



CONFLICT OF INTEREST POLICY

Introduction

Capensis Capital is a 100% owned subsidiary of Granate Asset Management. Capensis fully subscribe to Granate's Conflict of Interest Policy.

Relentlessly

committed to protect
and grow your savings

Conflict of Interest (COI) Policy



2nd Floor Josephine Mill, 13 Boundary Road, Newlands
Cape Town 7700

Directors

PJ Bosman, AR Dearman, AR de Swardt, AFV Rousseau, HP Vermaak, SJ Blanckenberg,
P Ntshiba

Granate Asset Management (Pty) Ltd
is an authorised Financial Services Provider (FSB 46189) Reg No. 2015/090537/07

Version Control

Version No.	Update Date	Date tabled at Risk Committee	Purpose of changes*	Details of revisions to document
1.0	First draft	08.10.2020	N/A	First draft of document
2.0	16.03.2022	N/A	Ad hoc update and change of Manco	Stylistic, grammatical and plain language review Update reference to new Manco

* for example: Annual policy and procedures review, changes in legislation and ad hoc update

Contents

Introduction	4
<i>Granate’s approach to managing conflicts of interest</i>	4
<i>Purpose of this policy</i>	4
<i>The Granate values</i>	4
What is a conflict of interest?	4
Definition of an associate	5
Definition of ownership	5
Financial interest	5
Identifying and resolving COIs	6
<i>Identifying COI</i>	6
<i>Resolving COI</i>	7
Disclosing COIs	7
<i>Client conflicts</i>	7
<i>Granate conflicts</i>	8
Non-compliance with this policy	8
Training, awareness and escalation	8
<i>Training and awareness</i>	8
<i>Whistleblowing</i>	8
Applicable legislation	9
Annexure A	9

Introduction

Granate's approach to managing conflicts of interest

Granate Asset Management (Pty) Ltd (Granate) is committed to good business practice. We strive to conduct all business activities ethically so that we can safeguard the interests of all stakeholders. All team members must therefore avoid any conflicts of interest (COI). Where conflicts are unavoidable, team members must mitigate these.

Purpose of this policy

The main objectives of this policy are to:

1. promote transparency and the avoidance of business-related COI
2. document the process for the disclosure, approval and review of activities that may amount to actual, potential or perceived COI
3. provide for the objective review of personal outside interests

This policy is reviewed by Granate's Risk and Audit Committee and our Compliance Officer annually. It is formally adopted by Granate's board of directors.

Where this policy refers to 'the Code' it references the General Code of Conduct for Authorised Financial Service Providers and Representatives and any amendment notices.

The Granate values

Our values are our shared interests and therefore we explicitly capture them in this policy.

At Granate we live the following values:

Client service, community service, autonomy, integrity, simplicity, positivity, collaboration, honesty, support and meritocracy.

What is a conflict of interest?

A conflict of interest (COI) means any situation in which Granate or any team member has an actual or potential interest that may, when providing a financial service to a client:

1. influence the objective performance of Granate's obligations to that client;
2. prevent Granate or our any of our team members from providing an unbiased and fair financial service to that client; or
3. prevent Granate from acting in the best interests of that client.

This includes:

1. a financial interest
2. an ownership interest
3. any relationship with a third party, where 'third party' means:
 - a. a product supplier;

- b. another service provider;
- c. an associate of a product supplier or service provider;
- d. a distribution channel;
- e. any person who provides a financial interest to a person listed in (a) to (d) above or its representatives, under an agreement or arrangement; or
- f. entities with securities, loans or any other form of financing that fall within Granate's investment universe.

Definition of an associate

As defined in the Code, an associate of a natural person means:

- i. a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that person;
- ii. a child of that person, including a stepchild, adopted child and a child born out of wedlock;
- iii. a parent or stepparent of that person;
- iv. a person in respect of which that person is recognised in law or appointed by a Country as the person legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned person;
- v. a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs (ii) and (iv); or
- vi. a person who is in commercial partnership with that person.

The additional definitions for associates of justice persons as per subparagraphs (b) and (c) in FAIS Board Notice 58 of 2010 (BN 58) also apply.

Definition of ownership

The terms 'ownership' and 'ownership interest' are used interchangeably in this policy, and are defined as per the Code to mean:

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

Financial interest

A financial interest as defined by the Code means:

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

- i. an ownership interest,
- ii. 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; specialized technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.

An immaterial financial interest means that the aggregate value of any financial interest received from the same third party in a calendar year does not exceed the maximum value specified in BN 58. (This applies to financial interests for which a monetary value can be determined.) The maximum allowable amount is currently R1 000.

Granate does not give advice (i.e., only holds a Category II license per the FAIS legislation) and therefore sections pertaining to the objectivity of advice do not apply.

Identifying and resolving COIs

Identifying COI

Every team member must acknowledge and agree to this policy. If a potential COI arises, it must be escalated to the Executive Committee. This includes real and potential COIs resulting from receipts, transactions, appointments or entering into any other agreements or relationships.

Financial interest

All team members must record all financial interests received from third parties in our Gift Register (included as Annexure A). If the receipt of a financial interest pushes a team member's aggregate receipts from a single third party over the maximum allowable amount in a 12-month period, the team member must notify the Executive Committee. The committee will then follow the steps set out in the '[Resolving COI](#)' section of this policy.

Ownership

All team members must consult the Executive Committee before entering into any transaction that would result in the partial or outright ownership of any third party that could give rise to a COI. This applies to transactions by team members themselves and their associates.

Transactions that require personal account trading approval are covered by the [Personal Account Trading Policy](#). However, if the transaction results in the team member holding 5% or more of the economic or voting interests of outstanding equity, it falls under this policy and must be discussed with the Executive Committee if there is any risk of a COI.

Relationship

Neither Granate nor any of our team members may enter into any relationship or arrangement that would result in a less beneficial client outcome than another relationship or arrangement that would

address the same purpose. Neither Granate nor any of our team members may enter into a relationship that is not entirely to the benefit of clients but results in a benefit to Granate because of its client base (e.g., collective buying power).

Solicitation

Team members may not directly or indirectly solicit any financial interest from any third party.

Transacting

Neither Granate nor any of our team members may buy or sell any asset from or to any client. Neither Granate nor any of our team members may transact for their own account before transacting for clients.

Resolving COI

The Compliance Officer and Executive Committee must assess each COI identified to:

1. determine if it is a COI as defined in '[What is a conflict of interest?](#)' section;
2. decide on corrective measures to resolve the COI and prevent similar conflicts from reoccurring; and
3. consider if measures must be taken against the individual(s) involved.

Corrective measures could include that team members contribute personally towards the cost of entertainment or gifts received that exceed the threshold outlined in the Code.

If a conflict is unavoidable, the Executive Committee must manage the situation and report the conflict to the Audit & Risk Committee.

Disclosing COIs

Client conflicts

We will make this policy available on our website, and to any client on request.

Granate and all team members must disclose any COI with a client to that client in writing, including:

1. measures we will take to avoid or mitigate the conflict;
2. any ownership or financial interest that Granate or any team member may be or become eligible for; and
3. the nature of any relationship or arrangements with a third party that gives rise to a COI.

Currently, the only specific disclosure we believe necessary is our shareholding structure. It is our Head of Clients' responsibility to make sure this is disclosed to clients who contract or intend to contract with us. This does not include clients who invest in the Collective Investment Schemes we manage, as these clients are contracting with Boutique Collective Investments (our management company).

Granate conflicts

Team members are not allowed to engage in any activity that would result in a COI with Granate.

Non-compliance with this policy

Addressing non-compliance with this policy could include a formal disciplinary process and may result in termination of employment. Where necessary, Granate will initiate a process of debarment for representatives and escalate the matter to the relevant authority.

Training, awareness and escalation

Training and awareness

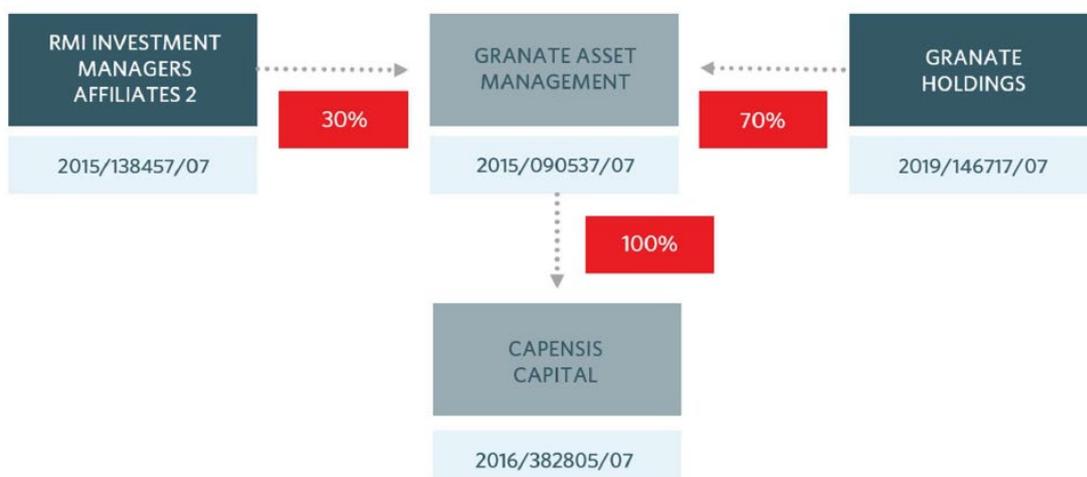
To make sure that all team members are aware of their responsibility to avoid COIs, new team members are taken through this policy as a form of training. All team members sign an annual declaration that they have read and understood the policy, including any changes that may have been made since their last declaration.

Whistleblowing

If any team member becomes aware of a potential COI, they must escalate it to the Executive Committee as outlined under the 'Identifying COIs' section of this policy. However, if the team member is uncomfortable to do so, they may also report the potential COI to our external Compliance Officer.

The Compliance Officer must include a report on this policy in compliance reports submitted to the Financial Sector Conduct Authority.

Disclosure of associates and ownership



Applicable legislation

- Prevention and Combating of Corrupt Activities Act, No. 12 of 2004
- General Code of Conduct for Authorised Financial Services Providers and Representatives, 2003
- Board Notice No. 58 of 2010
- Financial Advisory and Intermediary Services Act, 2002

Annexure A

Gift register template

Gift Register	
Employee	xxxx
Role	xxxx
Start date	01/01/20xx
End date	31/12/20xx
Limited per 3 rd party	R1,000.00

Date	From	Description	Value in ZAR	Comment
18/Jan/22	XX Bank	XX Journal	R250	Value amount is estimated, year end gift to Granate Operations team.