



**MATRIX**  
FUND MANAGERS

## **MATRIX FUND MANAGERS**

# **CONFLICT OF INTEREST MANAGEMENT POLICY**

**[LAST UPDATE: AUGUST 2014]**

**REGISTERED ADDRESS**

The Terraces, 2nd Floor  
25 Protea Road, Claremont  
Cape Town, 7708, South Africa

**CONTACT INFORMATION**

T +27 (0)21 673 7800  
[info@matrixfm.co.za](mailto:info@matrixfm.co.za)  
[matrixfundmanagers.co.za](http://matrixfundmanagers.co.za)

Matrix Fund Managers Proprietary Limited

Company Registration No. 2007/028504/07

An authorised Financial Services Provider (FSP 44663)



## TABLE OF CONTENTS

A. INTRODUCTION .....	3
B. FINANCIAL INTEREST .....	4
C. MECHANISMS FOR IDENTIFYING COI .....	4
D. RESOLVING COI .....	5
E. POTENTIAL COI THAT COULD AFFECT MATRIX FUND MANAGERS .....	5
F. MEASURES TO AVOID COI .....	5
G. DISCLOSURE OF COI .....	5
H. PROCESSES, PROCEDURES AND INTERNAL CONTROLS TO FACILITATE COMPLIANCE WITH THE POLICY .....	6
I. CONSEQUENCES OF NON-COMPLIANCE WITH THE POLICY BY THE PROVIDER'S EMPLOYEES AND REPRESENTATIVES .....	6
J. LIST OF ALL MATRIX FUND MANAGERS ASSOCIATES .....	6
K. NAMES OF ANY THIRD PARTIES IN WHICH THE PROVIDER HOLD AN OWNERSHIP INTEREST .....	7
L. NAMES OF ANY THIRD PARTIES THAT HOLDS AN OWNERSHIP IN THE PROVIDER.....	7
ANNEXURE A - FINANCIAL INTEREST .....	8
ANNEXURE B - GIFTS AND ENTERTAINMENT REGISTER .....	9



**A. INTRODUCTION**

- 1.
2. This document embodies the Conflict of Interest Management Policy for Matrix Fund Managers (RF) Proprietary Limited (“Matrix FM”). The policy applies to Matrix FM and its representatives [including its directors, FAIS key individuals and authorized representatives, other officers, employees and where applicable, its associates (refer Sections J & K)]
3. The document is drafted in compliance with the Financial Advisory and Intermediary Services Act and in particular the amendments to the General Code of Conduct for Financial Services Providers and Representatives, published in Board Notice 58 of 2010.
4. “Conflict of Interest” (COI) means any situation in which Matrix FM 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 Matrix FM 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 product supplier, another provider, an associate of a product supplier or provider, a distribution channel (each being “a relevant party”) or any person who in terms of an agreement or arrangement with such relevant party provides a financial interest to a provider or its representatives.)

5. The primary objectives of this Policy are:
  - i. To provide guidance on the behaviors expected in accordance with Matrix FM standards;
  - ii. To promote transparency and to avoid business-related COI;
  - iii. To ensure fairness in the interests of employees and Matrix FM;
  - 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.
6. Matrix FM is committed to ensuring that all business is conducted in accordance with good business practice. To this end Matrix FM 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 COI. Matrix FM and its representative must therefore avoid (or mitigate where avoidance is not possible) any COI between Matrix FM and a client or its representative and a client.



## **B. FINANCIAL INTEREST**

1. Matrix FM 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. Matrix FM 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**

1. In order to adequately manage COI, Matrix FM needs to be able to identify any conflicts timeously. To identify COI the following is applied:
  - i. An analysis of third party relationships, in particular identifying those third parties where a FAIS relationship exists;
  - ii. Classification of the types of financial interests received and/or offered;
  - iii. Appropriate rules must be put in place around the receipt or offering of immaterial financial interests;
  - iv. A gift and entertainment register to be maintained.
2. Management is required to establish, document and implement processes and procedures, where necessary, to identify all COI, real or perceived which arise or may arise.
3. All employees are responsible for identifying specific instances of conflict and are required to notify their manager and the compliance officer of any conflicts they become aware of.



#### **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. Once a COI has been identified it needs to be appropriately and adequately managed.
3. Specific instances of conflict may require management intervention, in addition to the documented controls already in place. Compliance and management then agree on the controls that need to be introduced to manage the conflict.

#### **E. POTENTIAL COI THAT COULD AFFECT MATRIX FM**

The following are potential COI that could affect Matrix FM:

- 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:**

Various controls and processes have been adopted to avoid or, if not possible, mitigate COI.

Appropriate measures implemented include, *inter alia*:

- Employee awareness and training with respect to this Policy and an annual declaration of commitment and acknowledgment of the Policy by each employee
- Personal Account Trading Policy and related procedures
- Maintenance of Gifts and Entertainment Register
- Human Resources Policy and related procedures
- Annual Directors' Declarations of outside interests



**G. DISCLOSURE OF COI:**

1. At the earliest reasonable opportunity, Matrix FM 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, Matrix FM 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 manager 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 Matrix FM.
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 management before entering into the transaction.

**I. CONSEQUENCES OF NON-COMPLIANCE WITH THE POLICY BY THE PROVIDER'S EMPLOYEES AND REPRESENTATIVES**

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 MATRIX FM ASSOCIATES**

Whole Owned Subsidiaries:

1. MFM Trustees Proprietary Limited
2. MFM Partners Proprietary Limited

Other Entities:

3. MFM Absolute GP Proprietary Limited
4. MFM Equity 2 GP Proprietary Limited
5. MFM C1 GP Proprietary Limited
6. Matrix Fixed Income Investments Proprietary Limited
7. Matrix Multi Strategy Investments Proprietary Limited

**K. NAMES OF ANY THIRD PARTIES IN WHICH THE PROVIDER HOLD AN OWNERSHIP INTEREST**

Not applicable

**L. NAMES OF ANY THIRD PARTIES THAT HOLDS AN OWNERSHIP IN THE PROVIDER**

- |  |                     |
|--|---------------------|
| 1. Shazamark Proprietary Limited*<br>(*100% subsidiary of Novare Holdings Limited) | 41.26% shareholding |
| 2. Peter D Wimsey and Associates Proprietary Limited                               | 7.06% shareholding  |



## **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.



ANNEXURE B – GIFTS AND ENTERTAINMENT REGISTER

<b>Name of Employee</b>	<b>Date on which gift was received</b>	<b>Source of gift</b>	<b>Type of gift</b>	<b>Value of gift</b>