



CONFLICT OF INTEREST MANAGEMENT POLICY

Honesty and integrity

All registered Financial Service Providers (“FSPs”) need to ensure that they have a detailed Conflict of Interest Management (“COI”) policy which outlines what a conflict of interest could be and ensures that all employees understand potential conflicts and how to avoid them.

Each responsible person, key individual and director at GraySwan (each a “representative”) is required to sign a quarterly Investment Operations and Compliance (“IOC”) declaration to ensure ongoing compliance with this policy and to ensure that any potential conflicts are documented and disclosed. It is GraySwan’s policy to avoid potential conflict at all times.

A conflict is any situation that may influence the independence and objectivity of advice given or discretion used.

This policy document has been prepared by the IOC and approved by the management committee. It is available to all staff on the GraySwan SharePoint staff site (intranet) for ease of access/referral and all new employees are required to confirm they have read and understood the contents herein. Should it be necessary, appropriate training and education will be provided.

The purpose of a COI policy

In terms of the General Code of Conduct a provider and a representative must avoid, and where this is not possible, mitigate any conflict of interest between the provider and a client, or a representative of the provider and his, her or its clients.

GraySwan and its representatives are committed towards acting within the best interests of our clients and to avoid all conflict of interest in relation to the provision of financial services. Where we are unable to avoid a conflict of interest, we will take all necessary precautions to ensure that any actual or potential conflict of interest is mitigated and adequately disclosed to our clients.

In order to ensure the continued demonstration of this commitment, management has adopted a COI policy to provide for the effective management of any actual or potential conflict of interest that may arise, wholly or partially, in relation to the provision of financial services.

The purpose of this COI policy is therefore to:

- establish internal controls and mechanisms towards the identification of conflict of interest;
- establish measures to avoid conflict of interest, and where avoidance is not possible, to provide the reasons therefore;
- establish measures to ensure that any unavoidable conflict of interest is mitigated;
- establish measures to ensure the proper disclosure of any conflict of interest;
- establish processes, procedures and internal controls to facilitate compliance with the policy;
- communicate the consequences of non-compliance with the policy.



Identifying conflict of interest

The primary responsibility for the identification of a conflict of interest rests with the representatives, employees, and individual members of the Management Committee of GraySwan.

Throughout the process of rendering a financial service to a client, a representative must apply his or her mind to answering the following questions:

- is there any situation that exists that influences the objective performance of my obligations to my client?
- is there any situation that exists that prevents me from rendering an unbiased and fair financial service to my client?
- is there any situation that exists that prevents me from acting in the best interest of my client?

If the answer to all three questions is "no", then there is no conflict of interest associated with the financial service and the representative may proceed. If the answer to any one of the three questions is "yes", the representative must proceed to answer the following additional questions:

- is the situation caused as a result of an actual or potential relationship with a third party?
- is the situation caused by an actual or potential financial or ownership interest?

If the answer to any one of these questions is "yes", an actual or potential conflict of interest will have been identified.

Internal controls

GraySwan will not offer any financial interest to its representatives for:

- giving preference to the quantity of business secured for GraySwan to the exclusion of the quality of the service rendered to clients; or
- giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
- 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.

GraySwan will not offer any financial interest to its representatives for:

- 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;
- giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client that is determined with reference to the quantity of business, without also giving due regard to the delivery of fair outcomes for clients.



In relation to delivery of fair outcomes for clients, GraySwan must demonstrate that a determination of a representative's entitlement to a financial interest, considers measurable indicators, relating to the:

- Achievement of minimum service level standards in respect of clients;
- Delivery of fair outcomes for clients; and
- Quality of the representative's compliance with the FAIS Act.

The measurable indicators are agreed in writing between GraySwan, and its representative and sufficient weight (significance) are attached to these indicators to materially mitigate the risk of the representative(s) giving preference to the quantity of business secured for over the fair treatment of clients.

GraySwan remuneration is based on salary (cost to company) and bonus which is not specifically linked to quantity of business written by the employee.

In addition

GraySwan has implemented the following internal controls to identify actual or potential conflict of interest that may arise: The management committee of GraySwan conducts annual reviews of:

- Contracts held with third parties in order to assess whether the contractual relationship in any way influences the GraySwan's ability to render fair and unbiased financial services towards its clients, to be objective towards clients and to act in the best interests of the client;
- All relationships where an ownership interest exists between the GraySwan and a third party. The purpose of the review is to assess whether the relationship in any way influences GraySwan's ability to render fair, unbiased and objective financial services towards its clients. A list of ownership interests held by GraySwan (and related entities) and held in GraySwan (and related entities) is attached as annexure hereto;
- Conflict of interest declarations are signed by all relevant personnel on a quarterly basis. The purpose of collecting conflict of interest declarations is to assist the IOC and the appointed Compliance Officer to identify actual or potential conflict of interest;
- A list of the GraySwan's associates is attached as an annexure hereto. The list is reviewed on an annual basis;
- A list of the GraySwan's associates is attached as an annexure hereto. The list is reviewed on an annual basis;
- GraySwan maintains a gift register. All gifts received from a third party with an estimated value of R500 or more are required to be recorded in the gift register, which is saved on SharePoint for staff access;
- All relevant personnel (key individuals, representatives and directors) are required to immediately disclose in writing to Elizna Taylor (IOC) or any of the directors of GraySwan any actual or potential conflict of interest as soon as they become aware of such situation;
- Failure to comply with the requirements of this policy would result in performance review and possible termination of employment.



SCHEDULE 1: DEFINITIONS

Conflict of interest

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:

- influence the objective performance of his, her or its obligations to that client; or
- prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the interest of that client, including but not limited to:
 - a financial interest;
 - an ownership interest;
 - any relationship with a third party.

Financial Interest

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:

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

Ownership Interest

Ownership Interest means any 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 includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

Third Party means:

- a product supplier;
- another provider;
- an associate of a product supplier or a provider;
- 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.



Associate

Associate means:

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 a spouse, life partner or civil union partner of a person referred to above;
- a person who is in a commercial partnership with that person.

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 close 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-mentioned juristic person and that other person been a company;
 - means any person in accordance with whose directions or instructions the board of director of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act.

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 governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;
- includes any trust controlled or administered by that person.



Johannesburg
Somerset West & Stellenbosch

011 431 0141
021 852 9092



info@grayswan.co.za
www.grayswan.co.za



GRAYSWAN

Distribution Channel

Distribution Channel means:

- any arrangement between a product supplier of any of its associates and one or more providers or any of its associates in terms of which arrangement any support or service is provided to the provider or providers in rendering a financial service to a client;
- any arrangement between two or more providers or any of their associates, which arrangement facilitates, supports or enhances a relationship between the provider or providers and a product supplier;
- any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier.



SCHEDULE 2: FURTHER GUIDANCE ON IDENTIFYING CONFLICT OF INTERESTS

The definition of a conflict of interest incorporates the following terminology:

- influence the “objective performance” of his, her or its obligations to that client;
- prevent a provider or representative from rendering an “unbiased and fair financial service” to that client;
- including but not limited to a financial interest.

It is generally understood that the word “objective” refers to a situation where an individual’s personal feelings or opinions are completely removed from the equation. The “objective performance” of an FSP or representative’s obligations therefore implies a situation where financial services are rendered without any untoward influences.

The word “bias” or “biased” is understood to mean a form of prejudice towards a person or viewpoint, whereas the word “fair” or “fairness” indicates a situation of just circumstances or being treated on an equal footing. An unbiased financial service therefore implies a financial service that does not lend itself to a particular persuasion, where no reasonable justification for such persuasion can be found. Similarly, a fair financial service implies a situation where the same conclusion or outcome will consistently present itself given the exact same set of circumstances.

Subject to section 3A(1)(c) of the General Code of Conduct, GraySwan and its representatives may only receive or offer the following financial interest from or to a third party if:

- The financial interests are proportionate (reasonably commensurate) to the service being rendered, considering the nature of the service, the resources, skills and competencies that are reasonably required to perform it;
- The payment of those financial interests does not result in the FSP or representative being remunerated more than once for performing the same service;
- Any actual or potential conflicts between the interests of clients and the interests of the person receiving those financial interests are effectively mitigated; and
- The payment of those financial interests does not impede the delivery of fair outcomes to clients.



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Somerset West & Stellenbosch

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GRAYSWAN

SCHEDULE 3: LIST OF OWNERSHIP INTERESTS HELD IN OR BY GRAYSWAN

Shareholders of GraySwan:

- Entle Empowerment Trust NPC (GraySwanConsulting Pty Ltd).
- No other external shareholdings.

Gray Swan Financial Services has 100% shareholdings in:

- GraySwan Investment Management (Pty) Ltd.

No other associates per the definition provided in the policy.

FIND YOUR FREEDOM



GRAYSWAN

Find your Freedom at: www.grayswan.co.za

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|---------------|----------------|
| Johannesburg | (011) 431 0141 |
| Somerset West | (021) 852 9092 |
| Stellenbosch | (082) 336 8615 |

Investment advice and wealth management solutions through a global megatrend lens to institutional, corporate family office and private client investors. Gray Swan Financial Services (Pty) Ltd is a registered Financial Services Provider (FSP no. 42290)