

Conflict of Interests Policy

Ternary Financial Services CC, places a high priority on its clients' interests. As conflicts of interest affecting clients could undermine the integrity and professionalism of our business, any instances must be identified as early as possible.

If conflict situations cannot be avoided, they must be managed equitably and in the client's interest.

1. **Detecting** potential or recognised conflicts of interest that could compromise the interest of our clients, and;
 2. **Managing and limiting the impact** of conflicts of interest;
- constitute an integral part of Ternary Financial Services CC's duties and obligations.

I. Conflict of Interest: What do we mean by this?

A Conflict of Interest is a situation in which the interests of Ternary Financial Services CC or 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 the client's interests.

This notion concerns Ternary Financial Services CC in its capacity as a management company, all individuals working for Ternary Financial Services CC (employees, associates, service providers, etc.), and the Ternary Financial Services CC business (major shareholders, companies controlled by the Group, etc.).

A Conflict of Interest may occur in the provision of an investment service (management under mandate, fund management and advisory services). A Conflict of Interest may be **recognised** (actually identified) or **potential** (conceivable).

The notion of Conflict of Interest encompasses a range of very 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 client's interests,
- Respect for professional obligations in relation to the market and specific to Ternary Financial Services CC.



A Conflict of Interest situation that could prejudice a client may take a variety of forms, whether or not Ternary Financial Services CC suffers any financial loss and independently of whether the actions or the motivations of the employees involved are intentional. At least five types of situations are defined by Ternary Financial Services CC to help determine whether a potential Conflict of Interest situation may occur:

II. What is a Conflict of Interest situation?

1. Ternary Financial Services CC, a department or an employee will **realise a financial gain** or **avoid a potential loss** at the **client's expense**;
2. The interest of Ternary Financial Services CC, a department or an employee **may be different from the client's interest**;
3. Ternary Financial Services CC or an employee exercises the **same professional activity** as the client;
4. Ternary Financial Services CC, a department or an employee is **induced to favour one client over another** (whether for financial reasons or otherwise),
5. Ternary Financial Services CC, a department 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.

III. Prevention, detection and management

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

- Conduct the transaction while, given the Conflict of Interest generated by it, implementing procedures that enable appropriate management of the situation in order to avoid damaging the interests of the client in question;
- Avoid conducting the transaction that would potentially generate a Conflict of Interest;
- Inform the client in the event that certain conflicts of interest cannot be properly handled and communicate the necessary information about the type and origin of the Conflict of Interest to



the client, so that the client can make a fully informed decision regarding the proposed transaction.

Ternary Financial Services CC has established a management policy for conflicts of interest enabling it to prevent potential conflicts of interest, mitigate and manage actual conflicts of interest and communicate them effectively to clients. This policy is based on a system of prevention, detection, management, communication and recording conflicts of interest.

Training: Ternary Financial Services CC informs its associates and makes them aware of the undertakings and restrictions concerning their actions with regard to the Conflict of Interest management policy in place at the management company. Awareness training is provided to staff.

Detection: Ternary Financial Services CC has drawn up a list of recognised and potential conflicts of interest, by recording conflicts of interest and identifying the types of situations generating the conflicts and the associated risks.

IV. Procedure if a Conflict of Interest arises

Annexure A, sets out Ternary Financial Services CC's management procedure on identified conflicts.

Ternary Financial Services CC is responsible for the operation and condition of the conflicts of interest register. If a new potential or actual Conflict of Interest should arise, management of Ternary Financial Services CC will decide whether the transaction will actually generate a Conflict of Interest and if so, if it will be accepted or declined, and managed in the client's interest.

If a Conflict of Interest cannot be properly managed, the necessary information on the type and origin of the Conflict of Interest will be communicated to the client, to enable the client to make a fully informed decision. All the documents and supporting evidence will be archived by Ternary Financial Services CC.

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

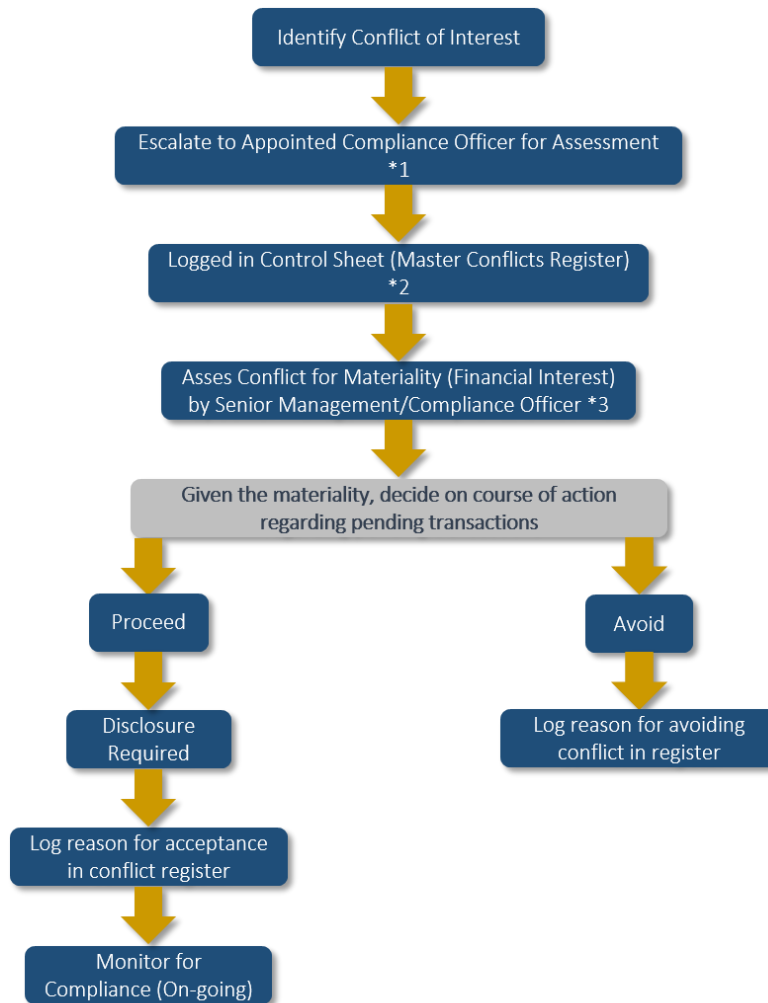
Management: Ternary Financial Services CC manages potential and actual Conflict of Interest situations based on the following:

- **Ethical principles.** Predominant among these rules are the principles of client sovereignty, equity, impartiality, respect for professional secrecy, market integrity and compliance with laws and regulations.
- **A control system** to ensure monitoring of the conflicts of interest and corrective measures taken. In this respect Ternary Financial Services CC has procedures detailing the concrete measures to manage potential or recognised conflicts of interest in the interest of clients.
- **Prohibition or control** of multiple activities exercised by associates.



CONFLICTS OF INTEREST FRAMEWORK- CONTROLS & PROCEDURES

Annexure A:



Guide

**1 can be communicated via email but must be in writing to the “conflicts officer”. All correspondence relating to conflict to be placed in a company conflicts file.*

**2 Log the date and contents of the Conflict of Interest (real, existing or potential).*

**3 Conflicts officer to liaise with the compliance function to evaluate the conflict and to decide which mechanism to be used to manage conflict (Proceed or Avoid).*

If the conflict can be resolved immediately, take the necessary action and advise compliance thereof. The on-going status of the conflict is to be recorded in the register. If the conflict requires further clarity and investigation by any other party, insert comments as appropriate in the appropriate register.



NOTES TO PROCEDURES

1. Assign a member of staff with primary responsibility for identifying, recording and managing conflicts of interest. (For Ternary Financial Services CC this is **Michael Tomas**, known as the Conflicts Officer).
2. The Conflicts Officer will advise all relevant staff of:
 - The definition of Conflict of Interest;
 - The main features; and
 - Examples or possible conflicts of interest that may emerge
3. At the same time the Conflicts Officer will co-ordinate a questionnaire (annual) of Members and relevant staff, requiring them to assess all aspects of their responsibilities and their business relationships, with a view to identifying actual or potential conflicts (and circumstances that might be perceived as conflicts).

Members, managers and internal legal and compliance officers should attempt to identify conflicts across the business, while other staff will focus on their individual circumstances.

Even when individuals completing the questionnaire are confident that objective financial advice will be provided, in spite of a potential conflict, they should report the conflict: clients and regulators may not easily be persuaded that advice was objective.

4. The Conflicts Officer together with compliance will assess the seriousness of identified possible conflicts, and will determine (in consultation with senior management) how the conflict should be managed. Typically this can involve:
 - 4.1 Determining whether current disclosures constitute adequate management
 - 4.2 Determining which further disclosures would constitute adequate management
 - 4.3 Determining whether or not disclosure alone can adequately manage the conflict. Where it cannot, all stakeholders can decide how the conflict should be avoided, or whether the conflict should be referred for prompt Member's consideration.
5. The Conflicts Officer will keep adequate records of the controls management process, from identification through to effective resolution of the conflict.
6. The Compliance officer can prepare a report on the management of conflicts of interest, for the Members to consider at intervals appropriate to the business.
7. Conflicts of interest will become a standing agenda item for Member meetings.



8. Procedures can be drafted and adopted by the Members to form part of the compliance documentation, addressing the above steps and responsibilities.
9. The Conflict of Interest procedures and their efficacy in operation will be reviewed by senior management of the FSP in conjunction with compliance.