



MATRIX
FUND MANAGERS

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CONFLICT OF INTEREST MANAGEMENT POLICY

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A. INTRODUCTION

This document details the Conflict of Interest Management Policy for Matrix Fund Managers (“Matrix”).

The Policy is approved in compliance with the Financial Advisory and Intermediary Services Act (“FAIS”) and in particular the amendments to the FAIS General Code of Conduct for Financial Services Providers and Representatives (“the Code”) and the FAIS Fit and Proper Requirements 2017.

The Policy applies to Matrix and its representatives, including its directors, FAIS key individuals and authorized representatives, other officers, employees and where applicable, its associates (Sections J & K).

“Conflict of Interest” (COI) means any situation in which Matrix or its representatives have an actual or potential interest that may, in rendering a financial service to a client, influence the objective performance of her, his or its obligations to that client; or prevent Matrix 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.)

In adherence with Treating Customers Fairly (TCF) principles and the Code, representatives must always act in the best interests of clients and render unbiased and fair financial services.

Matrix is committed to ensuring that all business is conducted in accordance with good business practice. To this end Matrix 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 and its representatives must therefore avoid (or mitigate where avoidance is not possible) any COI between Matrix and a client or its representative and a client.

The primary objectives of this Policy are:

- i. To provide guidance on the behaviours expected in accordance with Matrix standards
- ii. To promote transparency and to avoid business-related COI;



- iii. To ensure fairness in the interest of employees and Matrix;
- iv. To document the process for the identification, mitigation, 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.

B. FINANCIAL INTEREST

1. Matrix or its representatives may only receive or offer financial interest from or to a third party as determined by the Commissioner of Financial Sector Conduct Authority (“the Commissioner”) 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:
 - 2.1. an ownership interest; or
 - 2.2. 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. Any financial interest received by an employee of Matrix must, within 10 days of that receipt, be recorded in the gift registry attached hereto as Annexure B.
4. Matrix may not offer any financial interest to its representatives:
 - 4.1. that is determined with reference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients; or
 - 4.2. for giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
 - 4.3. for giving preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client.
5. For purposes of paragraph 4, Matrix must be able to demonstrate that the determination of and entitlement to the financial interest considers measurable indicators, as agreed between Matrix and the representative, relating to the:
 - 5.1. Achievement of minimum service level standards in respect of clients;
 - 5.2. Quality of the representative's compliance with this Act;



and that sufficient weight is attached to such indicators to materially mitigate the risk of the representative giving preference to the quantity of business secured for the provider over the fair treatment of clients.

C. IDENTIFYING CONFLICT OF INTEREST (INCL. POTENTIAL OR PERCEIVED CONFLICTS OF INTEREST)

1. In order to adequately manage COI, Matrix needs to be able to identify any conflicts timeously.
2. To identify COI the following is applied:
 - i. An analysis of third-party relationships, identifying those third parties where a FAIS relationship exists;
 - ii. Assessment and approval of the types of financial interest 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.
3. 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.
4. 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 CONFLICTS OF INTEREST

1. The first and most important line of defence against COI 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 in place to manage the conflict of interest.

E. POTENTIAL CONFLICTS OF INTEREST THAT COULD AFFECT MATRIX

The following are not limited to but indicated as potential COI that could affect Matrix:

- 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 CONFLICTS OF INTEREST

Various controls and processes have been adopted to avoid or, if not possible, mitigate COI. Appropriate measures implemented include, *inter alia*:

- i. Employee awareness, training and annual declaration of commitment and acknowledgement with respect to this Policy by each employee
- ii. Personal Account Investment Policy and related procedures
- iii. Maintenance of Gifts and Entertainment Register
- iv. Human Resources Policy and related procedures
- v. Annual Directors' Declarations of outside interests

G. DISCLOSURE OF CONFLICTS OF INTEREST

1. At the earliest reasonable opportunity, Matrix 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 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.



5. Matrix employees that fail to disclose a potential or actual COI in accordance with this Policy may be liable to disciplinary procedures.

H. PROCESSES, PROCEDURES AND INTERNAL CONTROLS TO FACILITATE COMPLIANCE WITH THE POLICY

1. All new employees should sign an acknowledgment of their understanding of this Policy during on-boarding
2. Every employee must have access to the Policy.
3. If a potential COI arises, the transaction must be discussed with management before entering the transaction.
4. Define the type of financial interest to which a representative may be entitled and how Matrix will ensure compliance with paragraphs B.4 and B.5.

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 misconduct and employees may be subject to disciplinary action that may lead to dismissal.

J. LIST OF MATRIX ASSOCIATES

Whole Owned Subsidiaries:

1. MFM Trustees (Pty) Limited Dormant, in deregistration process

Associate Entities:

2. Lodestar Fund Managers ((Pty) Limited 49.0% shareholding

K. NAMES OF ANY THIRD PARTIES THAT HOLDS AN OWNERSHIP INTEREST IN THE PROVIDER

1. Sanlam Investments Holdings (Pty) Limited 41.4% shareholding

ANNEXURE A - FINANCIAL INTEREST

1. Matrix or its representatives may only receive or offer the financial interests referred to herein if-
 - 1.1. Those financial interests are reasonably commensurate with the service being rendered, taking into account the nature of the service being rendered and the resources, skills and competencies reasonably required to perform it;
 - 1.2. The payment of those financial interests does not result in the provider or representative being remunerated more than once for the performance of a similar service;
 - 1.3. Any actual or potential COI between the interests of the client and the interests of the person receiving the financial interest are effectively mitigated; and
 - 1.4. The payment of the financial interest does not impede the delivery of fair outcomes to the client.

2. Matrix or its representatives may only receive or offer financial interest from or to a third party as follows:
 - 2.1 Commission authorised under the Long-term Insurance Act or Short-term Insurance Act;
 - 2.2 Commission authorised under the Medical Schemes Act;
 - 2.3 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;
 - 2.4 Fees for the rendering of a financial service in respect of which commission or fees referred to in sub-paragraph (2.1), (2.2) or (2.3) is not paid, if:
 - 2.4.1 The amount, frequency, payment method and recipient of those fees and details of the services that are to be provided by the provider or its representative in exchange for the fees are specifically agreed to by a client in writing; and
 - 2.4.2 The fees may be stopped at the discretion of that client.
 - 2.5 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;
 - 2.6 subject to any other law, an immaterial financial interest; and
 - 2.7 a financial interest, not referred to under sub-paragraph (2.1) to (2.6), 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.



2.8 For the purposes of this document “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

EMPLOYEE	DATE GIFT RECEIVED	SOURCE OF GIFT	TYPE OF GIFT	VALUE OF GIFT