

# BLUE ALPHA

## INVESTMENT MANAGEMENT

### CONFLICT OF INTEREST MANAGEMENT POLICY

This policy establishes a legislative framework to manage risks associated with conflict of interest as required by the Financial Advisors and Intermediary Services Act No. 37 of 2002 General Code of Conduct.

Contents

	<u>Page</u>
1. Objective of this policy	3
2. Scope of this policy	3
3. Principles of this policy	3 & 4
4. Definitions	5 & 6

## 1. Objective of this policy

The objective of this policy is to provide a framework with regards to the avoidance and management of conflicts of interest within BlueAlpha Investment Management (Pty) Limited (BlueAlpha).

This is primarily to ensure:

- Clients are treated fairly and with due regard to their interests;
- Compliance with Financial Advisors and Intermediary Services Act (FAIS).

## 2. Scope of this policy

This policy applies to BlueAlpha, as well as its representatives, applicable employees, contractors, temporary staff and executive directors (for purposes of this policy "BlueAlpha personnel").

## 3. Principles of this policy

### 3.1 Identifying conflicts of interest

BlueAlpha has identified potential areas of conflict and has established in-house policies and procedures to address the potential for an actual conflict of interest to arise.

### 3.2 Prevention and handling of conflicts

BlueAlpha personnel are required to avoid conflicts of interest. Where this is not possible, the conflict must be mitigated.

Mitigation procedures may include, but are not limited to the following:

- a. Independent review
- b. Segregation of duties
- c. In-house training of BlueAlpha personnel
- d. Disclosure to the client
- e. Withdrawal from business relationship

### **3.3 Disclosure of Conflicts**

In terms of FAIS, BlueAlpha and a representative must, in writing, at the earliest reasonable opportunity, disclose to a client any conflict of interest in respect of that client, including:

- the measures taken in accordance with this policy to avoid or mitigate the conflict;
- any ownership interest or financial interest, other than an immaterial financial interest, that BlueAlpha or its representatives may be or become eligible for;
- the nature of any relationship or arrangement with a Third Party that gives rise to a conflict of interest, in sufficient detail to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest; the existence of this policy and how it may be accessed.

Where appropriate and / or possible, BlueAlpha will disclose conflicts and mitigation procedures in the investment management agreements that it enters into with clients. In other instances, the conflict will be disclosed to the client in writing via a separate communication.

### **3.4 Processes, Procedures and Internal Controls to Facilitate Compliance**

BlueAlpha personnel will be provided with annual in-house training in respect of both the regulatory requirements and this policy. They are required to provide a declaration confirming that they have complied with the policy on an annual basis.

The Compliance Officer will monitor the compliance with this policy. Instances of non-compliance which are identified will be reported to the directors of BlueAlpha.

### **3.5 Consequences of Non-Compliance**

Non-compliance with this policy and the procedures described in it may be considered to be misconduct and could potentially lead to disciplinary action.

Key individuals and representatives may be debarred if found guilty of misconduct. Non-compliance will be reported to the Registrar of Financial Services at the Financial Services Board.

### **3.6 Record Keeping**

BlueAlpha will maintain a register of conflicts that are identified.

## BlueAlpha Investment Management Conflict of Interest Management Policy

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### 3.7 Basis on which Representatives Qualify for a Financial Interest

Employees of BlueAlpha receive remuneration in the form of monthly salaries and also participate in the BlueAlpha staff incentive scheme.

No employees earn commission.

### 3.8 Policy Review

This policy will be reviewed on an annual basis by the Compliance Officer. The Compliance Officer is responsible for making and implementing any changes / updates to the policy.

### 3.9 List of Associates

Name of Associate	Nature of Association
None	

### 3.10 Third Parties in which BlueAlpha holds an Ownership Interest

Name of Third Party	Nature of Ownership Interest
BlueAlpha BCI Select Equity Fund	Investment in Unit Trust Fund (Unit holder)
BlueAlpha BCI Global Equity Fund	Investment in Unit Trust Fund (Unit holder)
BlueAlpha BCI All Seasons fund	Investment in Unit Trust Fund (Unit holder)

### 3.11 Third Parties that hold an Ownership Interest in BlueAlpha

Name of Third Party	Nature of Ownership Interest
Amfam Invest (Pty) Ltd	Shareholder – holds 50% of ordinary shares
R. Pitt	Shareholder – holds 25% of ordinary shares
G. Quinn	Shareholder – holds 25% of ordinary shares

## 4. Definitions

### 4.1 Conflict of interest

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:

- (a) influence the objective performance of his, her or its obligations to that client; or
- (b) prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the best interests of that client, including, but not limited to:

- (i) a financial interest;
- (ii) an ownership interest;
- (iii) any relationship with a third party

### 4.2 Financial Interest

Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than:

- (a) an ownership interest;
- (b) training by a product supplier on products, general industry information and technical systems, that is not exclusively available to a selected group of providers or representatives except for travel and accommodation associated with that training.

### 4.3 Immaterial Financial Interest

Any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000 in any calendar year from the same third party in that calendar year received by:

- (a) a provider, who is a sole proprietor;
- (b) a representative for that representative's direct benefit;
- (c) a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives,

### 4.4 Ownership Interest

- (a) An equity ownership interest, for which fair value was paid by the owner, other than equity or ownership interest held by an approved nominee on behalf of another person and
- (b) Includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

### 4.5 Key individual

Any natural person responsible for managing or overseeing, either alone or together with other so responsible persons, the activities of the body, trust or partnership relating to the rendering of any financial service.

## **BlueAlpha Investment Management Conflict of Interest Management Policy**

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### 4.6 Associate

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.

### 4.7 Third party

- (a) a product supplier;
- (b) another financial services provider (FSP);
- (c) an associate of a product supplier or an FSP;
- (d) a distribution channel; or
- (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 an FSP or its Representatives,”

### 4.8 BlueAlpha / BAIM

refers to BlueAlpha Investment Management (Pty) Ltd.