

**P A M R S**

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ASSET MANAGEMENT AND RISK SOLUTIONS

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**CONFLICT OF INTEREST MANAGEMENT  
POLICY**

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## **POLICY ADOPTION**

By signing this document, I authorise the organisation's approval and adoption of the processes and procedures outlined herein.

### **DOCUMENT VERSION CONTROL**

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<b>Responsible Person Signature</b>	

## 1. Definitions

- 1.1 **Clients:** means institutions or individuals which have a signed Mandate with PAMRS to provide financial services.
- 1.2 **compliance department:** means the PAMRS' compliance officer and team that works with the compliance officer
- 1.3 **Consultant:** means an individual or expert providing services to PAMRS on a temporary or contractual basis
- 1.4 **Traders:** means representatives or key individuals employed by PAMRS that provide financial services to or on behalf of clients.
- 1.5 **FSP** means Financial Services Provider
- 1.6 **Human resources department:** means the PAMRS's department responsible for human resources
- 1.7 **Key Individual:** means the individual appointed as PAMRS' Key Individual in terms of the Financial Advisory and Intermediary Services Act, 37 of 2022
- 1.8 **Mandate:** means the agreement entered into between PAMRS and a Client.
- 1.9 **Staff:** means the individuals that have entered into an employment contract with PAMRS.

## 2. Introduction

- 2.1 PAMRS (Pty) Ltd ("the Company") intends to be authorised as a Category II Financial Services Provider (Discretionary Financial Services Provider) and acts as a discretionary fund manager. Due to the discretionary authority exercised over client portfolios, the Company recognises that conflicts of interest present heightened regulatory and conduct risk.
- 2.2 This Policy is adopted in accordance with section 3A of the FAIS General Code of Conduct and applies to all directors, key individuals, representatives, portfolio managers, traders, employees and associates.

## 3. Mechanisms for Identifying conflict of interest

### 3.1 Introduction

The mechanisms for identifying conflicts are formal in the Company. Additionally the Identification of conflict will be done informally as part of an ongoing assessment and communication between the Directors, traders and compliance department.

### 3.2 Mechanisms

The Company in addition to ongoing assessments and communication between the Directors, Traders and Compliance team, will implement the following mechanisms in an effort to identify actual or potential conflicts of interests:

3.2.1 management and internal, together with external compliance, legal, and audit where required will conduct bi-annual reviews on:

a) all contracts held with Third parties and re-examines whether this relationship influences the Company's':

- i) objective performance towards its clients,
- ii) ability to render fair and unbiased financial services towards its clients
- iii) ability to act in the interest of the client

3.2.2 declarations signed by all Key Individuals, and Representatives confirming the presence or absence of any actual or potential conflict of interest and updated accordingly.

3.2.3 the list of identified actual or potential conflict of interests, as discussed in clause 3.3 below and update accordingly.

### 3.3 Identification Conflict of Interest

Conflicts of interest may arise where the discretionary authority exercised by the Company, its directors, key individuals, representatives or employees could influence, or be perceived to influence, the objective and impartial performance of investment management services. Such conflicts may be actual, potential or perceived, and may arise from, but are not limited to, the following circumstances:

3.3.1 **Discretionary investment decisions and asset allocation**, including the selection, weighting, timing or rebalancing of investments, where such decisions may favour the interests of the Company, related parties or certain clients over others.

3.3.2 **Performance-based fees, incentive arrangements or remuneration structures** that may encourage excessive risk-taking, portfolio churning, preferential treatment of certain mandates or investment strategies, or outcomes that are not aligned with the best interests of clients.

- 3.3.3 **Personal account trading and proprietary trading** by directors, key individuals, portfolio managers, traders or employees, including front-running, parallel trading or trading based on advance knowledge of client transactions or investment intentions.
- 3.3.4 **Related-party, group or connected-party investments**, including investments in instruments issued, managed, administered or distributed by the Company, its shareholders, associates or group entities, which may impair independence or objectivity.
- 3.3.5 **Gifts, hospitality, sponsorships or other inducements**, whether financial or non-financial, that may influence or be perceived to influence discretionary investment decisions, mandate allocations or ongoing client treatment.
- 3.3.6 **Dual employment, outside business interests or directorships**, where external roles or interests may conflict with the fiduciary duties owed to clients or compromise the Company's ability to act independently.
- 3.3.7 **Allocation of investment opportunities between clients**, including trade aggregation, allocation of limited investment opportunities, pricing, execution priority or access to specific instruments, where unequal or preferential treatment may arise.

This list is not exhaustive. The Company recognises that conflicts may evolve as business activities, products, structures and markets change, and undertakes to continuously identify, assess, record, mitigate and disclose conflicts in accordance with this Policy, FAIS requirements and Treating Customers Fairly principles.

## 4. Measures to avoid conflict of interest

Upon identification of the conflict of interests listed in clauses 3.3.1 to 3.3.5 above, the following measures will be followed in order to determine whether the conflict of interest is avoidable:

### 4.1 Measures

The management and FSCA phase approved compliance, together with group compliance, legal, and audit where required will either during its bi-annual reviews or during its informal ongoing assessment and communication between the directors, compliance and traders will conduct a review on whether the conflicts mentioned in clauses 3.3.1 to 3.3.5 are avoidable or unavoidable.

The review must include questions such as:

- 4.1.1 "Is there any situation that exists that influences the objective performance of the representative/employee's obligations to his or her client"?
- 4.1.2 "Is there any situation that exists that prevents the representative/employee from rendering an unbiased and fair financial service to his or her client"?
- 4.1.3 "Is there any situation that exists that prevents my representative/employee from acting in the interest of his or her client"?

All information surrounding the conflict of interests identified must be disclosed to all interested parties.

## **4.2 Avoidable Conflict of interest**

If the management and FSCA phase approved compliance, together with group compliance, legal, and audit where required of the Company has determined that the actual or potential conflict of interest is avoidable, the following processes must be adhered to:

- 4.2.1 The management and internal compliance must approve, the removal of the underlying cause of the actual or potential conflict of interest,
- 4.2.2 the underlying cause of the actual or potential conflict of interest must be removed as soon as reasonably possible,
- 4.2.3 Any negative impact on clients owing to the removal of the actual or potential conflict of interest must be kept to a minimum,
- 4.2.4 The reason(s) why the actual or potential conflict of interest was determined to be avoidable must be recorded,
- 4.2.5 All determinations and interventions as it pertain to the avoidance of the conflict of interest must be documented and kept on the compliance file and,
- 4.2.6 Similar situations that give rise to actual or potential conflicts of interests must be avoided in the future.

## **4.3 Unavoidable Conflict of interest**

If the management and internal compliance, together with external compliance, legal, and audit where required of the Company has determined that the actual or potential conflict of interest is unavoidable, such conflicts will be disclosed to clients and are available for public inspection as per the declaration of interest's policy. No conflict prejudicing the interests of a client will be tolerated.

# **5 Disclosure of Conflict of interest**

At the earliest reasonable opportunity, the Company and its representative must, in writing, disclose to a client any Conflict of interest policy in respect of that client.

## **5.1 Disclosures**

General Conflicts will be captured in the Conflict-of-Interest Management Policy which will be available for inspection upon request by the client.

Client-specific conflicts will be disclosed to the client in writing at the earliest possible opportunity.

The conflict of interest of the Company shall be available for Client perusal on its website – [www.pamrs.com](http://www.pamrs.com)

## **5.2 Declaration of conflict of interest**

Any Director/s and Staff with ownership interests, or who have associates with ownership interests, in clients or issuer companies are to complete the declaration of interests register in Annexure B.

All other staff to complete the declaration in Annexure C.

## **5.3 High level conflicts**

High level conflict of interest of PAMRS shall be disclosed.

Additionally, the compliance department shall maintain a representative disclosure document (Annexure C) which shall be available at client request.

## **5.4 Internal risk registrar**

The compliance department must maintain an internal risk register.

The risk register (Annexure D) shall include high level conflict of interest, general conflicts, and declaration of interest register.

# **6 Conflict of interest procedures and internal controls**

The monitoring of the identified conflicts will be done on an ongoing basis and communicated between the departmental heads, compliance officer, and the board of directors.

## **6.1 Gifts Monitoring process:**

The receipt and issuing of gifts by either the Company to the client or by clients to the Company shall be monitored through the gifts register which shall be saved in a shared folder.

### Maintenance of the gifts register

6.1.1 Each department will appoint one person to maintain the gift register, make sure all gifts are recorded and it is up-to-date.

6.1.2 The compliance officer will be responsible for monitoring the gift registrar which will be maintained by the various departments.

## 6.2 Monitoring of Personal Trading Accounts

PAMRS does not trade, in its proprietary capacity, in the same instruments in which it manages positions for clients. Any personal trading by staff is confined to instruments outside the firm's investment universe or of a size and nature that cannot influence or manipulate client positions or market prices. Notwithstanding this, PAMRS applies the following controls to personal account trading:

### 6.2.1 Quarterly monitoring

- a) On a quarterly basis, all staff members must provide the Compliance Officer with:
  - i. copies of broker notes for all trades executed during the period; and
  - ii. monthly statements for all brokerage accounts.

These will be used to cross-check trades executed against the prior approvals granted.

- b) Trading approvals are valid for one trading day only. If an employee wishes to trade on any additional day(s), they must obtain separate approval for each such day in advance.

### 6.2.2 Personal accounts not held with PAMRS

For any personal trading accounts that are not opened with the firm:

- a) Prior written approval from the Compliance Officer is required before opening such an account.
- b) The name of the broker and relevant account details must be disclosed to the Compliance Officer.
- c) Any existing external accounts must be fully disclosed to the Compliance Officer without delay.
- d) Before placing trades in such an external account, the employee must obtain same-day approval from both the relevant Head of Department (HOD) and the Compliance Officer.
- e) A copy of the broker trade confirmation for each approved transaction must be submitted to the Compliance Officer promptly after execution.

## 6.3 Client Order Prioritisation

PAMRS staff must at all times ensure that client interests take precedence over any personal interests. In addition to the personal account trading controls described above, PAMRS monitors the firm's financial position and conduct as follows:

### 6.3.1 Daily management accounts

Daily management accounts must be produced and reviewed by the **Board of Directors** to ensure the ongoing financial soundness and proper conduct of the business.

### 6.3.2 Contents of management accounts

The management accounts shall, at a minimum, include:

- a) Balance Sheet;
- b) Trial Balance; and
- c) Capital Adequacy calculation.

These measures support the principle that client orders and positions are never compromised by the financial interests of PAMRS or its staff.

## 7 Acceptable Financial Interests and Remuneration

The Company may only receive or offer the following financial interest from or to a third party:

- 7.1 **Fees** for the rendering of financial services provided that the client agreed to such fees in writing and may be stopped at the discretion of the client.
- 7.2 **Fees or remuneration** for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered
- 7.3 **An immaterial financial interest** (i.e. a financial interest with a determinable monetary value, the aggregate of which does not exceed one thousand Rand (R1000) 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/employee for that representative/employee's direct benefit, or a provider who for its benefit or that of some or all of its representative/employees, aggregates the immaterial financial interest paid to its representative/employees.)
- 7.4 **A financial interest not referred to above**, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative/employee at the time of receipt thereof.

Such financial interest shall be disclosed to the Client through the signed Mandate and shall be limited to commission or brockages fees on the instruments involved.

## 8 Non-Compliance with The Conflicts of Interest Policy

- 8.1 Non-compliance with any internal policy will be taken extremely seriously and dealt with in accordance with the HR Policy / breach clauses of the employment agreement and Key Individual agreement between the Company and its employees or Key Individual respectively.
- 8.2 If an employee or a representative takes any deliberate action to contravene this policy or to breach

8.3 PAMRS' legal obligations, the employee or representative will be subject to disciplinary action.

8.4 Necessary actions will be taken at management discretion as and when any non-compliance is identified. All instances of non-compliance with this policy will be included in the regular compliance reporting processes.

8.5 The actions that may be taken range from a written warning to debarment or dismissal, depending on the severity of the offence in terms of the HR Policy / breach clauses of the employment agreement and Key Individual agreement between PAMRS and its employees or Key Individual respectively. This will be dealt with on a case-by-case basis.

## 9 List of Associates

Our primary associates are members of PAMRS, namely:

n/a

Names of 3rd Parties in which the provider holds ownership interests:

n/a

Names of 3rd Parties that hold an ownership interest in the provider:

None