



CONFLICTS OF INTEREST POLICY

Introduction

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



Conflict of interest (COI) policy

Version 1.0



Version Control

Version No.	Date tabled at Risk Committee	Purpose of Changes*	Details of revisions to document
1.0	8 October 2020	N/A	First draft of document

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

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Introduction

Purpose of this policy

Granate Asset Management (Pty) Ltd (“Granate”) is an authorised Financial Services Provider (“FSP”) (FSP number 46189). The FSP is located on the 2nd Floor, Josephine Mill (“the Mill”), 13 Boundary Road, Newlands, Cape Town.

One of Granate’s Ten Values is Integrity. We pride ourselves on the fact we always act with the utmost integrity and will never place financial gain over client wellbeing.

The primary objectives of this Policy are:

- i. To provide guidance on the behaviors expected in accordance with the Granate values
- ii. To promote transparency and to avoid business-related COI
- iii. To ensure fairness in the interests of employees and Granate
- iv. To document the process for the disclosure, approval and review of activities that may amount to actual, potential, or perceived COI
- v. To provide a mechanism for the objective review of personal outside interests.

Granate’s approach to COI

Granate is committed to ensuring that all business is conducted in accordance with good business practice. To this end, Granate conducts business in an ethical and equitable manner which safeguards the interests of all stakeholders to minimize and manage all real or potential conflict of interest (COI). Granate and its representatives must therefore avoid (or mitigate where avoidance is not possible) any COI.

This policy is reviewed by the Risk and Audit Committee as well as the Compliance Officer on an annual basis. This Policy and subsequent versions are formally adopted by the board of directors of Granate.

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?

“Conflict of interest” (COI) means any situation in which Granate or its representatives has an actual or potential interest that may, in rendering a financial service to a client:

- i. influence the objective performance of Granate’s obligations to that client; or
- ii. prevent Granate or its representatives from rendering an unbiased and fair financial service to that client; or
- iii. 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 provider,
 - c. an associate of a product supplier or a provider,
 - d. a distribution channel,
 - 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,
 - f. entities with securities or loans or any other form of financing which fall within Granate’s investment universe (Granate expansion to the definition quoted in the Code).

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 responsibly 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

“Financial interest” 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.

“Immaterial financial interest” means any financial interest with a determinable monetary value, the aggregate of which does not exceed a predetermined value in any calendar year from the same third party in that calendar year. **This value is currently R1 000** as per BN 58.

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 does not apply.

Identification and resolution of COI

Identifying COI

Every staff member must have signed and agreed to the COI policy.

If a potential COI arises, it must be escalated to the Executive Committee. This includes COI's which have or could potentially arise from any receipt, transaction, appointment or entering into any other agreement or relationship.

Financial interest

All financial interests received from any third parties must be recorded on the Gift Register template as record of receipt, marked as Annexure A. Should the receipt of a financial interest push the aggregate receipts per individual for the 12-month period above the legislative threshold the executive committee should be informed. Steps to be followed by the Executive Committee are detailed in "Resolving COI" section of this policy.

Ownership

Any member of the Granate team needs to consult with the Executive Committee before entering into any transaction which will result in the ownership (personal or that of their associate) in a partial or outright ownership of any third party or other entity which could result in a COI. Transactions which require Personal Account Trading approval are covered by the *Personal Account Trading Policy*. However, should the transaction result in the team member holding 5% or more of the economic and/or voting interests of outstanding equity, the transaction falls within the realm of this policy and such transaction should therefore be discussed with the Executive Committee should there be any risk of a COI. Should any team member (or their associate) already have any ownership interest which would require prior approval according to this policy, the team member should notify the Executive Committee immediately.

Relationship

Granate does not offer advice or intermediary services on behalf of another FSP thus leaving little room for any COI resulting from relationships. Neither Granate nor any of its team members may enter into any relationship or arrangement where the outcome is less beneficial to our clients than another possible relationship or arrangement which addresses the same purpose. Neither Granate nor any of its team members may enter into a relationship whereby the collective buying power, or any other influence by virtue of having clients, results in a benefit to Granate or any of its employees where such benefit is not entirely to the benefit of clients.

Solicitation

Employees may not directly or indirectly solicit a financial interest from any third party either for the benefit of themselves or for the benefit of other employees.

Transacting

Neither Granate nor any employees should, with regards to any asset, buy from or sell to any client. Neither Granate nor any employee should transact for their own account before transacting for clients. The Granate *Personal Account Trading Policy* should, therefore, be adhered to at all times.

Resolving COI

If a COI has been identified, it needs to be appropriately and adequately managed. The Compliance Officer, together with the Executive Committee must assess each conflict for:

1. Determine whether it is a COI as defined in “What is a conflict of interest?” paragraph
2. Corrective measures to be taken to resolve the COI and prevent such COI from reoccurring
3. Consider whether noncompliance measures need to be taken against the individual(s) involved

Corrective measures could include a request that staff member(s) contributes personally towards the cost of a gift or entertainment that has been received that exceeds the threshold as outlined in the Code.

Where complete avoidance is not possible, this needs to be managed by the Exco and reported to the Audit & Risk Committee.

Disclosure of COI's

Client conflicts

Granate will make the COI Policy available on its website, and on request to any client.

Granate and its representative must, in writing, disclose to a client any COI in respect of that client including:

1. Measures taken to avoid or mitigate the conflict,
2. Any ownership interest or financial interest that the provider or representative may be or become eligible for, and
3. The nature of the relationship or arrangements with a third party that gives rise to a COI.

Currently the only specific disclosures Granate believes necessary is the shareholding structure of Granate. It is the Head of Clients' responsibility to ensure such disclosure is made to clients who contract or intend

to contract with Granate. This does not include clients who invest in Collective Investment Schemes managed by Granate as such clients are contracting with SCl.

Granate conflicts

In accordance with an employee's obligation to act in the best interest of his or her employer, it is not permissible for employees to engage in conduct that would amount to a COI with Granate.

Non-compliance

Placing personal interest ahead of those of our clients goes against Granate's grain and our internal processes will deal with such instances accordingly. It could include a formal disciplinary process and may result in termination of employment. Where necessary, Granate will initiate a process of debarment and escalate to the relevant authority.

Training, awareness and escalation

Training and awareness

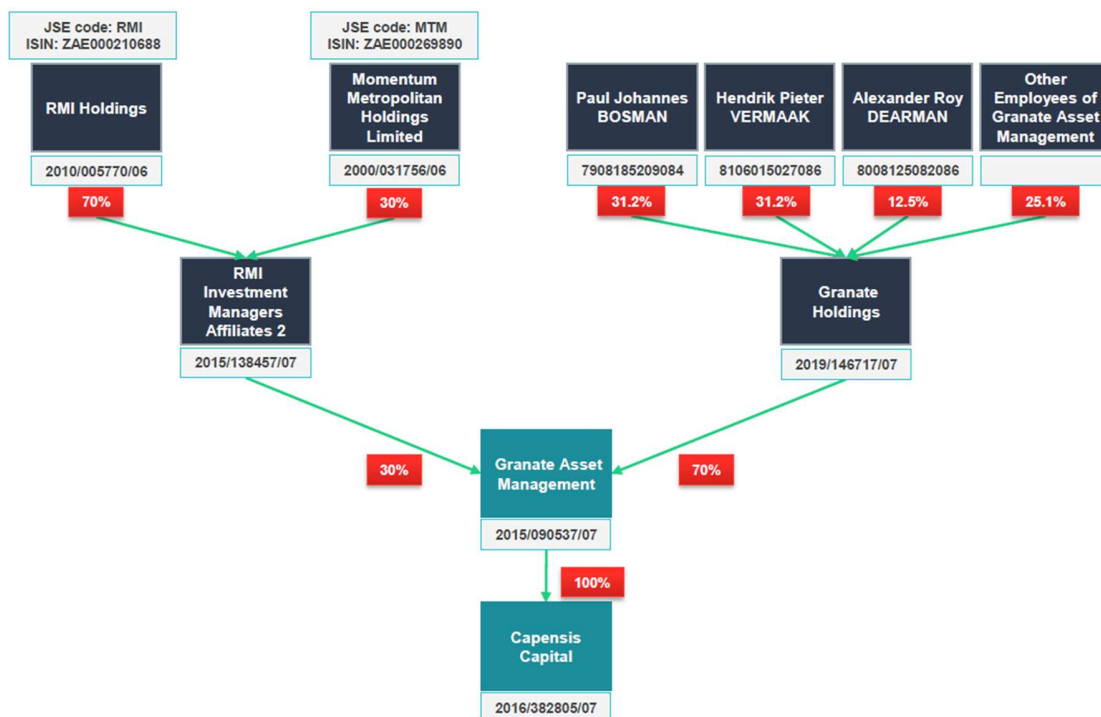
To ensure that all Granate employees are aware of their responsibilities in avoiding COI, all employees undergo training annually on the contents of the COI Policy.

Whistleblowing

If any Granate employee becomes aware of a potential COI, it must be escalated to the Executive Committee as outlined under 'Identifying COI' in this policy. However, should the employee be uncomfortable approaching the Executive Committee for any reason, the potential COI should be reported to the external Compliance Officer.

The Compliance Officer must include a report on this policy in compliance reports submitted to the FSCA.

Disclosure of associates and ownership



September 2020

Applicable legislation

Prevention and Combating of Corrupt Activities Act 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	
Employee	Paul Bosman
Role	Managing Director
Start date	1/Jan/2020
End date	31/Dec/2020
Limit per 3rd Party	R 1,000.00



Date	From	Description	Value in ZAR	Comment
1/Jan/20	RMB	Wine lunch	R 765.00	
1/Jan/20	China Construction Bank	Moon Cakes	R 100.00	
1/Jan/20	Nedbank	Notebook and Pen	R 465.00	

UPDATE	
Row Labels	Sum of Value in ZAR
(blank)	
China Construction Bank	R 100.00
RMB	R 765.00
Nedbank	R 465.00