

# Bateleur Capital



## Conflict Of Interest Management Policy





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## A. Introduction

1. This document embodies the Conflict of Interest Management Policy for Bateleur Capital (Pty) Ltd (“Bateleur”).
2. “Conflict of interest” means any situation in which Bateleur 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 Bateleur 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
  - i. a financial interest;
  - ii. an ownership interest;
  - iii. any relationship with a third party (“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.)
3. The primary objectives of this Policy are:
  - i. To provide guidance on the behaviours expected in accordance with Bateleur standards;
  - ii. To promote transparency and to avoid business-related COI;
  - iii. To ensure fairness in the interests of employees and Bateleur;
  - 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.
4. Bateleur is committed to ensuring that all business is conducted in accordance with good business practice. To this end Bateleur 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 conflict of interest (COI). Bateleur and its representatives must therefore avoid (or mitigate where avoidance is not possible) any COI between Bateleur and a client or its representative and a client. Bateleur manages multiple portfolios.

## B. Financial Interest

1. Bateleur 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 from time to time, and as set out in Annexure A hereto.
2. “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.
3. Bateleur 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 giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; OR giving preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client.

## C. Mechanisms for Identifying COI

Each KI / Representative is aware of the COI policy. This awareness will enable each individual to identify circumstances where COI may apply.

## D. Resolving COI

1. The first and most important line of defense against COI or commitment must be by the key individuals and representatives themselves.
2. All potential COI scenarios are to be discussed with the Key Individual & Director (Kevin Williams) and Head of Operations (Mark Williams).

## E. Potential COI that could affect Bateleur

1. The following are potential COI that could affect Bateleur:
  - i. Directorships or other employment;
  - ii. interests in business enterprises or professional practices;
  - iii. share ownership;
  - iv. beneficial interests in trusts;
  - v. personal Account Trading;
  - vi. professional associations or relationships with other organizations;
  - vii. personal associations with other groups or organizations, or family relationships;
  - viii. Front running;
  - ix. Rebates;
  - x. Kickbacks; and
  - xi. Commission

## F. Measures to Avoid COI:

1. All potential COI scenarios are to be discussed with the Key Individual & Director (Kevin Williams) and Head of Operations (Mark Williams).

## G. Disclosure of COI:

1. At the earliest reasonable opportunity, Bateleur and its representative must, in writing, disclose to a client any COI in respect of that client including –
  - i. Measures taken to avoid or mitigate the conflict;
  - ii. Any ownership interest or financial interest that the provider or representative may be or become eligible for;
  - iii. 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.
2. At the earliest reasonable opportunity, Bateleur and its representative must, in writing, inform a client of the Conflict of Interest Management Policy and how it may be accessed.
3. 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, supervisor, head of the department or key individual.
4. 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 Bateleur.
5. 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.

## H. Processes, Procedures and Internal Controls to Facilitate Compliance with The Policy

1. Every staff member must have a copy of the Conflicts of interest Management Policy.
2. If a potential COI arises, the transaction must first be discussed with the Key Individual and Head of Operations before entering into the transaction.

## I. Consequences of Non-Compliance with The Policy by the Provider's Employees and Representatives

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

## J. List of all Bateleur Associates

1. Hillway Investments (Pty) Ltd
2. Business Venture Investments 835 (Pty) Ltd
3. Readthyme Investments 835 (Pty) Ltd

## K. Names of any Third Parties in which The Provider Hold an Ownership Interest

Nil

## L. Names of any Third Parties that Holds an Ownership in The Provider

1. Shareholders in Bateleur are: Kevin Williams, Mark Williams, Charl Gous & Galen Hossack

## M. Include the Nature and Extent of The Ownership Interest Referred to in Paragraphs K and L

1. Noted in L

## Annexure A - 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:

- i. Commission authorised under the Long-term Insurance Act or Short-term Insurance Act;
- ii. Commission authorised under the Medical Schemes Act;
- iii. 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;
- iv. 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 –
  - aa. are specifically agreed to by a client in writing; and
  - ab. may be stopped at the discretion of that client.
- v. 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;
- vi. subject to any other law, an immaterial financial interest\*; and
- vii. 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.

### Note

\* “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) a provider who is a sole proprietor; or
- 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.



## Bateleur Capital (Pty) Ltd

Authorised financial services provider  
FSP no 18123

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SG 109, Great Westerford  
240 Main Road, Rondebosch  
7735

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T +27 (0)21 681 5060

F +27 (0)21 681 5066

—

E [funds@bateleurcapital.com](mailto:funds@bateleurcapital.com)

W [bateleurcapital.com](http://bateleurcapital.com)

Collective Investment Schemes in Securities (Unit Trust) should be considered as medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. CIS are traded at the ruling price and can engage scrip lending and borrowing up to 10% of the market value of the portfolio to bridge insufficient liquidity. A schedule of fees, charges and maximum commissions is available on request. Commission and incentives may be paid and if so, would be included in the overall costs. Different classes of units may apply in a portfolio and are subject to different fees and charges. A Fund of Funds is a portfolio that invests in portfolios of collective investment schemes, which levy their own charges, which could result in a higher fee structure for these portfolios. A Feeder Fund is a portfolio that, apart from assets in liquid form, consists solely of participatory interests in a single portfolio of a collective investment scheme. A unit trust fund may be capped at any time in order for it to be managed in terms of its mandate. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of any underlying international investments to go up and down. Unit prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (Brokerage, STT, VAT, Auditor's fees, Bank Charges, Trustee and Custodian fees and the Annual Management fee) from the portfolio divided by the number of participatory interests (units) in issue. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. During the phase in period TER's do not include information gathered over a full year. The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees. The investor furthermore agrees that the company will not be liable for the consequences of market influences and consequent changes in unit prices. Prescient is a member of the Association for Savings and Investments SA. Bateleur Capital Pty Ltd, an AFSP; is the investment manager of the Funds. Prescient Management Company (RF) Limited, Prescient House, Westlake Business Park, Otto Close, Westlake, Cape Town, 7966

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