

## 1. POLICY STATEMENT

CoreShares is committed to providing the highest standards of client services and delivering fair outcomes to our clients at all stages of our products' life cycles in an effective and transparent manner.

Our mission and vision is to be a highly profitable independent investment manager that follows a client-centric approach that is based on offering excellent investment performance, professional advice and an appropriate range of products and services, to ensure that clients achieve their required investment outcomes.

Our Treating Customers Fairly ("TCF") Policy is centred around the guidance provided by the Financial Sector Conduct Authority ("FSCA") and The Association of Savings and Investment South Africa ("ASISA").

CoreShares aims to embed all six Treating Customers Fairly ("TCF") outcomes in its conduct of business and this policy is therefore an authoritative statement to embed the outcomes and to enforce compliance with the outcomes. All CoreShares staff are required to apply the principles of TCF in their work irrespective of their role.

The responsibility in ensuring that the principles of TCF are practiced at all times,

in any form of customer engagement vests with every employee within CoreShares.

## 2. TREATING CUSTOMERS FAIRLY FRAMEWORK

- 2.1 TCF is an outcome-based regulatory and supervisory approach designed to ensure that specific fairness outcomes for consumers of financial services are delivered by financial institutions.
- 2.2 Financial institutions are expected to demonstrate through management behaviours and monitoring that they deliver the six outcomes of TCF listed below to clients throughout the financial product lifecycle – from design, marketing, advice and service, to complaints and claims handling.

### **Outcome 1 (Culture and Governance):**

Customers are confident that they are dealing with a financial services provider where the fair treatment of customers is central to its culture;

### **Outcome 2 (Products and Services):**

Products and services marketed and sold in the market are designed to meet the needs of identified customer groups and are targeted accordingly;

### **Outcome 3 (Clear and Appropriate Information):**

Customers are given clear information and are kept appropriately informed before, during and after the time of contracting;

### **Outcome 4 (Customer Advice):**

Where customers receive advice, the advice is suitable and takes account of their circumstances;

### **Outcome 5 (Performance and Service against Expectations):**

Customers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect;

### **Outcome 6 (Post Sale Barriers):**

Customers do not face unreasonable post-sale barriers to change product, switch provider, submit a claim or make a complaint.

## 3. OUR APPROACH TO THE SIX FAIRNESS OUTCOMES

CoreShares' commitment and approach to achieving the Six Fairness Outcomes of TCF is outlined below;

### **Outcome 1 (Culture):**

#### Leadership

CoreShares will endeavour to demonstrate through behaviour of leadership and monitoring that we are treating customers fairly throughout our relationships with them.

It is of utmost importance that senior management have an obligation to lead from the front by ensuring that they, when dealing with customers to ensure that customers are treated fairly. Given the relatively small team size and "flat" leadership structure of CoreShares is uniquely positioned to ensure that the values that the leadership team prioritises filters throughout all staff members throughout the business. In addition to the sharing of leadership values ongoing monitoring is paramount to ensure customers are treated fairly.

#### Strategy

CoreShares has a clearly defined strategy to ensure clients are treated fairly. The strategy is engrained from product level, by ensuring the products that we are prepared to offer to our clients are appropriate and suitable for that particular client through to staff level to ensure that there are adequate resources (both training and functional resources) to ensure that staff interacting with client can deliver on the promise of TCF.

#### Decision Making

In all decision making fair consideration is given to the impact, both directly and indirectly, on all customers as well as conflict that may arise from all stakeholders. To ensure that all staff members faced with decision making are appropriately positioned to do so, they have a complete understanding of the business both operationally and strategically to ensure that the impact of decision making is not at the expense of TCF.

#### Controls

Management controls through various mechanism.

- Limitations on decision making until staff are adequately trained and resourced to make decisions. This is to ensure that staff are adequately equipped to deal with the clients' risks when dealing with clients.

- Staff with decision making discretion are monitored
  - Calls recorded
  - Investment Committee meeting minutes
  - Performance appraisal reviews
- Clients have ample opportunity to provide feedback regarding their interaction through email channels, compliance channel as well as direct availability of CoreShares' contact details.

Recruitment

CoreShares ensure that recruitment of new staff is done with the utmost rigour. This includes a multi interview process, vetting of skills, references checking well as psychometric testing. In addition to the appropriate qualification and hard skills criteria, CoreShares ensures that the new recruits share the values necessary to ensure that TCF principles are successfully implemented.

Existing staff are assessed on an ongoing basis to ensure they are delivering on their key performance areas of which TCF and conduct is engrained throughout.

**Outcome 2 (Product and Service Design):**

Our product development process is anchored on a matrix of client outcomes and objectives, and starts with the question;

*"What investor/market need are we addressing?"*

In interrogating this question, we run through a constant loop of identifying the target market, the applicable distribution channels and whether or not that specific market is better off with our products or without.

CoreShares designs rules-based index unit trust portfolios, exchange traded funds and segregated mandates which range from simple market cap weighted to smart beta or alternatively weighted indices wherein an outcome can be targeted.

There are many benefits in following a rules-based, index approach to investing that investors can take advantage of, these benefits include competitive returns, diversification, lower costs and portfolios that are transparent and well governed.

*Targeting the right segment*

To manage and mitigate the potential mis-selling of products, we curate our communication and marketing to the different segments of the market (e.g. we typically market and distribute our unit trusts to the multi-manager and advisory market, and our exchange traded funds to the stockbroking, retail and private clients market).

We periodically review our product range to check suitability for investors.

**Outcome 3 (Clear and Appropriate Information):**

The information we publish through our product marketing material is in plain language, presented clearly, fairly and in a manner that is not misleading to enable potential investors make informed decisions.

For ETFs, we issue Placing Documents and Listing Documents which contain all relevant product and index information available on our website for all potential investors and interested parties to peruse in order to self-determine product appropriateness before investing. We also publish on our website Minimum Disclosure Documents for both our ETFs and unit trusts which contain detailed information regarding our product's features and characteristics..

The prices of our ETFs are available and updated throughout the day in the market. We also ensure that the public has access to current information by providing regular product updates on our website and through announcements via the Stock Exchange News Service (SENS), where these announcements are approved by our sponsor before they are published in the press.

Each of our unit trust holders receive quarterly statements by email or post depending on the product holder's selected method of communication which contain information to enable them to produce a set of financial statements, determine the performance of the products that they are invested in and the changes over the period. Additionally, we publish on our website Quarterly Investor Reports which provide details regarding the number of participatory interests in a fund, net asset value per participatory interest, an analysis of the portfolio with reference to the extent to which it has or has not adhered to its policy objective, total expense ratio applicable to the portfolio and a statement of changes in the composition of the portfolio during the reporting period.

All statements and minimum disclosure documents which we publish and distribute to investors comply with the requirements Board Notice 92 of the Collective Investment Schemes Control Act, 2002.

There are no barriers to switching between our CIS portfolios, we do not impose any exit penalties, termination fees or other charges to discourage clients to withdraw from products. Clients are also able to buy and sell ETFs that are listed on the JSE at their own discretion.

**Outcome 4 (Customer Advice):**

CoreShares primarily renders intermediary services of a discretionary nature with regard to our unit trusts and exchange traded funds and does not in the ordinary course of business provide any recommendation, guidance or proposal of a financial nature in respect of the purchase of or investment in our products.

Our funds are accessible and available for investment on various Linked Investment Service Provider's (LISP) platforms.

To limit the risk of external advisor's mis-selling our products to their clients, we place all key product information in the public domain (on our website and through reputable data firms that are widely recognized by the industry).

When a client alerts us of factual misinformation on our funds, we investigate and communicate any updates to the client through a medium of their convenience.

**Outcome 5 (Performance and Service Against Expectation):**

CoreShares is a rules-based asset manager that manages portfolios against a clearly defined index. This transparency allows investors to make a return and holdings assessment of our portfolios against their promise of tracking/being in line with their respective investment outcomes.

There are generally two (related) ways to measure this:

- i. The first is to look at a portfolio's returns and compare them against those of the index benchmark. The differences between these two figures should be explained by the total investment charges of the portfolio and the implementation effort of the portfolio on a day-to-day basis.
- ii. The second is tracking error.

These measures are disclosed to investors on a monthly basis through each portfolio's Minimum Disclosure Document (MDD) as per Board Notice 92.

For every product launch, CoreShares assesses the suitability of a strategy for the general market (for example; the determination of whether or not the market needs the product). At a more granular level, the target market is narrowed down using a product development matrix that takes a new product through from research outputs through to the appropriate and specific distribution channels through which it would be sold.

CoreShares has an Asset Management Investment Committee ("AMICO") that meets on a monthly basis. This committee is predominantly concerned with the assessment of the portfolio management function which include tracking of the portfolio's performances and analysis of any significant risks and deviations for any portfolio. These items are discussed in detail and addressed as soon as is reasonably possible.

The minutes of these Investment Committee meetings are tabled to the bi-annual Audit and Risk Committee.

Clients are provided with appropriate information which would enable them to monitor the portfolios' performance in relation to their benchmarks through monthly Minimum Disclosure Documents that are published on our website.

Coeshares staff is available to promptly address any queries which clients may have with regard to any our products and/ or products which they have invested in or the relevant benchmark index per product.

**Outcome 6 (Post Sale Barriers):**

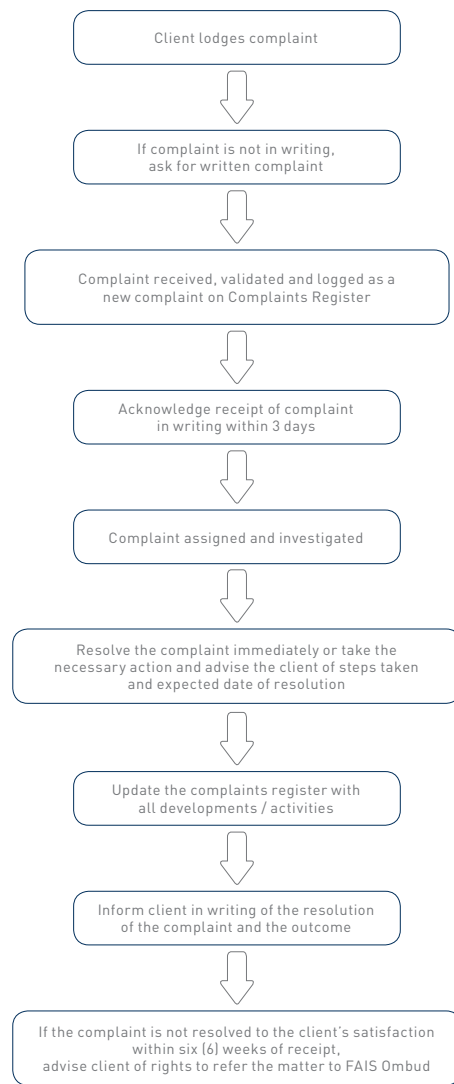
There are no barriers to switching between our unit trusts, we do not impose any exit penalties, surrender fee or other charges to discourage clients to withdraw from products. Exchange Traded Funds are traded on the JSE; therefore, clients can buy and sell them at intra-day prices whenever they wish to do so.

CoreShares has a Complaints Resolutions Policy in place which outlines our commitment to resolution of complaints in a timely and fair manner and also provides clients with information on how to lodge a complaint against CoreShares. Clients can access it on our website or may be provided with it on request.

The policy is formulated in accordance with the provisions of the Financial Advisory and Intermediary Services Act, 37 of 2002 ("FAIS Act") and the relevant provisions contained in the Collective Investment Schemes Control Act, 45 of 2002 ("CISCA").

Below is an illustration of CoreShares' internal complaints resolution procedure:

**Complaints Process Flow**



**4. TCF RESPONSIBILITY**

**4.1 Management**

Incorporating TCF in the business is the responsibility of the Management who shall be proactive in driving the process.

**4.2 Compliance Officer**

The Compliance Officer will independently monitor TCF compliance from time to time and report on non-compliance items detected.

**5. GAP ANALYSIS AND MANAGEMENT INFORMATION**

5.1 Management shall complete a gap analysis for the products which they oversee in order to identify the strengths and weakness measured against the TCF outcomes. On an annual basis the gap analysis shall be reviewed and updated if necessary.

5.2 Where weaknesses have been identified, they shall be recorded as Management Information, which shall be used to address any weaknesses.

5.3 Management Information shall be compiled and presented in a manner that will enable Management to demonstrate adherence to this policy and for the Compliance Officer to submit same to the FCSA when required. Management Information shall be reviewed by Management on a regular basis.

## 6. TRAINING AND AWARENESS

- 6.1 All staff will annually undergo training on the TCF principles.
- 6.2 Management will proactively supply the Compliance Officer with the names of new staff members in order to ensure that they are included in the training prior to commencing their duties.
- 6.3 A competency test will take place at the end of the training and all staff who do not meet the required level of competence shall repeat the test until a satisfactory result is obtained.
- 6.4 Adherence to the TCF principles will be included in the job description of all staff.

## 7. RISK MANAGEMENT, POLICIES AND COMMITTEES

- 7.1. The Risk Management Plan shall be reviewed by the Compliance Officer to ensure that it is appropriately aligned to the TCF principles.
- 7.2 The following policies, charters and documents used by CoreShares shall be aligned to the TCF principles:
- 7.2.1 AMICO Charter;
- 7.2.2 Board Charter;

- 7.2.3 FAIS Policy;
- 7.2.4 Conflict of Interest Management Policy;
- 7.2.5 Personal Account Trading Policy;
- 7.2.6 Complaints Resolution Policy;
- 7.2.7 Investment Policies;
- 7.2.8 Client Mandates;
- 7.2.9 Supplemental Deeds; and
- 7.2.10 Marketing and advertising material.
- 7.3 TCF will be an agenda item in the committees and forums, which include the following:
- 7.3.1 Board of Directors meeting;
- 7.3.2 Asset Management Investment Committee and
- 7.3.3 Audit, Risk and Compliance meeting.

## 8. REMUNERATION POLICY

CoreShares is committed to ensuring that remuneration paid to employees/advisors/agents is not solely dependent on sales volume but takes into account the quality of work, overall performance, and behaviour towards clients to ensure that staff are achieving the best possible client outcomes.

Incentive structures are aligned with TCF ensuring staff who have exhibited the TCF principles consistently are rewarded.

## 9. REVIEW

This policy shall be reviewed on an annual basis or when deemed necessary and shall be Board approved.