your needs.