CONFLICT OF INTEREST MANAGEMENT POLICY

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1. Introduction

In terms of the Financial Advisory and Intermediary Services Act, 2002, Optima Wealth ("the FSP") is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage Conflict of Interest ("COI"). Section 3A(2)(a) of the FAIS General Code of Conduct ("GCOC) stipulates that every financial services provider, other than a representative, must adopt, maintain and implement a conflict-of-interest management policy that complies with the provisions of the Act.

2. Purpose

The purpose of this policy is to comply with these obligations and provide for mechanisms in place to identify, mitigate and manage the conflicts of interest to which the FSP is a party. In addition, to ensure alignment between the values of the organisation and the conduct of its people by safeguarding clients' interests and ensuring the fair treatment of clients.

The FSP is committed to ensuring that all business is conducted in accordance with good business practice. To this end, the FSP conducts business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimise and manage all real and potential conflicts of interests. Like any financial services provider, the FSP is potentially exposed to conflicts of interest in relation to 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 in an effort to prevent damage to our clients' interests through identified conflict of interest.

To achieve the objectives set out above, this policy sets out the rules, principles and standards of the FSPs COI management procedures, by documenting them in a clear and understandable format.

3. Scope of application

This policy is applicable to the FSP, all providers of the FSP, key individuals, representatives, associates and administrative personnel. The FSP is committed to ensuring compliance with this policy and the processes will be monitored on an ongoing basis.

Any non-compliance with the policy will be viewed in a severe light. Non-compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable.

Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

The FSP operates as a private company with one KI who will also serve as the sole representative. All administrative tasks will be performed by the KI to ensure that all operational and compliance regulations are met and internal controls maintained. In order to maintain those required levels of control, certain relationships have been created to ensure clients are treated fairly and receive comprehensive service and advice. Masthead has been appointed as the compliance officer of the FSP to ensure all rules and regulations are adhered to and ongoing training and support is available. The FSP will operate as an independent service provider which aims to ensure clients have access to all available products and services within the industry. This aims to ensure that clients receive unbiased advice built on the principles of providing good, honest advice that is in clients' best interest. Through these relationships with the various providers, the FSP will avail itself to ongoing product training to ensure all representatives remain well informed. With regards to investment management and ensuring clients are invested in the most suitable funds, a partnership with a Discretionary Fund Manager (DFM) has been implemented which will also ensure clients are treated fairly, have access to on-going active portfolio management and the FSP is able to mitigate risks arising from managing a number of clients with different risk profiles and fund choices.

4. Understanding Conflict of Interest

4.1 WHEN IS IT A CONFLICT OF INTEREST?

A COI means any situation in which the FSP or one of our representatives has an actual or potential interest that may, in rendering a financial service to our clients -

- influence the objective performance of obligations to that client; or
- prevents us from rendering an unbiased and fair financial service, or
- prevents us from acting in the interests of that client.

An “actual or potential interest” includes but is no limited to:

- A **financial interest**, which includes any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration which exceeds R1000 per calendar year.[1]

- An **ownership interest** which means any equity or proprietary interest and any dividend, profit share or similar benefit derived from that equity or ownership interest.

- Any **relationship with a third party**, meaning any relationship with a product supplier, other FSP’s, an associate of a product supplier or an associate of the FSP. A third party also includes any other person who, in terms of an agreement or arrangement, provides a financial interest to the FSP or its representatives.

- An **immaterial financial Interest**, which is any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1 000 in any calendar year from the same third-party in that calendar year received by –

    - a provider who is a sole proprietor; or
    - a representative for that representative's direct benefit;
    - a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives;

[1] Financial Interest excludes an ownership interest and Training, that is not exclusively available to a selected group of providers or representatives where that training is related to products and legal matters relating to (1) those products, (2) General financial and industry information, (3) Specialised technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training and (4) qualifying enterprise development contribution to a qualifying beneficiary entity.

4.2 WHAT TYPE OF INTEREST MAY WE GIVE AND RECEIVE?[2]

The FSP and our representatives may only offer to and receive specific financial interests from a third party[3], which includes the following:

1. Commission as authorised under the Long-term Insurance Act (52 of 1998), the Short-term Insurance Act (53 of 1998) and the Medical Schemes Act (131 of 1998).
2. Fees as authorised under the Long-term Insurance Act (52 of 1998), the Short-term Insurance Act (53 of 1998) and the Medical Schemes Act (131 of 1998).
3. "Other fees" specifically agreed to by the client and which can be stopped by the client at their discretion but only if agreed in writing with the client, including details of the amount, frequency, payment method and recipient of those fees, as well as the details of services to be provided in exchange for the fees.
4. Fees or remuneration for services that were rendered to a third party.
5. An immaterial financial interest.
6. Any other financial interest not mentioned above for which a consideration, fair value or remuneration that is reasonably commensurate is paid by that provider or representative, at the time of receiving that financial interest.

4.3 ON WHAT BASIS MAY THE WE GIVE AND RECEIVE FINANCIAL INTERESTS?

The financial interest referred to in points 2, 3, and 4 above may only be offered or received by the FSP or it's representatives, if:

- The financial interests are proportionate (reasonably commensurate) to the service being rendered, considering the nature of the service, the resources, skills and competencies that are reasonably required to perform it.
- The payment of those financial interests does not result in the FSP or representative being remunerated more than once for performing the same service.
- Any actual or potential conflicts between the interests of clients and the interests of the person receiving those financial interests are effectively mitigated; and
- The payment of those financial interests does not impede the delivery of fair outcomes to clients.

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[2] It is important to note that where the same legal entity is a product supplier and FSP, this section does not apply to the representatives of that entity. That entity is subject to the requirements set out in sections 4.4 of this report (FAIS GCOC S3A(1)(b) and 3A(1)(bA) in respect of its representatives.

[3] FAIS GCOC S3A. FAIS GCOC S1 "third party" means a product supplier, another provider, associate of a product supplier or a provider, a distribution channel and any person who in terms of an agreement or arrangement with a person referred to previously provides a financial interest to a provider or its representatives.

4.4 FINANCIAL INTERESTS FOR REPRESENTATIVES OF THE FSP

The FSP may not offer any financial interest to a representative of that FSP –

- 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 giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client
- That is determined with reference to the quantity of business, without also giving due regard to the delivery of fair outcomes for clients.

In relation to delivery of fair outcomes for clients, the FSP must demonstrate that a determination of a representative's entitlement to a financial interest, considers 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.

The measurable indicators are agreed in writing between the FSP and its representative and sufficient weight (significance) are attached to these indicators to materially mitigate the risk of the representative(s) giving preference to the quantity of business secured for the FSP over the fair treatment of clients.

The FSP does not offer a sign-on bonus[4] to any person, other than a new entrant[5], as an incentive to become a provider authorised or appointed to give advice.

The way in which the FSP remunerates its representatives and complies with these requirements, is set out in section 6 of this policy.

[4] This requirement is only applicable to CAT I providers that are authorised to give advice. Refer to the definitions section of this policy.

[5] A person who has never been authorised as a financial services provider or appointed as a representative by any financial services provider.

5. PROCESSES AND INTERNAL CONTROLS TO MANAGE CONFLICT OF INTEREST

5.1 IDENTIFICATION OF CONFLICT OF INTEREST

To adequately manage COI, the FSP must identify all relevant conflicts timeously. In determining whether there is or may be a COI to which the policy applies, the FSP considers whether there is a material risk of unfair treatment or bias for the client, taking into account whether the FSP 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.

In line with our COI policy, possible and actual conflict of interest or examples of conflict of interest in our FSP are –

As the FSP does not hold an ownership interest in any third party, the most likely area for any potential COI to arise would be with its service provides which are listed below:

- Allan Gray
- Ninety One
- Sanlam/Glacier
- PPS
- Momentum
- Old Mutual
- Discovery
- Stanlib
- Capital Legacy

COI with these providers is managed by limiting any immaterial financial interest to a maximum of R1,000 per annum per provider.

With regards to Asset Management companies who promote their funds to be used by our representatives and where a potential COI may arise, this is mitigated by the use of a DFM who serves as a neutral third party who makes allocations to funds based on asset allocation decisions that serve to ensure that their portfolios are delivering the best available results at a reasonable fee. Clients benefit by having access to independent fund selection to best suit their objectives.

Clients are advised on an individual basis unless where agreed upon that spouses or a family unit be advised simultaneously. This ensures that each client or family unit receives individual and unbiased advice that is in their best interest.

Potential instance where Conflict of Interest may arise are as follows:

1. Sales commissions and incentives: FSP’s may receive commissions or incentives from financial product providers for selling their products. This arrangement may create a conflict of interest if the financial planner recommends products that generate higher commissions for themselves, rather than those that are truly in the best interest of the client.
2. Proprietary products: Some financial planning firms may offer their own proprietary financial products or Investment funds. In such cases, there is a conflict of interest as the financial planner may have an incentive to recommend these products or funds, even if they are not the best option for the client.
3. Referral fees: FSP’s may receive referral fees or kickbacks from other professionals, such as lawyers, accountants, or real estate agents, for referring clients to them. This may create a conflict if the financial planner prioritizes their financial interest over the client's best interest.
4. Affiliations and partnerships: FSP’s may have affiliations or partnerships with specific financial institutions or service providers. These relationships can lead to conflicts of interest if the financial planner favours these affiliated institutions over others, regardless of whether they offer the most suitable products or services for the client.

All employees, including internal compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify the Key Individual of any conflicts they become aware of. The Key Individual will assess the implications of the conflict and how the conflict should be managed, acting impartially to avoid a material risk of harming clients' interests.

5.2 MEASURES FOR AVOIDANCE AND MITIGATION OF CONFLICT OF INTEREST

To ensure that the FSP can identify, avoid and mitigate COI situations, the FSP creates awareness and knowledge of applicable stipulations, through training and educational material. Where a COI situation cannot be avoided, these instances are recorded on the FSP's conflict of interest register.

The FSP ensures the understanding and adoption of the FSP's conflict of interest policy and management measures by all employees, representatives and associates through training on the COI policy.

The Key Individual will assess each conflict, including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk. Compliance and management then agree on the controls that need to be put in place to manage the conflict. Once a conflict of interest has been identified it needs to be appropriately and adequately managed and disclosed, in line with the below steps.

5.3 MEASURES FOR MANDATORY DISCLOSURE OF CONFLICT OF INTEREST

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 make an informed decision on whether to continue using our service in the situation concerned.

In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients. The Key Individual will ensure transparency and manage conflict of interests. The client must be informed on the Conflict of Interest Policy and where they may access the policy.

5.4 ONGOING MONITORING OF CONFLICT OF INTEREST MANAGEMENT

The key individual or staff member in charge of supervision and monitoring of this policy will regularly monitor and assess all related matters. The FSP will conduct *ad hoc* checks on business transactions to ensure the policy has been complied with.

The Compliance Officer will include monitoring of the Conflict of Interest policy as part of his/her general monitoring duties and will report thereon in the annual compliance report.

This policy shall be reviewed annually and updated if applicable. The compliance function is outsourced to an external Compliance company with no shareholding in this FSP. The Compliance practice functions objectively and sufficiently independently of the FSP and monitors the process, procedures and policies that the FSP has adopted to avoid conflicts of interest.

5.5 REGISTERS

With regard to existing third-party relationships, being the product suppliers listed in our Contact Stage Disclosure letter, we confirm that there are no circumstances which could lead to a potential conflict of interest. Should any conflicts arise with regard to any of these, prior to entering into any business transaction with you, we undertake to disclose these in the registers below.

All gifts, financial interest, immaterial financial interest and any other COI situations as outlined in this policy, must be recorded in the FSP's COI register, attached as Annexure A.

6. REMUNERATION POLICY

This section of the Policy specifies the type of and the basis on which a representative of the FSP will qualify for a financial interest that the FSP offers and motivates how that financial interest complies with the requirements of this policy.

FSP Remuneration

- **Initial Consultation Fee**

Where applicable, we may charge a reasonable initial consultation fee to cover the costs associated with the first meeting, data gathering, preliminary analysis and compiling a detailed financial plan. This fee is may be payable regardless of whether the client proceeds with our services and will be agreed to before any agreement is concluded.

- **Advice Fees**

We offer various financial planning services tailored to meet our clients' needs. The fee for these services is determined based on factors such as complexity, time involved, and the scope of the engagement. This fee covers continuous advice, regular reviews, and access to our expertise throughout the year. The advice fees are communicated to clients in advance and are agreed upon before commencing any work.

- **Commissions**

In addition to advice fees, we may receive commissions from life product providers for certain investment or insurance products recommended to clients. It is important to note that our fiduciary duty is always to our clients, and we prioritize their best interests when recommending any products.

Commissions received are disclosed to clients in a clear and transparent manner. The commission structure may vary depending on the product, provider, and regulations governing such payments. We commit to providing clients with an overview of the commissions involved and how they may impact the overall cost of the recommended products.

Conflicts of Interest

We prioritize our clients' interests above all else and diligently avoid any conflicts of interest that may compromise the quality and objectivity of our advice. Our financial planners are committed to providing advice that is solely in the best interest of the client and this is achieved by remaining independent to the product providers we engage with.

In the event of any potential conflicts of interest, we will disclose them to the client promptly and transparently. This ensures that clients have full knowledge and can make informed decisions regarding their financial plans.

Optima Wealth does not receive more than 30% of its revenue from one service provder.

Review and Amendments

We recognize that the financial landscape is dynamic, and regulatory requirements may change over time. Therefore, we will periodically review and update this remuneration policy to ensure compliance with prevailing laws and regulations while maintaining transparency and fairness to our clients. Any amendments to this policy will be communicated to our clients in a timely manner.

By adhering to this remuneration policy, we aim to provide our clients with trusted financial planning services, maintain transparency, and foster a strong and long-lasting relationship built on mutual trust and shared goals.

Employee Remuneration

Remuneration within Optima Wealth is aligned to corporate strategy and in adherence to principles of good corporate governance, as depicted in “best practice” and regulatory frameworks (e.g. King IV) and with the requirements of the Companies Act (2008).

The remuneration policy of Optima Wealth is to promote/support positive outcomes across the economic and social context in which the company operates and to promote an ethical culture and responsible corporate citizenship.

At Optima Wealth, we recognize the importance of attracting, retaining, and rewarding talented employees. This remuneration policy outlines our approach to fairly and competitively compensating our staff members for their contributions to the success of our business.

Compensation Philosophy

Market Competitiveness: We strive to offer compensation packages that are competitive within the financial planning industry and reflect the skills, experience, and performance of our staff.

Performance-Based: We believe in recognizing and rewarding individual and team performance. Therefore, a portion of the compensation may be based on measurable performance metrics and objectives.

Fairness and Equity: We are committed to maintaining a fair and equitable remuneration structure, ensuring that compensation is appropriate to skills, responsibilities, and contributions.

Compensation Components

Basic Salary: Each staff member may receive a base salary that reflects their role, experience, and market value. Base salaries will be reviewed periodically to ensure they remain competitive and in line with industry standards.

Variable Pay: We may offer variable pay components, such as performance bonuses or incentives, tied to individual and/or team performance goals. These incentives will be designed to motivate and reward employees for achieving predetermined targets and objectives.

Benefits: In addition to salary, we may provide a benefits package that may include medical aid, retirement plans, paid time off, and other employee benefits as per applicable labour laws and company policies.

Performance Assessment and Reviews

Performance Evaluation: We will conduct regular performance assessments to evaluate individual and team performance against defined objectives and metrics. These assessments will provide the basis for determining individual compensation adjustments.

Merit-Based Increases: Salary increases will be based on merit, taking into account performance evaluations, individual achievements, economic conditions, and the overall financial health of the business.

Promotions: We will consider promotions for staff members who demonstrate exceptional performance, leadership potential, and the ability to take on increased responsibilities. Promotions may be accompanied by adjustments to salary and benefits.

Market Research and Benchmarking: We will regularly conduct market research and benchmarking exercises to ensure our compensation practices remain competitive and aligned with industry standards. This analysis will help us make informed decisions regarding salary ranges, incentive structures, and benefit offerings.

Communication and Transparency: We will provide clear and transparent communication to employees regarding the remuneration policy, including the components of their compensation, performance expectations, and the process for performance assessments and salary reviews.

Confidentiality: While we believe in promoting transparency, we also recognize the sensitivity of individual compensation. Therefore, employee compensation details will be treated with utmost confidentiality and shared only with relevant personnel involved in the compensation decision-making process.

Policy Review: This remuneration policy will be reviewed periodically to ensure its effectiveness and alignment with the evolving needs of our business, industry trends, and regulatory requirements. Any updates or revisions will be communicated to staff members in a timely manner.

Inter alia, Performance reviews, Variable pay, Merit-based increases will take into account Achievement of minimum service level standards in respect of clients, delivery of fair outcomes for clients; and the quality of the representative's compliance with the FAIS Act.

The FSP caries out regular inspections on all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance. This includes but is not limited to:

- Ongoing analysis of the company financial statements to ensure compliance with the conflict of interest policy.
- Regular compliance will be maintained through Masthead, the FSP's compliance officers to ensure the business remains compliant on all aspects of COI regulation.
- Terms of business and contracts will be opened with the various institutions/product suppliers which will require the FSP to maintain ongoing product training which will ensure all representatives stay abreast of industry trends and product changes. This supports our independence and being able to offer clients access to all available products to suit their specific needs.

5. Annexures

Annexure A – Conflict of Interest Register

Type	Date Received	From	To	Reason	Value	Approved?	Approver	Sign
Choose an item.						Yes/No		
Choose an item.						Yes/No		
Choose an item.						Yes/No		
Choose an item.						Yes/No		
Choose an item.						Yes/No		
Choose an item.						Yes/No		
Choose an item.						Yes/No		
Choose an item.						Yes/No		

We take pride therein that our advice is objective and free of external influence, but wish to disclose to you, our valued client, that we have received the following financial interests and wish to disclose the value and the reason for receiving the financial interests.

Annexure B – Policy adoption and version control

Date	Version	Detail of change or amendment	Person	Signature
20/06/2023	1	N/A	James Ferreira	

James Ferreira: ______________________

Annexure C – Additional 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 spouse, life partner 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) 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–

(aa) had such first-mentioned juristic person been a company; or

(bb) 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.

Fair Value

Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 61 of 1973.

FSC

Means the Financial Sector Code published in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act, (Act 53 of 2003), as amended from time to time

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.

New Entrant

Is a person who has never been authorised as a financial services provider or appointed as a representative by any FSP.

No-claim bonus means

Any benefit that is directly or indirectly provided or made available to a client by a product supplier in the event that the client does not claim or does not make a certain claim under a financial product within a specified period of time.

Measured Entity

Has the meaning assigned to it in the FSC insofar it relates to a qualifying enterprise development contribution.

Qualifying Beneficiary Entity

Has the meaning contemplated in the FSC insofar as it relates to a qualifying enterprise development contribution

Qualifying Enterprise Development Contribution

Has the meaning assigned to it in the FSC

Sign-On Bonus means

(a) any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider; and

(b) a financial interest referred to in paragraph (a) includes but is not limited to–

(i) compensation for the–

(aa) potential or actual loss of any benefit including any form of income, or part thereof; or (bb) cost associated with the establishment of a provider's business or operations, including the sourcing of business, relating to the rendering of financial services; or

(ii) a loan, advance, credit facility or any other similar arrangement.