

**Allan Gray Group Conflict of  
Interest Management Policy**

May 2020



Version	Responsible Person	Summary of Changes	Date approved by the Board
V1.0	-	Creation	-
V2.0	Robert Formby	Full review from creation	Approved by the Allan Gray Group Audit Committee on 27 May 2020.

**1. Definitions**

<b>Allan Gray</b>	means Allan Gray Group (Pty) Ltd and all of its subsidiaries.
<b>Allan Gray Retirement Fund</b>	means the Allan Gray Retirement Annuity Fund, the Allan Gray Pension Preservation Fund, the Allan Gray Provident Preservation Fund, the Allan Gray Umbrella Pension Fund and the Allan Gray Umbrella Provident Fund.
<b>Applicable Legislation</b>	includes the following regulatory requirements as may be amended or replaced from time to time: <ul style="list-style-type: none"> <li>• Financial Advisory and Intermediary Services, 2002 – The General Code of Conduct for Financial Services Providers and Representatives (South Africa);</li> <li>• Directive PF No. 8 of the Pension Funds Act, 24 of 1956 (South Africa);</li> <li>• Non-Bank Financial Regulatory Authority (Market Intermediaries Conduct of Business) Rules, 2012 (Botswana); and</li> <li>• Directive on Conflict of Interest, 2014 under the Namibia Financial Institutions Supervisory Authority Act, 2001 (Namibia).</li> </ul>
<b>Audit Committee</b>	means the Allan Gray audit committee.
<b>Boards</b>	means the Boards of directors of the various entities in Allan Gray or any committees of the Board(s) duly delegated to act on their behalf such as the Audit Committee.
<b>Conflict of Interest</b>	means any situation in which a provider or representative has an actual or potential interest that may, in rendering a financial service to a client, influence the objective performance of his/her obligations to that client or prevent a 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 a Financial Interest, an Ownership Interest and/or any relationship with a Third Party.
<b>Employee</b>	means any staff member (temporary or permanent), executive director, contractor (includes persons employed by a contractor) or any person who assists in carrying on the business of Allan Gray and who receives compensation from Allan Gray for the services rendered.
<b>Financial Interest</b>	means any cash, cash equivalent, vouchers, Gifts, discounts, services, advantages, benefits, domestic or foreign travel, hospitality, accommodation, sponsorships and/or any other incentive or valuable consideration, but excludes an Ownership Interest or training as described in this Policy.
<b>Gift</b>	means anything of value for which the recipient is not required to pay the retail or usual and customary cost. A Gift may include meals or refreshments, goods, services, tickets to entertainment or sporting events, or the use of a residence, vacation home, or other accommodation.
<b>Group Compliance</b>	means Allan Gray's compliance function.
<b>Intermediary</b>	means both retail and institutional Intermediaries and includes independent financial advisors, asset and employee benefit consultants, LISPs, multi-managers, bulk dealers and anyone else entrusted with making or influencing the manager selection decision.
<b>Learning Centre</b>	means Allan Gray's training department.
<b>Management</b>	means any supervisor, manager, head, executive, director, or consultant or other individual who manages and/or supervises Employees at Allan Gray.
<b>Ownership Interest</b>	means any equity or proprietary interest for which fair value was paid at the time of acquisition, other than an equity or proprietary interest held as an approved nominee on behalf of another person. It includes any dividend, profit share or similar benefit derived from an equity or Ownership Interest.
<b>Policy</b>	means this Conflict of Interest Management Policy.
<b>Third Party</b>	means a financial product supplier, another financial services provider, an associate of a financial product supplier or financial services provider, a distribution channel, any person who in terms of an agreement or arrangement with a person set out above provides a Financial Interest to Allan Gray or its Employees, a company that is the subject of Allan Gray's investment research, a current or prospective client of Allan Gray, or an Intermediary.

**2. Purpose and objective**

The purpose of this Policy is to provide guidance in identifying and handling Conflicts of Interest involving Allan Gray and its Employees, which may arise in the rendering of financial services to clients. The Applicable Legislation requires that Allan Gray takes steps to avoid and/or mitigate any such Conflicts of Interest. Furthermore, Allan Gray's integrity and reputation depends on Allan Gray and its Employees doing the right thing, even when this is not the easy thing. This Policy intends to assist Employees in making decisions about their conduct

in relation to Allan Gray's business and is based on the principle that no one at Allan Gray should ever sacrifice integrity, or give the impression that they have, even if they think it would help business. This Policy applies to all Allan Gray Employees.

### **3. Identifying a Conflict of Interest (including a potential or perceived Conflict of Interest)**

Allan Gray faces a Conflict of Interest when it has an actual or potential interest which, when dealing on behalf of clients or for clients with Third Parties or other Allan Gray member companies, prevents Allan Gray from providing a fair and unbiased service. There are various scenarios where a Conflict of Interest may arise.

#### **3.1 Receipt of Gifts and Entertainment by Employees**

Employees should endeavor to avoid situations that might cause, or perceive to cause, a loss of independence or objectivity. Modest Gifts and/or entertainment from Third Parties, within the prescribed limits set out in this Policy, may be accepted by Employees on infrequent occasions only if it is clear that the Third Party is not trying to influence or reward the Employee inappropriately in connection with any business decision or transaction and the Gift is unsolicited.

Monetary limits are applicable to the above categories of Gifts and entertainment. Gift or entertainment funding that is received by an Employee from any Third Party may not exceed:

- R 1 000 in South Africa;
- N\$ 500 in Namibia; or
- the equivalent of R1 000 for any other jurisdiction.

The above limits apply per annum and in aggregate from any one Third Party. Where the amount is unknown, Employees must estimate the cost based on the fair market value of the Gift and/or entertainment.

If an Employee receives Gift(s) or entertainment from a Third Party that exceed the monetary limit in a particular year, the Conflict of Interest must be avoided or mitigated as set out in section 4.

The acceptance of all Gifts by an Employee is subject to the approval of his/her direct line manager (in consultation with the head of the business unit concerned) and, where applicable, the Compliance Officer.

For Gifts and entertainment that are received by Employees from parties that do not fall within the definition of "Third Party", please refer to the Anti-Bribery and Corruption Policy. For Gifts and entertainment that are received by the principal officer and trustees of the Allan Gray Retirement Funds, please refer to the Allan Gray Retirement Funds' Policy on Gifts.

#### **3.2 Ownership Interests in Third Parties and relationships with Third Parties**

Employees who represent Allan Gray face Conflicts of Interest if they have a beneficial interest that may affect their ability to act in Allan Gray's clients' best interests. If an Employee was dealing on behalf of a client with a Third Party, such a beneficial interest would include an Ownership Interest in the Third Party or a special relationship (e.g. spouse, child, parent, sibling etc.) with somebody who has an Ownership Interest in the Third Party.

The organogram in Annexure A indicates relationships that Allan Gray has with associates that could give rise to a Conflict of Interest. Such Conflicts of Interest must be avoided or mitigated as set out in Section 4.

#### **3.3 Employees investing for their own account**

Conflicts of Interest may arise when Employees invest for their own account. These are dealt with separately in Allan Gray's Personal Investment Policy.

#### **3.4 Gifts and entertainment for Third Parties**

Allan Gray is committed to helping Third Parties and others with whom Allan Gray does business to avoid Conflicts of Interest by never placing them in a position of conflict in their dealings with Allan Gray.

With regard to Intermediaries, Employees may not do anything that may, or may be perceived to, influence the ability of Intermediaries to provide independent, unbiased and informed advice to their clients, irrespective of whether such clients are also clients of Allan Gray.

In light of the above, the following Gifts and entertainment that are provided to Third Parties may be considered acceptable:

- Gifts that are given on an occasion when Gifts are customary (on a birthday or major holiday, or on the occasion of a promotion or retirement, for example). Note that Gifts given in appreciation, support or as thanks for business are not permitted;
- advertising or promotional material such as pens, pencils, note pads, key chains, calendars, and similar items at permitted events, for example: road shows and similar functions; and

- reasonable meals, refreshments, and entertainment in the course of a business meeting or other business occasion.

Monetary limits are applicable to the above categories of Gifts and entertainment. Gift or entertainment funding that is given to Third Parties may not exceed:

- R 1 000 in South Africa;
- N\$ 500 in Namibia; or
- The equivalent of R1 000 for any other jurisdictions.

The above limits apply per annum and in aggregate to any one Third Party.

In order to promote informed advice to their clients, Allan Gray offers Intermediaries and their clients training that covers Allan Gray's products and related legal matters, general financial and industry information, and the use of relevant financial services technology. All travel and accommodation expenses related to the training of independent financial advisers are for the attendees' account. Each training event must be approved in advance by the head of the relevant business unit. Training may not be made available exclusively to a select group of Intermediaries or clients.

All contemplated spending at Intermediary events must be carefully considered well in advance and not in any way be, or seen to be, excessive in that a perception could be formed that Allan Gray was or is attempting to influence the ability of an Intermediary to provide independent, unbiased, fair and informed advice to clients or potential clients. Allan Gray maintains a register of all spending on Intermediaries, regardless of the value.

Particular care must be taken with regard to South African retirement fund clients. Pension funds are prohibited from accepting invitations to entertainment events as well as accepting expenses related to conducting due diligence activities that are paid for by service providers (e.g. asset managers). Whilst Allan Gray may provide training to direct retirement fund clients, all costs such as accommodation and travelling, will be borne by these retirement funds.

For Gifts and entertainment that are provided to parties that do not fall within the definition of "Third Party", please refer to the Anti-Bribery and Corruption Policy.

### **3.5 Non-Bank Financial Regulatory Authority (Market Intermediaries Conduct of Business) Rules**

For Allan Gray entities that are subject to the Non-Bank Financial Regulatory Authority (Market Intermediaries Conduct of Business) Rules, 2012 (Botswana), each client relationship must be reviewed at least annually to ensure that the client's interests are not being compromised. The results of the review must be documented.

## **4. Avoiding and mitigating Conflicts of Interest**

If an Employee comes across a business practice or situation that he or she believes to be a Conflict of Interest involving Allan Gray, the Conflict of Interest must be avoided. In the case of Gifts and/or entertainment received from Third Parties that exceed the monetary limits, the Conflict of Interest can be avoided by refusing the Gift or entertainment or donating the excess amount to a charitable organisation. The Compliance Officer must be consulted in these cases.

If all attempts at avoiding the Conflict of Interest have been exhausted and the Conflict of Interest is considered unavoidable, the Employee must immediately report this to his or her manager and the Compliance Officer and seek guidance on what further action to take so that the Conflict of Interest can be mitigated as far as possible.

Potential or perceived Conflicts of Interest can be as damaging to Allan Gray's reputation as actual Conflicts of Interest and should be treated in the same way. When faced with a situation involving a potential Conflict of Interest, Employees must ask themselves whether or not full public disclosure of the matter would lead an outside observer to believe or conclude that a Conflict of Interest exists. Common sense and good judgment must at all times be used to determine whether or not Conflicts of Interest exist. If in doubt, Employees must always put clients' interests first and avoid Conflicts of Interest that would compromise their or other Employee's ability to think and behave in clients' best interests.

Conflicts of Interest that have not been avoided must be disclosed to the affected client(s) and to the relevant regulator where applicable. Consent to act in the circumstances must be obtained.

## **5. Accountabilities and responsibilities**

The responsibility for compliance with this Policy rests with the various Boards and Management assists the Boards in fulfilling their obligations.

Group Compliance is responsible for monitoring compliance with this Policy and it reports on its findings to the Audit Committee. Allan Gray actively maintains a culture of transparency and openness to encourage reporting and Employees who feel uncomfortable to report transgressions should make use of Allan Gray's confidential and independently monitored whistleblower phone line, advertised on its intranet.

## **6. Training and awareness**

All Employees must know and understand this Policy and are required to undergo training on this Policy. The Learning Centre will train Employees on this Policy and keep a roster of all training.

## **7. Compliance and consequences of non-compliance**

It is a condition of employment with Allan Gray that Employees comply with this Policy. Non-compliance will result in the appropriate disciplinary measures in terms of Allan Gray's disciplinary code and procedures.

Annexure A: Allan Gray associates and Ownership Interests

