



## **HARVARD HOUSE GROUP**

### **CONFLICTS OF INTERESTS POLICY**

In accordance with the Harvard House Group's conflicts management policy, Harvard House Investment Management (Pty) Ltd (HHIM) places a high priority on its clients' interests. As conflicts of interests (conflicts) affecting clients could undermine the integrity and professionalism of the business, any instances must be identified as early as possible. If conflict situations cannot be avoided, they must be managed equitably and in the clients' interests. Detecting actual or potential conflicts, which could compromise the interests of its clients, and managing and limiting the impact of conflicts therefore constitute an integral part of HHIM's duties and obligations.

#### **What Do We Mean By Conflicts of Interests**

Conflicts of interests is a situation in which the interests of HHIM, 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 clients' interests. This notion concerns HHIM in its capacity as a management company and all persons working for HHIM (employees, associates, service providers, etc.). A conflict may occur in the provision of an investment service (management under mandate, fund management and advisory services). A conflict may be actual or potential.

The notion of conflicts of interests encompasses a range of diverse factors such as:

- Rules regarding personal transactions.
- Professional ethics of employees.
- The use of sensitive or privileged information, insider dealing and professional secrecy.
- Respect for clients' interests.
- Respect for professional obligations in relation to the financial market.

#### **What is a Conflicts of Interests Situation**

Conflicts of interests situations which could prejudice clients may take a variety of forms, whether or not HHIM suffers any financial loss and independently of whether

the actions or the motivations of the employees involved are intentional. The following five types of situations have been defined by HHIM to help determine whether a potential conflict of interest situation might occur:

- HHIM, or an employee, will realise a financial gain, or avoid a potential loss, at the client's expense.
- The interests of HHIM, or an employee, may be different from the client's interests.
- HHIM, or an employee, exercises the same professional activity as the client.
- HHIM, or an employee, is induced to favour one client over another, whether for financial reasons or otherwise.
- HHIM, or an employee, will gain an advantage (financial or in kind) from a third party in the execution of the service conducted on behalf of the client.

### **Protection, Detection and Management of Conflicts of Interests**

HHIM has identified specific potential conflicts in relation to its activities. These may be encountered by HHIM, or its associates, when they deliver their services to clients. For each situation, HHIM has analysed whether the risk is actual or potential for one or more of its clients. To handle actual or potential conflicts situations, HHIM may:

- Conduct the transaction but, given the conflict generated by it, implement procedures that enable appropriate management of the situation in order to avoid damaging the interests of the client.
- Avoid conducting the transaction that would potentially generate a conflict.
- Inform the client in the event that certain conflicts cannot be properly handled and communicate the necessary information about the type and origin of the conflict to the client, so that the client can make a fully informed decision regarding the proposed transaction.

HHIM has established a management policy to enable it to prevent potential conflicts, to manage actual conflicts and to communicate them effectively to clients. This policy is based on a system of prevention, detection, management, communication and recording conflicts.

Our conflicts management policy document is available to all clients upon request.

#### **(1) Training**

HHIM informs its associates and makes them aware of the undertakings and restrictions concerning their actions with regard to the conflict management policy in place. Awareness training is also provided to staff of HHIM.

(2) **Detection**

HHIM has drawn up a list of actual and potential conflicts, by recording all conflicts and identifying the types of situations generating the conflicts and the associated risks.

The following procedure is adopted if a conflict arises -

Mr Robin Gibson is responsible for the operation and condition of the conflicts register. If a new actual or potential conflict should arise, he will send a memo to the management of HHIM so that the transaction that could potentially generate a conflict may be declined, or accepted and managed in the client's interest. If a conflict cannot be properly managed, the necessary information on the type and origin of the conflict will be communicated to the client, to enable the client to make a fully informed decision. All the documents and supporting evidence will be recorded by HHIM.

In general, all measures and complementary procedures will be taken to ensure the required level of independence.

(3) **Management**

HHIM manages actual and potential conflict situations based on the following-

- a) Ethical principles: Predominant among these are the principles of client sovereignty, equity, impartiality, respect for professional secrecy, market integrity and a control system to ensure monitoring of the conflicts and corrective measures taken. In this respect, HHIM has procedures detailing the measures to manage actual or potential conflicts in the interests of clients.
- b) Separation of functions to ensure independence of actions.

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