



# **Conflict of Interest Policy- Category II**

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In accordance with RealCap Capital Partners (Pty) Ltd ("RealCap") conflict management policy; RealCap places a high priority on its clients' interests. As conflict of interest affecting clients could undermine the integrity and professionalism of our business, any instances must be identified as early as possible. If conflict situations cannot be avoided, they must be managed equitably and in the client's interest. Detecting potential or recognised conflict of interest that could compromise the interest of its clients and managing and limiting the impact of conflict of interest therefore constitute an integral part of RealCap's duties and obligations.

### I. Conflict of interest - what do we mean by this?

A conflict of interest is a situation in which the interests of RealCap or its associates, in the exercise of its activities, and the interests of its clients, are directly or indirectly in competition, and which could significantly prejudice the client's interests. This notion concerns RealCap in its capacity as a management company, all individuals working for RealCap (employees, associates, service providers, etc.), shareholders and related parties (e.g. common shareholders and/or –common directors, and/or common trustees). A conflict of interest may occur in the provision of an investment service (e.g. management under mandate, intermediary services etc). A conflict of interest may be recognised (actually identified) or potential (conceivable).

The notion of conflict of interest encompasses a range of very diverse factors such as:

- Rules regarding personal transactions,
- Professional ethics of employees,
- The use of sensitive or privileged information, insider dealing, and professional secrecy,
- Respect for clients' interests,
- Respect for professional obligations in relation to the market and specific to RealCap.

### II. What is a conflict of interest situation?

Conflict of interest situations that could prejudice a client may take a variety of forms, whether or not RealCap suffers any financial loss and independently of whether the actions or the motivations of the employees involved are intentional. At least five types of situation are defined by RealCap to help determine whether a potential conflict of interest situation might occur:

- RealCap, a department or an employee will realise a financial gain or avoid a potential loss at the client's expense,
- The interest of RealCap, a department or an employee may be different from the client's interest,
- RealCap or an employee exercises the same professional activity as the client,

- RealCap, a department or an employee is induced to favour one client over another (whether for financial reasons or otherwise),
- RealCap, a department or an employee will gain an advantage (financial or in kind) from a third party in the execution of the service conducted on behalf of the client.

### III. Prevention, detection and management

RealCap has identified specific potential conflicts of interest in relation to its activities. These may be encountered by RealCap or its associates when they deliver their services to clients. For each situation, RealCap has analysed whether the risk is actual or potential for one or more of its clients. To handle potential or actual conflict of interest situations, RealCap may:

- Conduct the transaction while, given the conflict of interest generated by it, implementing procedures that enable appropriate management of the situation in order to avoid damaging the interests of the client in question,
- Avoid conducting the transaction that would potentially generate a conflict of interest,
- Inform the client in the event that certain conflicts of interest cannot be properly handled and communicate the necessary information about the type and origin of the conflict of interest to the client, so that the client can make a fully informed decision regarding the proposed transaction.

RealCap has established a management policy for conflict of interest enabling it to prevent potential conflict of interest, manage actual conflict of interest and communicating them effectively to clients. This policy is based on a system of prevention, detection, management, communication and recording of conflict of interest.

### IV. On-going monitoring and procedures

#### Training

RealCap informs its associates and makes them aware of the undertakings and restrictions concerning their actions with regard to the conflict of interest management policy in place at the management company. Awareness training is provided to staff.

#### Detection

RealCap has drawn up a list of recognised and potential conflicts of interest, by recording conflicts of interest and identifying the types of situations generating the conflicts and the associated risks.

#### Procedure if a conflict of interest arises

The conflict officer is responsible for the operation and condition of the conflict of interest register. If a new potential or actual conflict of interest should arise, the conflict officer, will send a memo to the management of the department and members of RealCap Management so that the transaction that could potentially generate a conflict of interest may be accepted or declined, and managed in the client's interest.

If a conflict of interest cannot be properly managed, the necessary information on the type and origin of the conflict of interest will be communicated to the client, to enable the client to make a fully informed decision. All the documents and supporting evidence will be archived by the conflict officer.

In general, all measures and complementary procedures will be taken to ensure the required level of independence.

## **Management**

RealCap manages potential and actual conflict of interest situations based on the following:

Ethical principles; predominant among these rules are the principles of client sovereignty, equity, impartiality, respect for professional secrecy, market integrity and compliance with laws and regulations.

- A control system to ensure monitoring of the conflicts of interest and corrective measures taken. In this respect, RealCap has procedures detailing the concrete measures to manage potential or recognised conflicts of interest in the interest of clients.
- Separation of functions to ensure independence of actions (if applicable).
- Prohibition or control of multiple activities exercised by associates.
- Prohibition or control of remunerated advisory activities of associates with respect to companies whose securities are held in an undertaking.

**Our conflict management framework document is available to all clients upon request.**

## CONTACT US

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