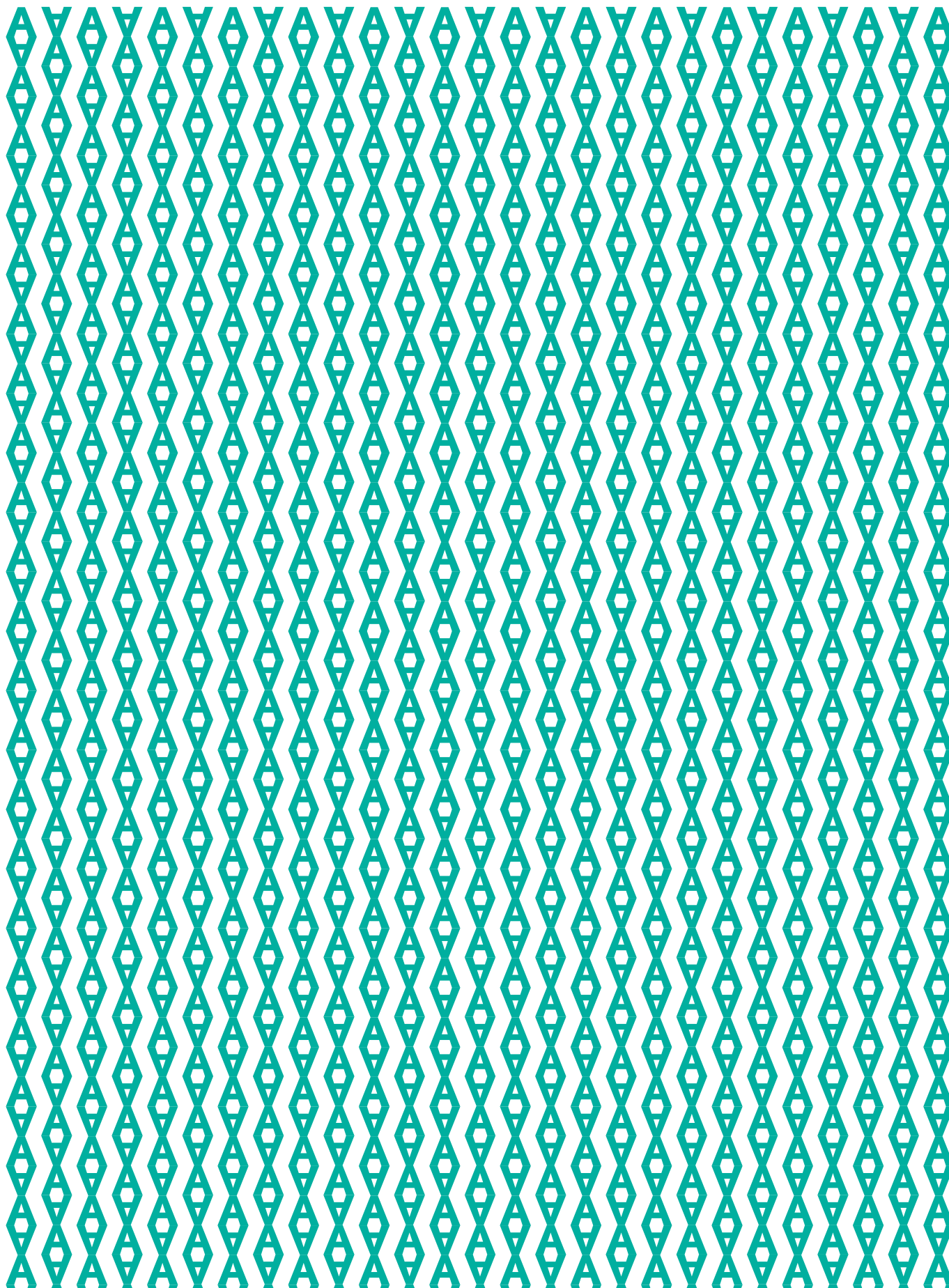


CONFLICT OF INTEREST MANAGEMENT POLICY



ASSET MANAGEMENT



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1. Definitions

Definitions included in the policy are as per the FAIS Code of Conduct for Financial Services Providers and Representatives and are as follows:

“Associates”

(a) in relation to a person

- (i) a person who is recognized in law or the tenets of religion as the spouse, life partner or civil unionpartner of that person;
- (ii) a child of that person, including a stepchild, adopted child and a child born out of wedlock;
- (iii) a parent or stepparent of that person;
- (iv) a person in respect of which that person is recognized in law or appointed by a Court as the person legally responsible for managing the affairs of or meeting the daily care needs of the first-mentioned person;
- (v) a person who is the permanent life partner or spouse or civil union partner of a person referred to in subparagraphs (ii) to (iv);
- (vi) a person who is in a commercial partnership with that person.

(b) in relation to a juristic person

- (i) which is a company, means 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;
- (ii) which is a close corporation registered under the Close Corporations Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act;
- (iii) which is not a company or a close corporation as referred to in subparagraphs (i) or (ii), means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person;
 - aa) had such first-mentioned juristic person been a company; or
 - bb) in the case where that other juristic person, too, is not a company, had both the first mentioned juristic person and that other juristic person been a company;
- (iv) means any person in accordance with whose directions or instructions the board of directors of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act;

(c) in relation to any person

- (i) means any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;

“Conflict of Interest”

refers to any situation in which a provider or a representative has an actual or potential interest that may, when rendering a financial service to a client;

- (a) Influence the objective performance of his/her obligations to that client;
- (b) Prevent the provider or representative from rendering an unbiased and unfair financial service to that client or from acting in the interests of that client, including but not limited to:
 - (i) financial interest;
 - (ii) ownership interest;
 - (iii) any relationship with a third party.

“Financial Interest”

refers to any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than;

- (a) ownership interest;
- (b) training, that is not exclusively available to a selected group of providers or representatives, on
 - (i) financial interest;
 - (ii) ownership interest;
 - (iii) any relationship with a third party.

“Immaterial Financial Interest”

refers to any financial interest with a determinable monetary value, aggregate of which does not exceed R1000 (one thousand rand only) 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 the 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.

“Key Individual”

refers to any natural person responsible for managing or overseeing, either alone or together with others, the activities of the body, trust or partnership relating to the rendering of any financial service.

“Ownership Interest”

- (a) refers to any equity or proprietary interest, for which the owner paid for fair value at the time of acquisition, other than equity or proprietary interest held as nominee on behalf of another.
- (b) includes dividend or profit share or similar benefit derived from that equity or ownership interest.

“Third Party”

refers to any product supplier, provider, and an associate of a product supplier, provider, stockbroker, consultant, and multi-manager

2. Introduction

Argon Asset Management (Pty) Ltd (“Argon”) has adopted and implemented a conflict of interest management policy (“the policy”) to provide a framework that enables adherence to legislation, its licensing conditions and also in meeting its own vision of achieving and maintaining operational integrity across the firm’s operations. The policy has been adopted, maintained and implemented to assist Argon to identify, manage and monitor compliance with the FAIS Code of Conduct for Financial Services Providers and Representatives in dealing with conflict of interest.

Argon has adopted CFA Institute’s code of conduct and ethics to protect its legitimate interests, its clients and employees and to avoid situations where the employee, by placing Argon’s interests in jeopardy, breaches the contract of employment.

Argon and its employees are committed to complying with all applicable laws, guidelines and in accordance with high ethical standards as outlined in the code of conduct and ethics. It is a condition of employment that in the course of employment all employees place the interest of Argon and its clients above their own personal interest.

In complying with the policy, Argon’s key individuals, representatives, employees and associates are expected to avoid as far as possible all forms of conflict of interest between themselves and the client.

3. Application

The policy is applicable to all employees, contractors and consultants appointed by Argon. A conflict of interest may arise in instances where a person’s interest and that of a client may diverge such as where an employee stands to benefit financially or otherwise at the prejudice or loss to the client. This may be through a specific act or omission on the part of such a person.

The policy is applicable in instances instead of;

- (a) Argon and its employees wish to offer a benefit to a client and/or third party.
- (b) A benefit has been offered to Argon or any of its employees, which may impair the ability to act without bias.

4. Management of Conflict of Interest

The following measures have been introduced to assist employees to identify and avoid conflict of interest and mitigate occurrence of conflict of interest. The policy will be amended when necessary in line with relevant changes to legislation and Argon’s internal standards.

4.1 Identification of conflict of interest

4.1.1 Financial interest to and from third parties

Argon’s employees shall only be permitted to receive and offer immaterial financial interests restricted to an aggregate of R1000 (one thousand rand) for any calendar year for each representative, key individual, or other service provider. These may include financial interest in the form of meals and vouchers not redeemable for cash that do not exceed R 1000.

Argon shall only receive or offer financial interest to third parties in the form of

- (i) Fees for the rendering of services specifically agreed upon by a/the client in writing and fees that the client has the discretion to terminate the payment of
- (ii) Fees or remuneration for services rendered reasonably commensurate to the service rendered.
- (iii) Immaterial financial interest.

Under no circumstances shall cash be offered and accepted from any third party.

Under no circumstances shall Argon provide a financial interest to a representative for:

- (i) Giving preference to the quantity of business secured for the provider unless the quality of the service rendered to clients forms basis of same;
- (ii) Giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
- (iii) Giving preference to a specific product supplier, where a representative may recommend more than one product of that product supplier to a client.

Training interventions may not be accepted where they are being offered exclusively to Argon.

Employees may not solicit gifts from any third party/or clients of the company.

Employees who have received material financial interests in excess of the limits contained herein are expected to decline these, irrespective of the source.

4.1.2 Financial interest from any other party

Argon and employees tasked with marketing initiatives of the company may offer financial interests to other parties such as existing and potential clients, subject to predefined limits as above.

Is the information material?

- Is this information that an investor would consider important in making his or her investment decision? Is this information that would substantially affect the market price of the securities if generally disclosed?
- All financial interests in the form of meals, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration may only be given with permission from the Managing Director.
- Written applications must be formally submitted to the Head of Finance & Operations and the Managing Director and approval of same must be obtained prior to issuance of same.
- Any other employee of the company wishing to offer gifts may only do so with the written permission of their respective area heads.
- Consultants and contractors appointed by Argon may not offer or accept any financial interest, or otherwise to clients on behalf of Argon.
- Members of staff receiving any financial interest from any other third party must declare receipt of same to their area heads and the compliance officer.
- Gifts exceeding R1000 may not be accepted and must be declined.
- Where it is not possible to decline and/or return any financial interests offered, such gifts must be donated to a charity of the company's choice.

Sponsorship of client events

Argon may sponsor client events where there is reasonable prospect of deepening overall client comprehension and advancing brand visibility. Our standard guideline for sponsorship to such events shall be the equivalent of one month's invoice (excl Vat) per client per annum with the final approval an amount at the discretion of the Managing Director.

Funeral donations

Argon understands that on an intermittent basis it will be called upon to help the community in cases of funerals. Argon has adopted a funeral contribution policy and may contribute a maximum of R2500 per family where necessary.

4.2 Avoidance of Conflict of Interest

Argon and its employees are expected to avoid all forms of conflict of interest, however in instances where this cannot be avoided, employees are expected to take the following steps:

- Disclose in writing to the responsible area head and the Compliance Officer;
 - (a) any conflict of interest
 - (b) details of the nature of relationship giving rise to the conflict of interest to enable the client to understand the relationship.
 - (c) ownership or financial interest excluding immaterial financial interest that one may be eligible to receive.
 - (d) steps taken to avoid and / or mitigate the conflict of interest.
- Such disclosure shall also be communicated to the affected clients.

4.3 Conflict of Interest controls

(i) Personal accounts trading

All employees wishing to engage in personal account trading are expected to complete a Personal Accounts Trading Application Form and submit to the Chief Investment Officer ("CIO") and the Compliance Officer. Both will review the application and provide a written response giving reasons for approval or rejection of an application

(ii) Gifts register

All employees are required to declare gifts and seek approval where there is foreknowledge ie where a person is sent an invitation to attend an event be it a corporate function or training intervention and / or any other event of value. Where there is no foreknowledge, employees are expected to declare such benefit to the respective area heads within 24 hours of receipt. The recipient of such benefit may be requested to return or donate same should such benefit exceed the predefined limits.

(iii) **Ownership interest and/or employment outside of Argon**

Members of staff are expected to declare on a bi-annual basis any interest they may have in other companies outside of Argon. This includes any directorships, ownership interests, or other employment outside of the company. Furthermore, employees are expected to obtain written approval prior to accepting any ownership interests in companies, directorship appointments, and other employment outside of the company.

(iv) **Training interventions**

On an annual basis, compliance conducts FAIS and FICA training to all employees. Training is combined with assessment to ensure measurement of the level of awareness and understanding of the said material.

5. Monitoring of Conflict of Interest

- On a quarterly basis, compliance conducts audits and requests all employees to make the following declarations:
Personal trading account; these are also required on behalf of associates of Argon's employees
 - (ii) Gifts received
 - (iii) Ownership interest and interests of associates in terms of natural persons; where possible compliance will conduct verifications with Companies and Intellectual Property Commission relating to ownership interest of employees.
- On an annual or bi-annual basis compliance will conduct an audit of financial records to confirm that gifts issued by the company are in line with the policy.

6. Non-compliance with the policy

Any failure to adhere to the conflict of interest policy shall be subjected to Argon's disciplinary proceedings and may result in dismissal and/or debarment in line with applicable legislation.

7 Record keeping

- (i) Personal accounts trading - all personal accounts approval forms submitted by employees for their personal trades will be maintained by compliance.
- (ii) Employee gifts register and declarations - all gift declarations made by employees will be maintained by compliance and a gift register will be generated.
- (iii) Gifts register - a record of all gifts issued by the company must be maintained by Finance department and be made available to Compliance for inspection.
- (iv) Ownership interest and employment outside of Argon; A register of employee directorships and ownership interest will be maintained by compliance.

8. Reporting

Compliance will be expected to report on compliance and non-compliance with the policy to management. Compliance will further report its findings to the regulator as and when required by same.

9. Policy review

The policy is reviewable annually or as circumstances dictate.

10. Approval

The policy is approved by the Board of Directors of Argon.

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