

## **AE Investment Managers Pty (Ltd)**

**FSP54101**

### **CONFLICT OF INTEREST POLICY**

**[10/01/2025]**

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## INTRODUCTION

This policy outlines a suitable, effective, and sustainable approach to the identification and management of conflicts of interest ("COI") within AE Investment Managers Pty (Ltd). The objective is to ensure that all potential and actual conflicts are managed in a manner that is consistent with the highest ethical standards and regulatory requirements.

The policy aims to comply with best practices and statutory requirements as per the General Code of Conduct for Financial Services Providers and Representatives, published in Board Notice 80 of 2003, as amended by Board Notice 58 of 2010, and other applicable requirements set out in the Financial Advisory and Intermediary Services Act, 37 of 2002 ("FAIS").

AE Investment Managers Pty (Ltd) is dedicated to conducting all business in accordance with best practices and high ethical standards. We are committed to operating in a manner that is fair, transparent, and equitable, safeguarding the interests of all stakeholders. We actively work to minimize and manage any real or potential conflicts of interest (COI). Our representatives are required to avoid, or where avoidance is not possible, to mitigate any COI between the FSP and its clients, as well as between our representatives and clients.

## PURPOSE

The purpose of this policy is to:

- Provide clear guidance on the behaviours expected in line with the FSP's standards.
- Proactively identify situations where a conflict of interest may arise.
- Promote transparency and avoid or mitigate any business-related conflicts of interest (COI) that may arise between the FSP, its clients, vendors, and/or employees.
- Establish clear criteria and processes for recognising potential and actual conflicts of interest.
- Ensure fairness in the interests of both employees and the FSP.
- Implement effective measures to manage, mitigate, and where possible, eliminate conflicts of interest.
- Provide a mechanism for the objective review of personal outside interests.

## SCOPE

This policy applies to all employees, key individuals, representatives, directors, and officers of AE Investment Managers Pty (Ltd). It covers all business activities and interactions where a potential or actual conflict of interest may arise.

## DEFINITIONS

For purposes of this policy, the following words and/or phrases are defined herein:

**"CONFLICT OF INTEREST"** means any situation in which AE Investment Managers Pty (Ltd) 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 [insert FSP name] 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.)

**"FAIS"** means the Financial Advisory and Intermediary Services Act, 37 of 2002.

**"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 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.

**"REPRESENTATIVE"** means duly appointed representative and/or representative under supervision of AE Investment Managers Pty (Ltd).

**"OWNERSHIP INTEREST"** means

- a. any equity or proprietary interest, for which at fair value was paid by the owner at the time of acquisition, other than equity or an proprietary interest held as 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.

**"PROVIDER"** means AE Investment Managers Pty (Ltd)

#### **POLICY GUIDELINES:**

The FSP and its representatives are only permitted to receive or offer financial interests from or to third parties in accordance with guidelines established by the Commissioner of Financial Services Providers and as outlined in Annexure A attached hereto.

The FSP is prohibited from offering any financial interest to its representatives that would incentivise:

- Prioritising the quantity of business secured over the quality of service provided to clients;
- Favouring a particular product supplier when representatives have the option to recommend multiple product suppliers to clients;
- Promoting a specific product from a product supplier when representatives can recommend multiple products to clients.

These restrictions ensure that our representatives' recommendations and actions are made with the best interests of our clients in mind, upholding the quality and integrity of the services provided.

## IDENTIFYING CONFLICTS OF INTEREST

To effectively identify whether you have a conflict of interest, a representative should consider the following questions:

- 1. Do I have my client's best interest at heart, or am I acting in my own best interest?**
  - Reflect on whether your actions and recommendations are focused on achieving the best possible outcomes for the client, or if they are influenced by personal gains or incentives. Consider if there is any personal benefit that might sway your judgment or actions away from what is truly best for the client.
- 2. Do I have the FSP's best interest at heart, or am I acting in my own best interest?**
  - Evaluate whether your decisions and behaviour are in alignment with the goals and interests of the FSP or if they are driven by personal motivations or benefits. Determine if there is any situation where your actions might benefit yourself at the expense of the FSP's interests.
- 3. Am I acting professionally?**
  - Assess whether your conduct and decisions are consistent with the highest standards of professionalism. Ensure that your interactions with clients and colleagues are respectful, ethical, and in accordance with professional norms and the company's code of conduct.
- 4. Am I acting independently?**
  - Consider if your decisions are made without undue influence from external factors, such as personal relationships, financial incentives, or pressures from third parties. Determine if you are able to make impartial decisions based solely on the merits of the situation.
- 5. Am I acting objectively?**
  - Reflect on whether your decisions and recommendations are based on objective criteria and factual information, rather than personal biases or preferences. Ensure that your judgment is not clouded by personal interests or subjective opinions.

## MANAGING CONFLICTS OF INTEREST

Employee and representatives of the FSP are expected to avoid all conflicts of interest (COI) or potential conflicts. This expectation is central to maintaining the integrity of our services and ensuring that we act in the best interests of our clients and the organisation. In cases where avoidance is not feasible, the following steps must be taken:

### MITIGATION STRATEGIES:

If a COI or potential COI cannot be avoided, representatives must take appropriate measures to mitigate the impact. This may include:

- Implementing safeguards to ensure that the conflict does not influence decision-making or advice provided to clients.
- Representatives may be required to recuse themselves from specific decision-making processes.
- Clear communication will be maintained with clients regarding any potential conflicts and the measures taken to address them.
- Refraining from participating in decisions or actions where the COI may compromise objectivity and fairness.
- Seeking guidance from the compliance officer or designated authority on how best to manage and mitigate the conflict.

**DISCLOSURE:**

Employees and representatives must disclose any personal interests, relationships, or financial arrangements that could potentially conflict with their professional responsibilities. All identified COIs or potential COIs must be disclosed to the relevant parties, including clients, supervisors, and management. Disclosure should be made in a timely and transparent manner.

The disclosure must include a detailed explanation of the nature of the conflict, the potential impact on the client or FSP, and the steps taken to mitigate it.

Written records of all disclosed conflicts and the measures taken to address them should be maintained for transparency and accountability.

Any COI or potential COI that cannot be adequately mitigated must be reviewed and approved by the management.

**ONGOING MONITORING:**

The effectiveness of conflict management measures will be regularly monitored and reviewed to ensure that they remain adequate and effective.

Regular audits and reviews will be conducted to identify any new or emerging COIs and to ensure that all disclosures and mitigation actions are properly documented and addressed.

**POTENTIAL COI THAT COULD AFFECT THE FSP**

Directorships or Other Employment:

Interests in Business Enterprises or Professional Practices:

- Share Ownership
- Beneficial Interests in Trusts
- Personal Account Trading
- Insider Trading
- Professional Associations or Relationships with Other Organisations
- Personal Associations with Other Groups or Organisations, or Family Relationships
- Front Running
- Rebates
- Kickbacks
- Commission
- Significant Gifts and Hospitality
- Client Referrals
- Competing Personal Investments
- Employment of Relatives
- Influence Over Client Accounts
- Vendor Relationships

**TRAINING**

Annual training will be conducted to help staff identify and understand conflicts of interest.

## **HOUSEKEEPING**

### **OWNERSHIP AND ULTIMATE RESPONSIBILITY:**

This document is owned and maintained by AE Investment Managers Pty (Ltd). The ultimate responsibility for this document, the contents thereof and compliance remains with the Key individuals, who is /are responsible for creating an ethical environment.

### **UPDATES, REVIEW AND APPROVAL:**

The COI policy shall be reviewed on an annual basis and updated if necessary. This policy is approved by the Directors of the FSP.

### **NON-COMPLIANCE WITH THIS DOCUMENT:**

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

### **LIST OF ALL THE FSP'S ASSOCIATES**

None

### **NAMES OF ANY THIRD PARTIES IN WHICH THE FSP AND/OR ITS REPRESENTATIVES HOLD AN OWNERSHIP INTEREST**

Strategic Investment Partners

Apex Private Wealth (Pty) Ltd

### **NAMES OF ANY THIRD PARTIES AND/OR ITS REPRESENTATIVES THAT HOLDS AN OWNERSHIP INTEREST IN THE FSP**

Apex Private Wealth (Pty) Ltd

### **LIST NATURE AND EXTENT OF OWNERSHIP INTEREST**

Certain representatives are direct and/or indirect shareholders of the entities listed above. As shareholders, these representatives may earn direct or indirect fees on the value of investments in the AE Investment Managers portfolios.

### **CONCLUSION**

By adhering to this Conflict of Interest Policy, AE Investment Managers Pty (Ltd) demonstrates its commitment to maintaining the highest standards of ethical conduct and regulatory compliance. Through proactive identification, transparent disclosure, and effective management of conflicts of interest, we aim to foster trust, integrity, and fairness in all our business activities.

### **ANNEXURE A- ACCEPTED FINANCIAL INTEREST AS AMENDED**

The Commissioner 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.

## **ANNEXURE B: IDENTIFIED CONFLICTS OF INTEREST**

In terms of the Conflicts of Interest Management Policy, AE Investment Managers has identified the following conflicts of interest, the reasons for the unavailability of said conflicts of interest and the specific steps that will be taken to mitigate the conflict of interest to clients:

The identified conflicts of interests:

1. The recommendation of investments into the AE Investment Managers Ci Portfolios or Model Portfolios

Potential conflict of interest: AE Investment Managers carries out activities as an asset manager. AE Investment Managers is the specialist investment management business that is responsible for the investment management of the AE Investment Managers Model and Ci range of portfolios. Furthermore, certain Representatives of AE Investment Managers are members of the AE Investment Managers investment committee and may be entitled to an annual investment management fee, financial interest or ownership interest in relation to investments placed in the AE Investment Managers portfolios. A potential conflict of interest may arise where recommendations are made by representatives of AE Investment Managers in relation to investments in the AE Investment Managers portfolios.

2. The acceptance of invitations to functions, incentive trips and conferences

Potential conflict of interest: A potential conflict of interest is possible if the sole



purpose of any invitation would be an attempt by a product or service provider to attract business.

Policy: As a point of departure, Key Individuals and Representatives of AE Investment Managers are not permitted to accept any invitation that has as its sole purpose an incentive to transfer assets to the applicable provider.

Incentive trips: For purposes of this Policy, incentive trips are defined as any trip, whether local or foreign that has its sole objective the incentivization of AE Investment Managers to place investments with the relevant product or service provider.

Policy: No Key Individual or Representative is entitled to accept any invitation to any incentive trip.

Functions: Functions are defined as marketing events that are organized by product or service providers in an attempt to build relationships with their clients, where the event is held in the Republic of South Africa and does not include the provision of accommodation and travel expenditure.

Policy: Key Individuals and Representatives are entitled to accept invitations to functions, however they are cautioned against accepting more than 2 functions per year from any one product or service provider.

Conferences: Conferences are defined as any event that is sponsored by a product or service provider, whether in or outside of the Republic of South Africa, in terms of which the applicable Key Individual or Representative will be exposed to speakers and/or workshops and/or information that could ultimately improve the knowledge base of the business and benefit AE Investment Managers' clients.

Policy: Key Individuals and Representatives are entitled to accept invitations to conferences, provided that the prior written approval of the Board has been obtained and provided that AE Investment Managers funds all travel and accommodation requirements associated with such trip.

### 3. Global asset management capability and partnerships

Potential conflict of interest: In order to cater for the growing needs of South African investors who wish to globally diversify their investment portfolios, certain representatives of the FSP have become shareholders of the Strategic Investment Partners ("SIP") group of companies in Mauritius. SIP is a specialist investment

management business that focuses on managing global investment portfolios.

SIP acts as the unrestricted investment advisor to Ci Global Fund Managers ICC Limited, a wholly owned investment management company of SIP, established in Guernsey and approved by the Central Bank of Ireland as investment manager of the AE Investment Managers offshore portfolios which are domiciled in Ireland.

The FSP has the authority to invest in the AE Investment Managers offshore portfolios which are managed by other investment managers within the SIP global group of companies provided that the FSP does not charge any fees in South Africa against the value of investments that are invested in the AE Investment Managers offshore portfolios.

SIP is entitled to an annual fee of up to 0.50% of the value of assets in the AE Investment Managers offshore portfolios.

Certain representatives are direct and/or indirect shareholders of SIP. As shareholders of SIP, these representatives may earn a direct or indirect dividend on the value of investments in the AE Investment Managers offshore portfolios.

#### Reasons why the conflict of interest is unavoidable

1. The recommendation of investments into the AE Investment Managers Portfolios

We believe this strategy to be unavoidable and in the interests of investors for the following reasons:

- a) It is the only efficient way that AE Investment Managers (or the AE Investment Managers group) can actively manage its client's investments on an ongoing basis given:
  - i. The number of clients
  - ii. The geographical spread of the clients
  - iii. The number of investment platforms utilised
- b) It is the only way to ensure that clients in similar risk profiles are managed on the same basis without timing and investment constraint differences.
- c) It is the only way to ensure that discretionary management does not result in unnecessary CGT implications for investors.
- d) It is the only way of formally ensuring that investors have the benefit of greater transparency in the manner in which their investments are managed and the quantum of the costs that are levied.

- e) It is the only way to have access to specialised, dedicated asset management expertise and investment research on an ongoing and cost effective basis.
  - f) It is the only way to effectively implement the predetermined investment process without the administrative constraints of Linked Investment Services Providers (i.e. capped funds, funds not on Platforms and timing of switches).
2. The acceptance of invitations to functions, incentive trip and conferences
- a) The attendance by AE Investment Managers at functions and conferences is an effective way for AE Investment Managers to remain informed with regard to industry matters, investment related matters, market conditions, product development initiatives and compliance. This is ultimately for the benefit of clients.
  - b) It is the best way for AE Investment Managers to maintain relationships with key service providers for the benefit of clients.
3. Global asset management capability and partnerships

This conflict of interest is unavoidable for the following reasons:

- a) This is the only way in which the AE Investment Managers group can ensure that there is no double charging applied to investment portfolios.
- b) This is the only way to aggregate AE Investment Managers global investment scale with the scale of other independent global asset managers with a view to reducing the cost of investing.
- c) This is the only way that the AE Investment Managers group can provide access to institutionally priced investments that are only available to SIP and CiGFM members.
- d) This is the only way for the AE Investment Managers group to have access to the SIP and CiGFM investment and operational specialists.

#### Specific steps that will be taken by AE Investment Managers to mitigate the conflict of interest

In addition to the general mitigation steps specified in the Policy, AE Investment Managers take the following specific steps to mitigate the potential risk to clients:

1. The recommendation of investments into the AE Investment Managers Portfolios

In light of the fact that this investment strategy is in the best interest of clients, it may continue provided that:

- a) Full disclosure must be given to investors with regard to:
  - i. The fact that AE Investment Managers has an interest in the portfolios
  - ii. The nature of the interest and full disclosure of fees earned
  - iii. The nature of the Funds and all relevant details relating to the portfolios

- b) Institute a pricing policy that will confirm the following:
  - i. No fee increases will take place without prior notice to clients.
  - ii. No performance fees will be levied by AE Investment Managers.
  - iii. All rebates will be re-invested back into the Funds.
- c) As far as reasonably possible the aggregated scale will be utilised to negotiate favourable fee deals with underlying managers for the benefit of the clients. AE Investment Managers must ensure that it will only recommend the in-house solutions where this is in the interests of the client.

**2. The acceptance of invitations to functions, incentive trip and conferences**

Please see "policy" statements under the section headed "Identification of Conflicts of Interest" above.

**3. Global asset management capability and partnerships**

- a) The FSP does not charge any fees in South Africa against the value of investments that are invested in the AE Investment Managers offshore portfolios. In this way the FSP ensures that no "double charging" occurs and the FSP is able to reduce the total investment charges for investors.