

Conflict of Interest Management Policy

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Introduction

The General Code of Conduct for Financial Services Providers and Representatives published in terms of the Financial Advisory and Intermediary Services (FAIS) Act, No. 37 of 2002, requires every Financial Services Provider (FSP) to adopt, implement and maintain a Conflict of Interest (“COI”) Management Policy.

All employees and associates of SouthernCross Capital (Pty) Ltd, a FAIS registered FSP, (together referred to as “SouthernCross Capital”), must perform their duties independently and act in the best interests of SouthernCross Capital’s existing and potential clients (herein after referred to as “clients”).

This document embodies the COI Management Policy for SouthernCross Capital.

“Conflict of interest” means any situation in which SouthernCross Capital, or its representatives 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 SouthernCross Capital or its representatives from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client, including, but not limited to

- a financial interest;
- an ownership interest;
- any relationship with a third party (“third party” means
 - a product supplier,
 - another provider,
 - an associate of a product supplier or a provider;
 - a distribution channel;
 - 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.)

These conflicts of interest can occur due to, inter alia:

- Gifts and inducements;
- Outside interests and Personal Account investing;
- Insider trading; and
- Incorrect / inaccurate cost disclosures.

The primary objectives of this Policy are:

- To provide guidance on the behaviours expected in accordance with SouthernCross Capital’s standards;
- To promote transparency and to avoid business-related COI;
- To ensure fairness in the interests of employees and SouthernCross Capital;
- To document the process for the disclosure, approval and review of activities that may amount to actual, potential or perceived COI;
- To provide a mechanism for the objective review of personal outside interests.

SouthernCross Capital is committed to ensuring that all business is conducted in accordance with good

business practice. To this end, SouthernCross Capital conducts business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimize and manage all real or potential conflicts of interest. SouthernCross Capital and its representative must therefore avoid (or mitigate where avoidance is not possible) any COI between SouthernCross Capital and a client or its representative and a client. As part of our measures to avoid COI, SouthernCross Capital regularly communicates to and educates all staff on the COI policy, to ensure they are able to identify and disclose any actual or potential COI.

Financial Interest

SouthernCross Capital or its representatives may only receive or offer financial interest from or to a third party as determined by the Registrar of Financial Services Providers, as set out in the Definitions section underneath.

“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:

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

SouthernCross Capital may not offer any financial interest to its representatives for giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients; OR give preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; OR give preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client.

Mechanisms for Identifying Conflicts of Interest

Our first and most important line of defence against potential conflicts of interest is our key individuals and representatives themselves.

All SouthernCross Capital employees are required to report any potential or actual COI to their line manager, or any other member of SouthernCross Capital's senior management team, who will then refer this to SouthernCross Capital's outsourced compliance officer. Should any individual be uncertain as to whether they are in a conflicted situation he/she should contact their line manager. The onus is on every employee to comply with this policy.

Every senior manager at SouthernCross Capital must, on an ongoing basis, identify any actual or potential COI which may arise within his/her area. These must be reported to the Compliance Officer. The compliance officer maintains a COI Register which is reviewed periodically with senior management.

Resolving Conflicts of Interest

SouthernCross Capital's compliance officer will investigate any potential or actual COI to determine whether such conflict is a conflict as contemplated in FAIS or any other applicable legislation.

The compliance officer, in conjunction with SouthernCross Capital's senior management, will determine whether such COI is avoidable or unavoidable.

If a COI is identified as being avoidable, SouthernCross Capital will take the necessary steps to avoid the activity that gives rise to the avoidable conflict.

If a COI is identified as being unavoidable, SouthernCross Capital's senior management team, together with our compliance officer, will establish measures to mitigate the risk of such COI impacting negatively on SouthernCross Capital's ability to render fair and unbiased services to affected clients.

If a specific COI is determined to impact a particular client, such COI will be disclosed to the affected client, as well as the mitigation strategy employed.

Disclosure of Conflicts of Interest

- At the earliest reasonable opportunity, SouthernCross Capital and its representative must, in writing, disclose to a client any COI in respect of that client including:
 - Measures taken to avoid or mitigate the conflict;
 - Any ownership interest or financial interest that the provider or representative may be or become eligible for;
 - The nature of the relationship or arrangements with a third party that gives rise to a COI in sufficient detail to enable the client to understand the exact nature of the COI.
- At the earliest reasonable opportunity, SouthernCross Capital and its representative must, in writing, inform a client of the COI Management Policy and how it may be accessed.
- Notification of an actual or potential COI should be made to a person with responsibility for the issue or area, such as the relevant management team member, supervisor, head of the department or key individual.
- 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 SouthernCross Capital.
- Staff that fail to disclose a potential or actual COI in accordance with this policy may be liable to disciplinary procedures as governed by relevant industrial awards or agreements.

Processes, Procedures and Internal Controls to Facilitate Compliance with the COI Management Policy

- Every staff member is provided with a copy of the COI Management Policy.
- Upon reading the policy, every staff member must sign that they understand and agree to adhere to the policy.
- Appropriate training will be provided to individual employees wherever an employee request such training, as well as to the entire SouthernCross Capital team, on a periodic basis.
- All employees are required to declare on a bi-annual basis that they have complied with the COI Management Policy and related policies.
- If a potential COI arises, the transaction must first be discussed with the employee's line manager, or any member of SouthernCross Capital's senior management team, before entering into the transaction.
- If the line manager and/or management team is uncertain as to whether the proposed transaction will lead to a COI, the matter will be referred to SouthernCross Capital's compliance officer.
- In the case of a transaction being referred to the compliance officer, SouthernCross Capital will only enter into the proposed transaction if the transaction is cleared by the compliance officer as not leading to a COI.
- SouthernCross Capital's compliance officer is responsible for monitoring SouthernCross Capital's adherence to the COI Management Policy (as well as adherence to the policies relating to the identified categories of potential COI).
- The Conflicts of Interests Management Policy and related policies are reviewed annually, and where necessary, updated to ensure that the provisions remain sufficient to identify, assess, evaluate and mitigate COI.

Guidelines in relation to Financial or Ownership Interests

No employee may accept/give a Financial Interest or Ownership Interest from/to a Third Party, other than an Immaterial Financial Interest (refer to the “Definitions” sections underneath for a definition of Immaterial Financial Interest).

SouthernCross Capital may not offer any Financial Interest to an employee which incentivizes such employee to:

- Give preference to the quantity of business over quality of service rendered to clients;
- Give preference to a specific product supplier if it is possible to recommend more than one supplier to a client; and/or
- Give preference to a specific product if it is possible to recommend more than one product to a client.

A gifts registry will be kept of all gifts received, detailing the name of the key individual or representative that received the gift, the date on which the gift was received, the source of the gift, the type of the gift and the value of the gift. This is to ensure that all representatives and key individuals adhere to the COI policy in terms of the gifts that they receive.

Representatives' entitlement to Financial Interest

As consideration for providing services to clients, representatives of SouthernCross Capital are entitled to remuneration by salary and other benefits in terms of their contracts of employments. No employee may receive a financial interest that leads to a potential COI between the employee and any of SouthernCross Capital's clients;

No employee may be remunerated in such a way that encourages that employee to contravene SouthernCross Capital's COI Management Policy.

Consequences of Non-Compliance with the COI Management Policy by SouthernCross Capital's Employees and Representatives

Non-compliance with this policy and the procedures described in it will be considered misconduct and such employees may be subject to disciplinary action that may lead to dismissal.

List of All SouthernCross Capital Associates

Associate means in the case of a company, 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.

SouthernCross Capital (Pty) Ltd has no parent company or subsidiary.

Names of Third Parties in which SouthernCoss Capital Holds an Ownership Interest

None at present.

Names of Third Parties that Hold an Ownership Interest in SouthernCross Capital

None at present.

Definitions

Financial Interest

The Registrar of Financial Services Providers issued Board Notice 58 of 2010 (BN 58) under section 15 of the Financial Advisory and Intermediary Services Act, 2002 (FAIS). BN 58 amends the General Code of Conduct for Authorised Financial Services Providers and Representatives under FAIS and determines that a financial services provider or its representatives may only receive or offer financial interest from or to a third party as follows:

- Commission authorised under the Long-term Insurance Act or Short-term Insurance Act;
- Commission authorised under the Medical Schemes Act;
- Fees authorised under the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act, if those fees are reasonably commensurate to a service being rendered;
- Fees for the rendering of a financial service in respect of which commission or fees referred to in sub-paragraph (i), (ii) or (iii) is not paid, if those fees –
 - are specifically agreed to by a client in writing; and
 - may be stopped at the discretion of that client.
- Fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
- Subject to any other law, an immaterial financial interest; and
- A financial interest, not referred to under sub-paragraph (i) to (vi), for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

Immaterial Financial Interest

Immaterial financial interest means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 in any calendar year from the same third party in that calendar year received by:

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

Employee

The definition of employee includes:

- A company director;
- An employee of SouthernCross Capital, including a temporary employee and an employee employed on a fixed-term contract basis.

Third Party

The definition of third party includes:

- A product supplier within the financial services industry;
- A financial services provider (FSP);
- Any other service provider which provides or may potentially provide services;
- All clients or potential clients for whom SouthernCross- Nmaes Capital renders a permitted financial service;
- Securities issuers;
- An associate of any of the above.