CAPSTONE WEALTH MANAGERS

CAPSTONE (PTY) LTD FSP 5712	
Title	Code of Ethics
Version	10022016
Approval	Manner, meeting, date
Effective Date: Revised Date:	From date of employment Not applicable

CAPSTONE CODE OF ETHICS

Employees and consultants must:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity of, and uphold the rules governing, capital markets.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

STANDARDS OF PROFESSIONAL CONDUCT

1. Professionalism

- **Knowledge of the Law.** Employees and consultants must understand and comply with all applicable laws, rules, and regulations of any government, regulatory organization, licensing agency, or professional association governing their professional activities. In the event of conflict, employees and consultants must not knowingly participate or assist in and must dissociate from any violation of such laws, rules or regulations.
- **Independence and Objectivity.** Employees and consultants must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Employees and consultants must not offer, solicit, or accept any gift, benefit, compensation,

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Director – W Smith, CFA, CFP®

or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.

- **Misrepresentation.** Employees and consultants must not knowingly make any misrepresentations relating to investment analysis, recommendations, actions, or other professional activities.
- **Misconduct.** Employees and consultants must not engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on their professional reputation, integrity, or competence.

2. Integrity of Capital Markets

- **Material Nonpublic Information.** Employees and consultants who possess material nonpublic information that could affect the value of an investment must not act or cause others to act on the information.
- **Market Manipulation.** Employees and consultants must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

3. Duties to Clients

- **Loyalty, Prudence and Care.** Employees and consultants have a duty of loyalty to their clients and must act with reasonable care and exercise prudent judgment. Employees and consultants must act for the benefit of their clients and place their clients' interests before their employer's or their own interests. In relationships with client, employees and consultants must determine applicable fiduciary duty and must comply with such duty to persons and interests to whom it is owed.
- **Fair Dealing.** Employees and consultants must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.
- **Suitability.**
    1. When employees and consultants are in an advisory relationship with a client, they must:
        a. Make a reasonable inquiry into a client's or prospective client's investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly.
        b. Determine that an investment is suitable to the client's financial situation and consistent with the client's written objectives, mandates, and constraints before making an investment recommendation or taking investment action.
        c. Judge the suitability of investments in the context of the client's total portfolio.
    2. When employees and consultants are responsible for managing a portfolio to a specific mandate, strategy, or style, they must only make investment

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recommendations or take investment actions that are consistent with the stated objectives and constraints of the portfolio.

- **Performance Presentation.** When communicating investment performance information, employees and consultants must take reasonable efforts to ensure that it is fair, accurate, and complete.
- **Preservation of Confidentiality.** Employees and consultants must keep information about current, former, and prospective clients confidential unless:
    a. The information concerns illegal activities on the part of the client or prospective client,
    b. Disclosure is required by law, or
    c. The client or prospective client permits disclosure of the information.

4. Duties to Employers

- **Loyalty.** In matters related to their employment, employees and consultants must act for the benefit of their employer and not deprive their employer of the advantage of their skills and abilities, divulge confidential information, or otherwise cause harm to their employer.
- **Additional Compensation Arrangements.** Employees and consultants must not accept gifts, benefits, compensation, or consideration that competes with, or might reasonably be expected to create a conflict of interest with, their employer's interest unless they obtain written consent from all parties involved.
- **Responsibilities of Supervisors.** Employees and consultants must make reasonable efforts to detect and prevent violations of applicable laws, rules, regulations, and the Code and Standards by anyone subject to their supervision or authority.

5. Investment Analysis, Recommendations, and Actions

- **Diligence and Reasonable Basis.** Employees and consultants must:
    a. Exercise diligence, independence, and thoroughness in analyzing investments, making investment recommendations, and taking investment actions.
    b. Have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, or action.

- **Communication with Clients and Prospective Clients.** Employees and consultants must:
    a. Disclose to clients and prospective clients the basic format and general principles of the investment processes used to analyze investments, select securities, and construct portfolios and must promptly disclose any changes that might materially affect those processes.
    b. Use reasonable judgment in identifying which factors are important to their investment analyses, recommendations, or actions and include those factors in communications with clients.
    c. Distinguish between fact and opinion in the presentation of investment analysis and recommendations.

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- **Record Retention.** Employees and consultants must develop and maintain appropriate records to support their investment analysis, recommendations, actions, and other investment-related communications with clients and prospective clients.

6. Conflicts of Interest

- **Disclosure of Conflicts** Employees and consultants must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to their clients, prospective clients, and employer. Employees and consultants must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.
- **Priority of Transactions.** Investment transactions for clients and employers must have priority over investment transactions in which an employee or consultant is the beneficial owner.
- **Referral Fees.** Employees and consultants must disclose to their employer, clients, and prospective clients, as appropriate, any compensation, consideration, or benefit received from, or paid to, others for the recommendation of products or services.

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