

Conflict of Interest Management Policy

1. Scope

This policy applies to all employees or future employees and contractors of Capstone Wealth managers. Conflicts of interest referred to in this document may either be recognised (identified / realised) or be potential or perceived (conceivable) and most often arise because of an actual or possible financial interest.

2. Purpose

The purpose of this policy is to assist individuals with identifying potential and actual conflicts of interest and for Capstone to manage it appropriately.

It provides clear guidelines and rules, and describes the procedures to be followed to ensure that conflict of interest situations do not cause Capstone to act in contravention of the Financial Advisory and Intermediary Services Act (“FAIS”) and General Code of Conduct which requires that a provider must at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry.

3. Policy

Capstone is committed to avoiding and, where this is not possible, mitigating any conflict of interest that may arise between ourselves, as a financial services provider, and our clients when rendering a financial service. Where such a conflict of interest cannot be avoided the situation will be explained to the affected client(s).

4. Allowable financial interests

4.1. The following allowable financial interests must be disclosed internally in the company’s gift register:

- Promotional items (with a value of no more than R1000.00 per FAIS representative / key individual in any given year); and
- any other financial interest with a determinable monetary value not exceeding R1000.00 per FAIS representative / key individual in any given year.

4.2. The following allowable financial interests must be disclosed internally in the company’s conflicts of interest register and directly and unequivocally to affected clients:

- ownership interest;
- directorships in other companies; and
- rebates or fees received from product providers, and which affects the fee payable by the client or which could potentially influence the advice process.

5. Disallowed financial interests

The following financial interests are disallowed:

- Financial interest to a representative or to the provider for giving preference to a quantity of business to the exclusion of quality to the client, preference to a specific product supplier or preference to a specific product;
- cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship and any other incentive or valuable consideration not mentioned above, including travel and accommodation associated with allowed training;
- any financial interest other than allowable financial interests listed above with a determinable monetary value exceeding R1000.00 per FAIS representative / key individual in any given year; and
- training restricted to a selected group of providers and FAIS Representatives on including but not limited to products and legalities thereof; general financial and industry information; specialised technological systems (of a third party) necessary for rendering a financial service.

6. Procedure

6.1. Measures for avoidance or mitigation of conflicts of interest and control measures

6.1.1. Reporting and record keeping

- 6.1.1.1. Both a Gifts Register for allowable financial interests (Annexure A) and a Conflicts of Interest Register for Ownership interests, Directorships and Disallowed financial interests (Annexure B) have been implemented.
- 6.1.1.2. The Company's Internal Compliance function will act as the custodian of both the Conflicts of Interest register and the Gifts register.
- 6.1.1.3. Each Representative has a duty to report any such an immaterial financial interest provided or received to the custodian of the Gifts Register (within a week of giving / receiving such a gift) who shall report to the Managing Director of the Company as soon as the aggregate financial interest given or received by any one representative from that product provider, or third party reaches R1 000.00 in that particular year.

6.1.2. Key Individual Authorization

A financial interest with a monetary value of more than R1000.01 constitutes a material conflict, and will prior to giving, or accepting such a financial interest, the employee or Representative must obtain the written consent of the Managing Director Capstone for the gift. Such an instance must be recorded in the relevant Conflict of Interest register.

6.1.3. Annual Key Individual and Representative disclosure

- 6.1.3.1. All the Key Individuals and Representatives will be required to also complete the 'Conflicts of Interest Questionnaire' as provided for in Annexure C of this policy.
- 6.1.3.2. The conflict-of-interest register will be updated and reviewed by the Key Individual(s).
- 6.1.3.3. If it has been established that a particular situation or activity gives rise to a conflict of interest, such a situation must be avoided.
- 6.1.3.4. If such a conflict of interest is inevitable it is the responsibility of the Managing Director to ensure that the effect of the conflict is mitigated by disclosing the conflict of interest to the relevant client(s).

6.1.4. Further reporting of conflicts of interest

All activities that resulted in conflict-of-interest situations must be reported to the company's compliance officer on a bi-annual basis.

7. Record keeping

Declarations and relevant registers will be stored securely for future reference.

8. Consequences of non-adherence

Violation of this policy and procedures described herein will result in appropriate disciplinary action.

9. Training and awareness

All staff will receive training on this policy and related requirements.

10. Review

This policy shall be reviewed annually and any changes to this policy shall be communicated to all staff. Capstone is committed to avoiding and, where this is not possible, mitigating any conflict of interest that may arise between ourselves, as a financial services provider, and our clients when rendering a financial service.

Where such a conflict of interest cannot be avoided the situation will be explained to the affected client(s).

Please contact us if you require a copy of the full policy.