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# Financial Interest and Conflict of Interest Management Policy

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## 1. Document control

### Key Document Summary

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### Document Review and Approval History

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01/06/2012	ISCOE Executive Committee	Approved
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## 2. Definitions and Acronyms

<p>Conflict of Interest</p>	<p>means any situation in which a financial services provider or a representative has an actual or potential interest that may, in rendering a financial service to a client –</p> <ul style="list-style-type: none"> <li>• influence the objective performance of his/her/its obligations to that client; or</li> <li>• prevent a financial services provider or representative 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:             <ul style="list-style-type: none"> <li>○ a financial interest;</li> <li>○ an ownership interest; and</li> <li>○ any relationship with a third party.</li> </ul> </li> </ul>
<p>Financial Interest</p>	<p>means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive, or valuable consideration, other than –</p> <ul style="list-style-type: none"> <li>• an ownership interest</li> <li>• training, that is not exclusively available to a selected group of financial services providers or representatives, on –             <ul style="list-style-type: none"> <li>○ products and legal matters relating to those products; general financial and industry information;</li> <li>○ specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.</li> </ul> </li> </ul>

<p>Immaterial Financial Interest</p>	<p>means any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1000 in any calendar year from the same third party and in that calendar year received by –</p> <ul style="list-style-type: none"> <li>• a provider who is a sole proprietor; or</li> <li>• a representative for that representative’s direct benefit;</li> <li>• a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.</li> </ul>
<p>Ownership Interest</p>	<p>means an equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held by an approved nominee on behalf of another person; and includes any dividend, profit share or similar benefit derived from that equity or ownership interest.</p>
<p>Third Party</p>	<p>means –</p> <ul style="list-style-type: none"> <li>• a product supplier;</li> <li>• another provider;</li> <li>• an associate of a product supplier;</li> <li>• a provider; a distribution channel; or</li> <li>• any person who in terms of an agreement or arrangement with a person referred to in paragraphs above provides a financial interest to a provider or its representatives.</li> </ul>

### 3. Introduction

In terms of General Code of Conduct for Authorised Financial Services Providers and Representatives (“GCOC”), every authorised financial services provider (“FSP”) (other than a Representative) must adopt,

maintain, and implement a conflict-of-interest management policy that complies with the provisions of the GCOC.

This financial interest and conflict of interest management policy (the “Policy”) is applicable to the following FSPs within Momentum Investments (“MI”):

- Momentum Asset Management (Pty) Limited (FSP No. 623)
- Momentum Alternative Investments (Pty) Limited (FSP No. 34758)
- Momentum Outcome-Based Solutions (Pty) Limited (FSP No. 19840)
- Equilibrium Investment Management (Pty) Limited (FSP No. 32726)
- Momentum Wealth (Pty) Limited (FSP 657)
- Momentum Wealth International Limited (FSP 13495)
- Momentum Global Investment Management (FSP 13494)

This Policy provides for measures to identify, disclose, manage, and avoid existing and potential conflicts of interest as set out in the GCOC.

#### **4. These are examples of conflicts of interest**

Conflict of Interest situations that could prejudice a client may take a variety of forms, irrespective of the actions or the motivations of MI are intentional. Specific factors which may indicate the occurrence of a Conflict of Interest in respect of MI include:

- MI, an associate, department, or a representative will realise a financial gain or avoid a potential loss at the client’s expense.
- The interests of MI, an associate, a department, or a representative may be different to that of the clients.
- MI, an associate, or a representative conducts the same professional activity as the client.
- MI, an associate, a department, or a representative will gain an advantage (financial or in kind) from

a Third Party in the execution of the service conducted on behalf of the client.

- MI may cast proxy votes consistent with a client's investment strategies which may conflict with the investment strategies of other clients, and consequently proxy votes may differ between clients.
- A representative may, from time-to-time, serve as a director for a public or private company.
- A representative may own shares in companies in their personal capacity. Those shares may also be held in client's portfolios.
- MI, in using its discretion to render financial services to clients, may choose to invest in group or associated companies.
- The existence of a financial or other incentive that favours the interests of one client over that of another.

## 5. Policy purpose

The purpose of this Policy is to provide a framework with regards to the avoidance and management of Conflicts of Interest within MI in order to:

- ensure compliance with the Financial Advisory and Intermediary Services Act, 2002 ("FAIS Act");
- avoid legal liability, penalties, fines, and reputational risk arising from any Conflict of Interest; and
- avoid any situation in which MI has an actual or potential interest that may, while rendering a financial service to a client:
  - influence the objective performance of its obligations to that client; or
  - prevent it from rendering an unbiased and fair financial service to that client, or from acting in the best interests of that client, including, but not limited to:
    - a financial interest;
    - an ownership interest; or
    - any relationship with a third party.

## 6. Policy scope

This Policy applies to MI representatives in respect of the rendering of financial services to clients; as well as to MI and its relationships with a Third Party.

## 7. Financial interest

**MI and/or its representatives may only receive or offer the following Financial Interests from or to a Third Party:**

- commission authorised under the Long-term Insurance Act No. 52 of 1998;
- fees authorised under the Long-term Insurance Act No. 52 of 1998;
- fees for the rendering of a financial service in respect of which commission or fees referred to above is not paid, if those fees:
  - the amount, frequency, payment method and recipient of those fees and details of the services that are to be provided by the FSP or its representatives in exchange for the fees are specifically agreed to by a client in writing; and
  - those fees may be stopped at the discretion of that client.
- An immaterial financial interest.

**MI and/or its representatives may only receive or offer the Financial Interests above, if:**

- those Financial Interests are reasonably commensurate with the service being rendered taking into account the nature of the service and the resources, skills and competencies reasonably required to perform it;
- the payment of those Financial Interests does not result in MI or representative being remunerated more than once for performing a similar service;
- an actual or potential conflict between the interests of clients and the interests of the person receiving the Financial Interests are effectively mitigated; and
- the payment of those Financial Interests does not impede the delivery of fair outcomes to clients.

**MI may not offer any Financial Interest to its representatives:**

- that is determined with reference to the quantity of business secured for MI without also giving due regard to the fair treatment of clients; or
- for giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
- for giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.

**For purposes of the above, MI must be able to demonstrate that the determination of and entitlement to the Financial Interest takes into account measurable indicators relating to the:**

- achievement of minimum service level standards in respect of clients;
- delivery of fair outcomes for clients; and
- quality of the representative's compliance with the FAIS Act.

## **8. Availability**

This Policy is available on the Momentum website. Click [here](#) to access the policy.

## **9. Management of conflicts of interest**

MI will always attempt as far as possible to manage any identified Conflict of Interest by imposing actions designed to mitigate the risk of any of its clients receiving unfair treatment. These mitigating measures will consider the interests of both MI and clients.

### **9.1. Mechanisms for the identification of conflict of interest**

MI has implemented mechanisms for the identification of Conflicts of Interest, including among other things:

- Internal guidance to representatives and training on Conflicts of Interest. This requires that the representatives:

- be competent to identify conflicts that may arise in the conduct of their normal work responsibilities; and
- desist from treating a client in a manner that unfairly favours or prejudices that client.

## **9.2. Measures for the management of conflicts of interest**

- Training of employees on Conflicts of Interest, legislation and company policies and procedures. Most of these policies and procedures form part of representatives' terms and conditions of employment.
- The giving and receiving of a Financial Interest has the potential to create Conflicts of Interest. Representatives may not receive or offer any Financial Interest to a Third Party, other than an Immaterial Financial Interest.
- Acknowledgement of this Policy by representatives.
- Disclosure of those conflicts.

## **9.3. Measures for the disclosure of conflicts of interest**

- Every representative is required to declare as and when they receive and/or offer a Financial Interest from/to Third Parties. The declaration must be made prior to receiving and/or offering any Financial Interest from/to Third Parties.
- MI maintains a gift register.
- Representatives must disclose a Conflict of Interest to the client.

## **10. List of Associates and third parties**

Please see Annexure A and B for a list of associates third parties, respectively.

## **11. Monitoring**

MI Regulatory Compliance has been mandated to monitor compliance with this Policy.



## Annexure A: List of associates

<b>Entity</b>	<b>Ownership Interest</b>
<b>Momentum Metropolitan Holdings Limited</b>	<b>Holding Company</b>
<b>Entity</b>	<b>Ownership Interest</b>
<b>Momentum Metropolitan Life Limited</b>	<b>Parent Company</b>
Momentum Wealth (Pty) Ltd	100%
Momentum Outcome-Based Solutions (Pty) Ltd	100%
Momentum Connect (Pty) Ltd (dormant)	100%
Hawley Road Developments (Pty) Ltd	100%
Equilibrium Investment Management (Pty) Ltd	100%
129 Rivonia Road (Pty) Ltd	100%
Momentum Property Investments (Pty) Ltd	100%
Momentum Wealth International Limited (Guernsey)	100%
Momentum Ability Limited	100%
LandPlan Beleggings (Pty) Ltd (dormant)	100%
Southern Life Property Developments (Pty) Ltd (dormant)	100%
SMH Land Development (Pty) Ltd	100%
102 Rivonia Road (Pty) Ltd	80%
Momentum Multiply (Pty) Ltd	100%
<b>Momentum Investments Management (Pty) Ltd</b>	<b>Parent Company</b>
Momentum Asset Management (Pty) Ltd	100%
Momentum Alternative Investments (Pty) Ltd	100%
<b>Momentum Metropolitan Strategic Investments (Pty) Limited</b>	<b>Parent Company</b>
Momentum Healthcare Distribution (Pty) Ltd	100%
Guardrisk Group (Pty) Ltd	100%
Guardrisk Microinsurance Limited	100%
MMI Short-term Insurance Administration (Pty) Ltd	100%
Gamaphuteng Enterprises (Pty) Ltd	92.20%
Momentum Consultants and Actuaries (Pty) Ltd	100%
Momentum Consult (Pty) Ltd	100%
Momentum Insure Company Limited	100%
Momentum Securities (Pty) Ltd	100%
Momentum Life Botswana Limited	100%
Tsumeb Mall (Pty) Ltd (Namibia)	56%

## Annexure B: List of third parties

Entity	Ownership Interest
Momentum Outcome-Based Solutions (Pty) Ltd	100%
Momentum Health Solutions (Pty) Ltd	100%
Active Ageing at Home (Pty) Ltd	50%
Momentum Healthcare Distribution (Pty) Ltd	100%
Momentum Wealth International Limited (Guernsey)	100%
MWI Secretaries Limited	100%
Momentum Mutual Fund ICC Ltd	100%
MWI Nominees Limited (Guernsey)	100%
Momentum International Insurance PCC Limited	100%
Momentum Metropolitan Strategic Investments (Pty) Ltd	100%
Momentum Wealth (Pty) Ltd	100%
Equilibrium Investment Management (Pty) Ltd	100%
Momentum Asset Management (Pty) Ltd	100%
Momentum Global Investment Management Limited	100%
Momentum Collective Investments Limited	100%
Momentum Asset Management Nominees (Pty) Ltd	100%
Momentum Ability Limited	100%
Momentum Alternative Investments (Pty) Ltd	100%
Guardrisk Microinsurance Limited	100%
Momentum Multiply (Pty) Ltd	100%
Momentum Life Botswana Limited	100%
Momentum Consultants and Actuaries (Pty) Ltd	100%
Momentum Consult (Pty) Ltd	100%
Momentum Africa Investments (Pty) Ltd	100%
Momentum Mozambique LDA	75%
Momentum Insure Company Limited	100%
LandPlan Beleggings (Pty) Ltd	100%
Southern Life Property Developments (Pty) Ltd	100%
Homeria Investments (Pty) Ltd	50%
Gallic Hennops Park (Pty) Ltd	100%
SMH Land Developments (Pty) Ltd	100%
Kemparkto (Pty) Ltd	100%
Von Brandis Square Development Co (Pty) Ltd	100%