



westbrooke

Alternative Asset Management

Conflict of Interest Policy-

Westbrooke Alternative Asset Management (Pty) Ltd and related registered FSP's within the group ("Westbrooke Group")

1 INTRODUCTION

- 1.1 Westbrooke Group (refer Annexure B) for all entities within the Westbrooke Group) is required to maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to identify, disclose and manage conflicts of interest.
- 1.2 The Westbrooke Group aims to avoid, and where this is not possible mitigate, any conflict of interest in the rendering of financial services between ourselves or our Representatives and the client.
- 1.3 This policy provides for the management of conflicts of interest in compliance with the provisions of the Financial Advisory and Intermediary Services Act, 2002 (“FAIS”) which the authorized Financial Services Providers within Westbrooke Group are subject to.
- 1.4 A conflict of interest is defined in the General Code of Conduct for Authorised Financial Services Providers and Representatives (as amended) (“General Code of Conduct”) as follows:

“conflict of interest” means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client, -

(a) influence the objective exercise of his, her or its obligations to a client; or

(b) prevent a provider or representative from rendering an unbiased and fair financial service, 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

- 1.5 Definitions from Section 1 of the General Code of Conduct, relevant to conflicts of interest, are provided in Annexure A.
- 1.6 This policy records the steps to be taken to **identify conflicts** of interest before engaging with new clients. It also sets out what should be done when **potential conflicts become apparent**.
- 1.7 It is vitally important that potential conflicts of interest are **identified as soon as possible**, as conflicts of interest affecting clients could undermine the integrity and professionalism of our business. Identifying conflicts at an early stage will encourage confidence in the Westbrooke Group’s ethical standards.

2 GENERAL PRINCIPLES

- 2.1 Potential conflicts of interest are inherent in any business. **Our aim is to identify and manage potential or actual conflicts of interest before any client becomes aware that there is a potential or actual conflict of interest, and to ensure that our clients are not unduly prejudiced.**
- 2.2 A conflict of interest may be difficult to define, and is assessed in relation to all of the circumstances.
- 2.3 Given the Westbrooke Group's aim of encouraging long term, deep relationships with clients, it is preferable to have a low threshold for identifying a potential conflict of interest.

3 ROLE OF COMPLIANCE

- 3.1 Compli-Serve, as compliance officers of the Westbrooke Group, are in a position to assist them in facilitating the handling of any identified conflict relating to the Westbrooke Group. This may involve assessing and evaluating the conflict with the Westbrooke Group, and decide upon, and implement, an appropriate response to the conflict.
- 3.2 Compli-Serve to assist with the implementation of conflict-monitoring procedures within the Company and highlight areas of ensure that any non-compliance with the Westbrooke Group's conflicts management arrangements are identified and appropriately acted on.
- 3.3 As part of the conflict management arrangements Compli-Serve will monitor agreed conflicts documentation as part of its wider scale monitoring programme within the Westbrooke Group.

4 ROLE OF SENIOR MANAGEMENT

- 4.1 Senior managers who are responsible for oversight of the activities of the regulated entities are responsible for implementing appropriate processes and procedures for the effective risk management of conflicts of interest and other risks arising within their divisions.
- 4.2 It is the responsibility of senior management to implement the conflict of interest management policy, procedures and controls to manage conflicts effectively.

5 ROLE OF ALL EMPLOYEES

- 5.1 All employees are obliged to report actual, perceived or potential conflicts of interest. The failure of employees to notify management to the potential conflict of interest may result in disciplinary action being taken against the affected individual/s

6 IDENTIFICATION OF CONFLICTS OF INTEREST

- 6.1 A conflict of interest is a situation in which the interests of the Westbrooke Group or of its associates, in the exercise of its activities, and the interests of its clients, are directly or indirectly in competition, and which could significantly prejudice the client's interests.
- 6.2 A conflict of interest exists if an employee is in a position to make or influence a decision about whether and how to proceed with a proposed transaction and has an affiliation with any other party to the transaction. An apparent conflict is one that a member of the public might reasonably believe might cause that employee's decision to be tainted by self-interest.
- 6.3 In determining whether there is an actual or potential conflict of interest, we must consider whether the conflict may influence the objective performance of our obligations or prevent us rendering an unbiased and fair service to the client, taking into account whether the Westbrooke Group or a Representative, associate or employee –
- 6.3.1 Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
 - 6.3.2 Has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
 - 6.3.3 Has a financial or other incentive to favour the interest of another client, group of clients or any other third party over the interests of the client;
 - 6.3.4 Receives or will receive from a person other than the client, an inducement in relation to a service provided to the client in the form of money, goods or services, other than the legislated commission or reasonable fee for that service;
 - 6.3.5 Is involved in the same professional activity as the client.
- 6.4 Possible conflicts of interest would include, inter alia –
- 6.4.1 Any rebate, retrocession or related payment whereby remuneration benefits are paid by product suppliers or Discretionary Financial Services Providers to the Westbrooke Group;
 - 6.4.2 Personal account dealing/staff trading – the Compliance Officer will communicate any restrictions on share trading based on deals happening in the business at the time;
 - 6.4.3 The use of sensitive or privileged information;
 - 6.4.4 The Conflicts of interest between our clients if we are acting for different clients and the different interests conflict materially;
 - 6.4.5 Holding confidential information on clients which, if we would disclose or use, would affect the services provided to clients.

7 DECLARATION OF CONFLICTS OF INTEREST

7.1 In order to ensure proper corporate governance and transparency, relevant employees are required to declare any private interests that might affect the performance of their duties.

7.2 They are also required to take steps to resolve any conflicts that arise in a way that protects the public interest. To fulfil this requirement, any relevant interests must be declared in the Register of Interests. Relevant interests include a financial interest; an ownership interest or any relationship with a third party – these definitions are included below:

“financial interest” 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 –

(a) an ownership interest

(b) training, that is not exclusively available to a selected group of providers or representatives, on –

(i) products and legal matters relating to those products

(ii) general financial and industry information

(iii) specialized technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training

“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

“ownership interest” means –

(a) any equity or ownership interest, for which fair value was paid by the owner, other than equity or an ownership interest held as an approved nominee on behalf of another person; and

(b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest

- 7.3 Relevant employees (which would include Key Individuals, Representatives, management and Directors) must consider whether they need to disclose personal involvement with persons or organisations or business interests that might influence their judgement, deliberation or action as employees, or which might be perceived by a client as doing so. The purpose of this disclosure is to be able to provide information to clients about the relevant interests of the regulated entity and the key persons.
- 7.4 The types of conflicts of interest to be recorded would include, inter alia –
- 7.4.1 Other Employment - In terms of their contract of employment, employees may not during the course of their employment, engage, either directly or indirectly, in any business, enterprise, employment or other activity for themselves or a third party, whether for gain or otherwise, without the prior written consent. Engagement in such activity may potentially create a conflict with the interests with the Westbrooke Group or place the Westbrooke Group at risk of disclosure of confidential information.
- 7.4.2 Service on Boards and Committees - Employees must obtain approval prior to accepting any position to serve on a board of directors, an advisory board or on a committee of any entity, unless such appointment to the position is at the behest of the Westbrooke Group. Such appointments may create a conflict or the appearance of a conflict of interest.
- 7.4.3 Investment in private companies - Employees may find themselves in a position to invest in clients of the Westbrooke Group, its partners or suppliers. It is imperative that employees presented with such opportunities understand the potential conflict of interest that may occur in these circumstances.
- 7.4.4 Gifts and financial interests (to be recorded in the Gift Register- No employee should obtain any material personal benefits or favours because of their position within the Westbrooke Group. The Westbrooke Group's Gift and Gift Acceptance policy addresses the circumstances in which gifts made to employees of the Westbrooke Group may be accepted, and the procedure in terms of which gifts are to be entered in the Gift Register.
- 7.5 It is each affected employee's responsibility to inform the Compliance Officer of any relevant changes as they occur and to register their interests in the Register.
- 7.6 Where there is uncertainty about whether a particular interest should be declared, advice should be sought from the Compliance Officer and/or senior management.

8 ACCEPTABLE FINANCIAL INTEREST

- 8.1 In terms of Section 3A(1) of the General Code of Conduct, the Westbrooke Group and its Representatives may only receive or offer the following financial interest from or to a third party –
- 8.1.1 For the rendering of a financial service in respect of which commission or fees referred to above are not paid, if those fees are specifically agreed to by a client in writing and may be stopped at discretion of the client;
- 8.1.2 Fees or remuneration for services rendered to a third party, if those fees are reasonably commensurate to the service being rendered;

- 8.1.3 An immaterial financial interest as defined;
- 8.1.4 A financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest is paid by the Westbrooke Group or the Representative at the time of receipt thereof.

9 AVOIDANCE OF CONFLICTS OF INTEREST

- 9.1 In order to avoid conflicts of interest, the Westbrooke Group does not permit the practice of offering any financial interest to Representatives for:
 - 9.1.1 Giving preference to the quantity of business secured for the Westbrooke Group to the exclusion of the quality of the service rendered to clients; or
 - 9.1.2 Giving preference to a specific product supplier, where the Representatives may recommend more than one product supplier to the client; or
 - 9.1.3 Giving preference to a specific product of a product supplier, where the Representative may recommend more than one product of that product supplier to the client.
- 9.2 Certain conflicts may have such a serious potential impact for the Westbrooke Group or its clients that the only way to adequately manage such conflicts will be to avoid them. However, clearly it is not practical to prohibit all conflicts of interest regardless of impact.
- 9.3 Therefore, all conflicts of interest must be adequately assessed for impact, they must be reported to the Compliance Officer and/or senior management who will then decide how to proceed, i.e. either to proceed with caution; make the appropriate disclosures; or in severe cases to avoid the conflict altogether.

10 CONTROLLING CONFLICTS OF INTEREST

- 10.1 If it is decided to proceed the conflict can be normally managed by a combination of internal controls and appropriate disclosures.
- 10.2 Depending on the circumstances and the nature of any given conflict, it may be appropriate to:
 - 10.2.1 Disclose the conflict of interest to the client;
 - 10.2.2 Allocate another Representative to provide the service to the client;
 - 10.2.3 Decline to provide a service to the client;
 - 10.2.4 Initiate internal/external disciplinary action (referring matter to the Regulator for instance) where warranted.
- 10.3 What constitutes an appropriate response to a given conflict of interest will always depend on the circumstances and facts of the case.
- 10.4 In the event of a conflict of interest being identified and avoidance of this conflict of interest is not possible, the Compliance Officer must be advised of the reasons therefore and what measures the

business will implement to mitigate such conflict of interest. Measure to mitigate will include disclosure to clients.

11 DISCLOSURE OF CONFLICTS OF INTEREST

11.1 At the earliest reasonable opportunity, we must disclose in writing to our client any conflict of interest in respect of that client, including –

11.1.1 The measures taken to avoid or mitigate the conflict;

11.1.2 Any ownership interest or financial interest, other than an immaterial financial interest, that we or our Representatives may be or become eligible for;

11.1.3 The nature of any relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail to our client to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest.

11.2 An appropriate mechanism for disclosure of material conflicts of interests is in the initial disclosure documentation provided to clients in the form of letters of introduction; letters of engagement; mandates; and related disclosure documents. The following information must be disclosed:

11.2.1 The extent to which the Westbrooke Group (or any associated person) has a legal or beneficial interest in the financial products that are the subject of the service;

11.2.2 The extent to which the Westbrooke Group (or any associated person) is related to or associated with the issuer or provider of the financial products that are the subject of the service;

11.2.3 The extent to which the Westbrooke Group (or any associated person) is likely to receive financial or other benefits.

11.2.4 All fees, charges, rebates and benefits applicable to the service.

12 CONFLICT OF INTEREST MANAGEMENT PROCEDURES

12.1 Senior management have primary responsibility for identifying, recording and managing conflicts of interest. They will be assisted in the management of conflict of interest situations by the Compliance Officer.

12.2 The take on of new clients should be subject to Senior Management approval.

12.2.1 Senior Management will consider the existence of a conflict of interests in relation to the client, and if so, will determine (together with the Compliance Officer, as applicable) how the conflict should be managed.

12.2.2 Where no conflicts are identified the client may be taken on, subject to satisfactory anti-money laundering and other due diligence requirements being met.

- 12.2.3 Where the Westbrooke Group cannot take on the client, the prospective client should be advised of this fact promptly.
- 12.3 The Compliance Officer will co-ordinate an annual questionnaire to be completed by Directors and relevant staff, requiring them to assess all aspects of their responsibilities and their business relationships, with a view to identifying actual or potential conflicts (and circumstances that might be perceived as conflicts). Directors, managers and Compliance Officers assess conflicts across the business, while other staff will focus on their individual circumstances.
- 12.4 Even when individuals completing the questionnaire are confident that an objective service will be provided, in spite of a potential conflict, they should report the conflict.
- 12.5 Senior management together with the Compliance Officer will assess the seriousness of identified possible conflicts, and will determine how the conflict should be managed. Typically this can involve:
 - 12.5.1 Whether current disclosures constitute adequate management;
 - 12.5.2 What further disclosures would constitute adequate management;
 - 12.5.3 Whether or not disclosure alone can adequately manage the conflict. Where it cannot, how the conflict should be avoided, or a decision made whether the conflict should be referred for prompt board consideration.
- 12.6 The Compliance Officer will maintain records of the conflict of interest management process, from identification through to effective resolution of the conflict.
- 12.7 Where there is a complaint received about a failure by the Westbrooke Group or its Representatives to disclose a relevant interest, the complaint should immediately be sent to the Compliance Officer for evaluation and response in conjunction with senior management.
- 12.8 The Compliance Officer will prepare a report on the management of conflicts of interest, for the Board to consider at intervals appropriate to the business.
- 12.9 Conflicts of interest will be an agenda item for Board meetings, as when required.
- 12.10 The conflicts of interest procedures and their efficacy in operation will be reviewed by senior management, in conjunction with the Compliance Officer, at least on an annual basis.

ANNEXURE A – DEFINITIONS

“associate” –

- a) in relation to a natural person, means –
 - i) a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner 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 recognised 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) (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 –
 - (1) had such first-mentioned juristic person been a company; or
 - (2) 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;

- ii) includes any trust controlled or administered by that person.

“conflict of interest” means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client, -

- a) influence the objective exercise of his, her or its obligations to a client; or
- b) prevent a provider or representative from rendering an unbiased and fair financial service, 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

“distribution channel” means –

- a) any arrangement between a product supplier or any of its associates and one or more providers or any of its associates in terms of which arrangement, any support or service is provided to the provider or providers in rendering a financial service to a client
- b) any arrangement between two or more providers or any of their associates, which arrangement facilitates, supports or enhances a relationship between the provider or providers and a product supplier
- c) any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier

“financial interest” 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 –

- a) an ownership interest
- b) training, that is not exclusively available to a selected group of providers or representatives, on –
 - i) products and legal matters relating to those products
 - ii) general financial and industry information
 - iii) specialized technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.

“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.

“ownership interest” means –

- d) any equity or ownership interest, for which fair value was paid by the owner, other than equity or an ownership interest held as an approved nominee on behalf of another person; and
- e) includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

“third party” means –

- f) a product supplier;
- g) another provider;
- h) an associate of a product supplier or a provider;
- i) a distribution channel;
- j) any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representatives

Annexure B

The Westbrooke Group consists of the following:

Entity	FSP number	FIC Org ID	Registration number
Westbrooke Alternative Asset Management (Investment Manager)	FSP 46750	41385	2009/020622/07
Westbrooke Alternative Rental Income Assets Ltd	FSP 45753	23798	2014/20997/06
Westbrooke Capital Hospitality Ltd	FSP 46462	36392	2015/128313/06
Westbrooke Aria 2018 Ltd	FSP 48672	42667	2016/320134/06
Westbrooke Stac 2018 Ltd	FSP 48756	42698	2016/497319/06
Westbrooke Alto 2018 Ltd	FSP 48805	42683	2017/149526/06
Westbrooke Aria 2019 Ltd	FSP 49642	48525	2017/498423/06
Westbrooke Stac 2019 Ltd	FSP 49640	48499	2017/497910/06
Westbrooke Host 2019 Ltd	FSP 49641	48517	2017/497860/06
Westbrooke Aria Plus 2019 Ltd	FSP 49644	48540	2016/335754/06
Westbrooke Aria 2020 Ltd	FSP 50271	50550	2019/287914/06
Westbrooke Stac 2020 Ltd	FSP 50224	50577	2019/195921/06
Westbrooke Aria Plus 2020 Ltd	FSP 50222	50565	2019/208581/06
Westbrooke Aria 2022	FSP 50223	52432	2019/198079/06
Westbrooke Stac 2021 (T/A Stac Preferred) Ltd	FSP 50378	52560	2017/498335/07
Westbrooke Aria 2021 Ltd	FSP 50373	52500	2017/498397/07