



RHYNCO
WEALTH MANAGEMENT

CONFLICT OF INTEREST MANAGEMENT POLICY for

Kovacs Investments 348 cc t/a Rhynco
Wealth Management

November 2022

FSP NAME: Kovacs Investments 348 CC t/a Rhynco Wealth Management

FSP NUMBER: 17639

KEY INDIVIDUAL/S: Rhynier Burger

REPRESENTATIVES: Rhynier Burger

To be held in hard copy and kept available/visible for perusal of clients.

--

FSP ACTION PLAN

Section 3A of the FAIS General Code of Conduct has been amended effective 26 December 2020, whereby the scope of requirements for Conflict of Interest have been altered and expanded to include a more principle based approach. It is critical for all FSPs to adopt these changes into their Conflict of Interest Policy, that related processes and procedures be updated and staff training is updated.

Step 1: Determine which parts of the policy are applicable to your FSP by determining if your FSP does or does not have representatives. If your FSP does not have representatives then you do not have to adopt the sections of this policy which are applicable to representatives but keep in mind that it is still applicable to you as the FSP.

Step 2: The Key Individual or Responsible person must:

- a) Review Sections 1 – 6 and identify the sections that are applicable to your FSP.
- b) Update and customise Sections 1 – 6 (including any applicable annexures) to ensure that your FSPs details and specific duties, depending on financial interest, remuneration structure are representatives included.

Step 3: Customised Conflict of Interest Policy to be signed off by the FSP.

Step 4: FSP must share the updated policy with staff or other persons who require updated training for Conflict of Interest.

Step 5: Implement policy and use the Conflict of Interest register. You do not have to implement a new Conflict of Interest register or format but must make sure that the register you are using is fit for purpose and is appropriate to capture, monitor and report on all Conflict of Interest situations.

TABLE OF CONTENTS

1. Introduction.....	4
2. Purpose	4
3. Scope of application.....	5
4. Understanding Conflict of Interest	6
4.1 When is it a Conflict of Interest?	6
4.2 What type of interest may we Give and Receive?.....	7
4.3 On what basis may the we Give and Receive Financial Interests?	7
4.4 Financial Interests for Representatives of the FSP	8
5. Processes and Internal Controls to manage Conflict of Interest	9
5.1 Identification of Conflict of Interest.....	9
5.2 Measures for avoidance and mitigation of Conflict of Interest.....	9
5.3 Measures for mandatory disclosure of Conflict of Interest	10
5.4 Ongoing monitoring of Conflict of Interest Management.....	10
5.5 Training and Staff	11
5.6 Registers.....	11
6. Remuneration Policy	11
7. Annexures	13
5.7 Annexure A – Conflict of Interest Register	15
5.8 Annexure B - Business Relationship.....	16
5.9 Annexure C - Ownership Interest	17
5.10 Annexure D – Policy adoption and version control.....	19
5.11 Annexure E – Additional Definitions.....	20

1. Introduction

In terms of the Financial Advisory and Intermediary Services Act, 2002, *RHYNCO WEALTH MANAGEMENT* (“the FSP” / “Rhynco”) 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.

[Add details about your business such as, whether you are a sole proprietor, close corporation, etc. Detail the number of staff and/or representatives. Add in some information regarding your processes and internal controls, which product providers you prefer to use and how much of your business is placed with them etc.]

Rhynco Wealth Management is a CC (Kovacs Investments 348 t/a) wholly owned by the Burger Family Trust. The business has only one Key Individual and he is also the only representative.

We focus mainly on investment advise and investment wealth management. In this regard we prefer unitised products such as unit trust mainly because of transparency and cost.

Ninety-One and Sanlam Glacier are our preferred Linked Investment Service Providers (LSIP's) because their service is unbeatable in our opinion. Their cost structure is market related too.

We have a preference of using the MultiAsset suite of funds as these funds are well diversified into other funds and actively managed by the asset manager. It limits CGT for the client when switches between funds are required and provides for an active management strategy where changes are done as and when required without having to obtain client approval first. Neither Rhynco or its Key Individual receives any remuneration or financial benefit from MultiAsset Fund Management. However the Key in Individual is a beneficiary of a inter vivos discretionary trust, the HOPE Trust, who owns shares in Altinvest Pty Ltd ta/ MultiAsset Fund Management. The Key Individual does not have any vested right in any dividends distributed by Altinvest to it shareholders, but it is possible that he might benefit in some or other financial way being a beneficiary of the HOPE Trust.

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 not 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 party³, 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 its 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.

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 bonus⁴ to any person, other than a new entrant⁵, 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.

Our policy defines possible conflict of interest or examples of conflict of interest as, inter alia,-

- *between the FSP and the client.*
- *between our clients if we are acting for different clients and the different interests conflict materially.*
- *where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client.*
- *storing confidential information on clients which, if we would disclose or use, would affect the advice or services provided to clients.*

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 TRAINING AND STAFF

Comprehensive training on the Conflict of Interest is provided to all employees and representatives as part of specific and/or general training on the FAIS Act and GCOC.

Training will be incorporated as part of all new appointees' induction. Ongoing and refresher training on the FSP's Conflict of Interest management processes and policy is provided on an annual basis.

5.6 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

Our remuneration policy is described in the Contact Stage Disclosure letter and detailed in our Remuneration Policy.

We make use of up-front fees for the drafting and implementation of a financial plan, ongoing fees for the ongoing management and review of the plan. The ongoing fee is at a flat rate % pa of the value of the investments. In certain circumstances the fee may be reduced based on specific circumstances of the client, or if so negotiated by the client.

The fee is calculated at a specific rate across the board for all clients to ensure that one client is not privileged above another and that our service delivery is equal to all clients.

In certain (rare) circumstances we get paid a commission by the product suppliers but this is clearly disclosed when it occurs.

We do not receive more than 30% of our remuneration from one product supplier.

The FSP carries 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:

- Analysis of Management Information to identify trends and outliers
- TCF client feedback program results assessments/review
- Compliant trend analysis

This policy will be reviewed annually, and must be included in your annual FSB compliance report, containing details “...on a least the implementation, monitoring and compliance with, and the accessibility of the conflict of interest management policy.”

The key individual or staff member in charge of supervision and monitoring of this policy will regularly monitor and assess all related matters.