METHODICAL
INVESTMENT MANAGEMENT

Conflict of Interest Policy

Methodical Investment Management (Pty) Ltd
FSP Number: 44480

Responsible Person: Ross Reuvers and Edo Brasecke

1. Introduction

Regarding the Financial Advisory and Intermediary Services Act, Methodical Investment Management (Pty) Ltd ("MIM") must take all reasonable steps to identify, monitor and manage conflicts of interest. The following policy is intended to safeguard our clients' interests and ensure fair treatment.

2. Our Objectives

Like any financial services provider, MIM is potentially exposed to conflicts of interest concerning various activities. However, the protection of our clients' interests is our primary concern, and so our policy sets out how:

- we will identify circumstances which may give rise to actual or potential conflicts of interest entailing a material risk of damage to our clients' interests;
- we have established appropriate structures and systems to manage those conflicts; and
- we will maintain systems to prevent damage to our clients' interests through identified conflicts of interest.

3. Conflict of Interest

MIM strives to ensure it can appropriately and effectively identify and manage potential conflicts. These strategies include avoiding, establishing confidentiality barriers, and appropriately disclosing conflicts to affected clients.

In determining whether there is or may be a conflict of interest to which this policy applies, MIM considers whether there is a material risk of damage to the client, considering whether MIM or its representative, associate, or employee –

- is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- 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;
- 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;
- 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 monies, goods or services, other than the legislated commission or reasonable fee for that service.

This may include, but is not limited to:

- conflicts of interest between MIM and the client;

- conflicts of interest between our clients if we are acting for different clients whose interests conflict materially;
- conflicts of interest where associates, product suppliers, distribution channels or any other third party are involved in rendering a financial service to a client.

4. Management

Specific Monetary Measures we focus on:

We may only receive (or offer to a third party):

- commissions authorised in terms of applicable legislation; or
- fees authorised in terms of applicable legislation, or
- fees or remuneration for services rendered, if those fees are reasonably commensurate with the service being rendered; or
- fees for the rendering of a service in respect of which the commission or fees above are not paid, if those fees are specifically agreed to by a client in writing and may be stopped at the discretion of the client; or
- a limited immaterial financial interest as defined; or
- a financial interest for a consideration or fair value that is reasonably commensurate with the value of the economic interest that the provider or representative pays at the time of receipt.

Furthermore, where fees are charged, care will be taken to ensure that:

i) they 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;

ii) the payment of those fees does not result in the FSP or representative being remunerated more than once for performing a similar service;

iii) any actual or potential conflicts between the interests of the client and the interests of the person receiving the fees will be effectively mitigated; and

iv) the payment of the fees does not impede the delivery of fair outcomes to clients.

We will not offer any financial interest to any representative for:

- giving preference to the quantity of business secured for the provider to the exclusion of quality service;
- giving preference to a specific product supplier where more than one supplier can be recommended to a client; or
- giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.

The determination of and entitlement to any financial interest of a representative will take into account measurable indicators relating to:-

i) achievement of minimum service level standards in respect of clients;
ii) delivery of fair outcomes for clients; and
iii) the Quality of the representative's compliance with the Act;

as monitored by the Key Individual regularly by the random sampling of client files, and the completion of annual performance appraisals and progress assessments.

Management of other identified conflicts

The measures MIM have adopted to manage identified conflicts are further summarised below. We consider them appropriate to our efforts to take reasonable care that we act impartially to avoid a material risk of harming clients' interests concerning each identified potential conflict of interest.

- **Procedures:**
  We have adopted the following appropriate procedures throughout our business to manage potential conflicts of interest:
  - Our representatives, associates and employees receive training to ensure understanding and adoption of conflict of interest policy and management measures;
  - we monitor which product suppliers each representative quotes and places business with; suitability of product to clients' needs and objectives; comparison of products and product suppliers;
  - where we provide white label funds or manage our own Category II funds, we ensure that clients are aware of our connection to the product in question and that the reasoning and motivation behind recommending or using these products is well documented;
  - we conduct regular inspections on all commissions, remuneration, fees and financial interests proposed or received, to avoid non-compliance;
  - we maintain a register of conflicts of interest.

- **Confidentiality barriers:**
  Our representatives, associates and employees respect the confidentiality of client information and disclose or use it with circumspection. No such information may be disclosed to a third party without a client's written consent. We have a confidentiality clause in our Disclosure Letter, and client confidentiality is covered in our POPI Policy.

- **Monitoring:**
  The key individual overseeing and monitoring this policy will regularly provide feedback on all related matters. The policy will be reviewed as and when necessary.

- **Disclosure:**
  Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect clients' interests, the conflict must be disclosed to allow clients to decide whether to continue using our service in the situation concerned. In all cases, where appropriate and determinable, the monetary value of non-cash inducements will be disclosed to clients.

- **Publication:**
  We will publish our conflict of interest management policy in appropriate media and ensure it is easily accessible for public inspection at all reasonable times. This is currently published on our website, www.methodical.co.za

- **Report:**
  If required, the provider or key individual will include a report on the conflict of interest management policy in the annual compliance report submitted to the Registrar.

- **Declining to act:**
  We may decline to act for a client in cases where we believe the conflict of interest cannot be managed in any other way.

Consequences of non-compliance with this Policy

The consequences for non-compliance with/breach of this Policy include:

- A disciplinary hearing
- A written warning
- Debarment
- FSCA Enforcement

5. Disclosure of Associates/Ownership Interest

i) Red Matter (Pty) Ltd has ownership of:

Name: Methodical Investment Management (Pty) Ltd
Relationship: Wholly owned Subsidiary

Name: Methodical Capital Management (Pty) Ltd
Relationship: Wholly owned subsidiary

ii) The FSP or representatives of the FSP have ownership interests in the following third parties:

Name of representative: Ross Reuvers
Name of third party: Red Matter (Pty) Ltd.

Nature of interest: Shareholding through K2B Management Consulting through The Reuvers Trust
Extent of interest: > 30%

Name of representative: Edo Brasecke
Name of third party: Red Matter (Pty) Ltd.
Nature of interest: Shareholding through Soros Capital through The Brasecke Trust
Extent of interest: > 20%

iii) The following Third parties have ownership interests in the FSP:

Name of third party: Red Matter (Pty) Ltd.
Nature of interest: MIM
Extent of interest: Wholly owned Red Matter (Pty) Ltd subsidiary.