

## **Information Regarding Conflicts of Interests and Inducements Associated with the Provision of Services by Broker Consulting, a. s.**

### **1. What Are Inducements**

Inducements are fees, commissions or nonmonetary benefits. Accepting, offering or granting any such inducement is prohibited if it could lead to the violation of the obligation to act professionally, honestly and fairly and in the best interest of the Clients.

### **2. Inducements and Conflicts of Interests Associated with the Provision of Investment Services**

As part of the registration as an investment intermediary, the Company of Broker Consulting, a.s. (hereinafter also referred to as the "Company" only) provides chiefly investment services – investment counselling. The activities of an investment intermediary are primarily regulated by Act No. 256/2004 Coll., on Capital Market Undertakings, which together with the consecutive Decree No. 308/2017 Coll., on More Detailed Regulation of Certain Rules in the Provision of Investment Services, Act No. 240/2013 Coll., on Management Companies and Investment Funds, and together with the consecutive Decree No. 244/2013 Coll., on More Detailed Regulation of Certain Rules Set Out by the Act on Management Companies and Investment Funds also regulates the relevant questions associated with offering and accepting inducements. A detailed interpretation of these issues can also be obtained from the Official Information of the ČNB from 17 January, 2014 on the conditions of admissibility of inducements associated with the distribution of certain products on the financial market.

The Company hereby informs of the fact that it only accepts inducements from investment service providers whose products it intermediates, and only provides inducements to its tied agents. These inducements come in the form of commissions, which are admissible pursuant to the Official Information of the ČNB as mentioned above, provided that they contribute to the improvement of the quality of the service provided, they are not inconsistent with the obligation to act in the best interest of the customers and the obligation to provide investment services with professional care, and provided that the customers are informed of the existence of such inducements. The Company does not accept, nor does it offer inducements that may lead to the violation of the obligation to provide investment services with professional care or to the violation of the obligations associated with conflict of interests. The accepted inducements are utilized to further promote the improvement of the quality of the services provided. Among other things, they are used to increase the knowledge and professional standards of the tied agents in order for them to be able to offer their clients quality investment counselling; furthermore, they are used towards the improvement of the co-operation with the investment service providers in the development and improvement of the existing investment instruments offered exclusively to Broker Consulting, a.s. clients under the most optimal conditions. The corporate culture set by the Company and the accepted Company Code of Conduct, as well as the monitoring of its observance all ensure that these inducements are not inconsistent with the obligation of the Company to act professionally, honestly and fairly and are in the best interest of the Clients.

The Company hereby affirms that it never simultaneously accepts inducements from a client and the provider of the intermediated financial product.

The Company hereby informs of the possible existence of conflict of interests arising during the intermediation of investment products by the Company of Broker Consulting SICAV, a.s., Reg. No.: 071 88 935, with registered office at Bucharova 142/6, Stodůlky, 158 00 Praha 5 (hereinafter also referred to as "Broker Consulting SICAV" only), which is a special fund pursuant to Section 92(2) of Act No. 240/2013 Coll., on Management Companies and Investment Funds, and the company Moneco investiční společnost, a.s., Reg. No.: 090 52 984, with registered office at Bucharova 1423/6, Stodůlky, 158 00 Praha 5 (hereinafter also referred to as "Moneco IS" only), resulting from the interconnection by the controlling holding entity, the Company of Broker Consulting

Group, SE, Reg. No.: 042 46 438, with registered office at Jiráskovo náměstí 2684/2, Východní Předměstí, 326 00 Plzeň, as a result of the companies' organizational structures and business activities. Similarly, the Company hereby informs of the interconnection with the company Moneco , spol.s.r.o., Reg. No.: 485 32 827, with registered office at Gorkého 51/1, Veverí, 602 00 Brno (hereinafter also referred to as "Moneco s.r.o." only). To prevent conflict of interests, the Company has adopted necessary measures, in particular the principle of the absolute priority of the client's interests, as well as adequate provision of information to the client, in order for the client to be able to make a qualified decision with respect to the intermediation of Broker Consulting SICAV investment products. Economic results and the report on the relationships between the companies within the Broker Consulting Group and the Company are published in the Annual Report in the collection of documents administered by the Commercial Court.

Furthermore, the Company hereby informs of the possible conflicts of interests arising from the Cooperation agreement concluded by and between the Company and the company Moneco investiční společnost, a.s., Reg. No.: 09052984, with registered office at Bucharova 1423/6, Praha 5 - Stodůlky, post code 158 00, entered in the Commercial Register kept by the Municipal Court in Praha under File No. B 25207 (hereinafter also referred to as "MIS") managing the investment fund Broker Consulting FKI SICAV, a.s. Reg. No.: 09291342, having its registered office at Bucharova 1423/6, Stodůlky, 158 00 Praha 5, and its sub-fund OK Smart Opportunity. Under this Cooperation agreement the Company provides the MIS with the services as the investment intermediary. The Company and the MIS are considered related legal persons via a beneficial owner of the Company and the MIS.

To avoid any possible conflict of interests the Company and the MIS have adopted appropriate measures so as all the transactions entered into while using the activities of the Company under the Cooperation agreement were carried out in the best interests of the investors in the above-stated investment fund.

### **3. The Amount of Inducements for Individual Investment Product Categories**

#### **a) Collective Investment Securities**

The Commission paid to the Company by the fund manager depends on the amount of the entry fee paid by the customer and equals between 90 % and 100 % of this entry fee amount.

#### **b) Underwriting and Placement of Other Investment Instruments**

Those primarily include other selected investment instruments approved for distribution by investment intermediaries, and the amount of commission paid out to the Company by the financial institutions ranges from 0 % to 5 % of the final volume of the underwritten investment instruments.

#### **c) Tied Agents' Commission**

This commission is derived from the amount of commission the Company receives from the investment service provider and depends on the position of the tied agent within the structure of the Company.

#### **d) Subsequent Care – Portfolio Management**

A tied agent not only intermediates an investment service, but as part of quality counselling and customer care, he/she also consults the trends in the investment and its suitability with the client and provides the client with further services (such as the existence of the branch network, the availability of services even outside the regular branch network business hours, or alternately at a location outside of the business premises, providing guidance on a wide variety of suitable investment instruments, and many more). For this service the Company receives a share from the investment service provider, usually in the amount of 20 % to 50 % of the management fee, which

is charged by the manager annually, and is as specified in the terms and conditions of the specific investment instrument.

#### **e) Other**

In terms of providing investment services, beyond commissions received from the investment companies the only fees accepted by the Company are marketing fees for advertising in the OK INFO Magazine, and fees for realized training sessions.

### **4. Specifics Associated with Intermediating Supplementary Pension Savings**

The maximum amount of commission the Company can receive from a supplementary pension savings provider for its intermediation is provided for by Act No. 427/2011 Coll., on Supplementary Pension Savings, and may not exceed 7 % of the average salary in the national economy as announced by the Ministry of Labour and Social Affairs for the period between the first and third quarters of the previous calendar year pursuant to Act No. 435/2004 Coll., on Employment for the conclusion of one supplementary pension savings contract. The crucial moment for the calculation of the commission amount is the date of the conclusion of the supplementary pension savings contract.

The specific commission amount depends primarily on the following input factors:

- a) Average amount of the plan holder's contributions for the period under consideration;
- b) Average amount of the employer's contributions for the period under consideration;
- c) Client's age.

The commission is paid out in two phases:

- a) Advance payment – larger portion of the commission paid out upon the date the supplementary pension savings contract becomes effective and the first contribution is paid;
- b) Additional payment – smaller portion of the commission paid out following the lapse of the period under consideration which runs from the date on which the supplementary pension savings contract becomes effective.

### **5. Specifics Associated with Intermediating Consumer Credit**

The amount of commission the Company receives from a real estate consumer credit provider depends on the total amount of the extended credit and comes up to a maximum of 5 % of the total credit amount.

The actual amount of commission the Company shall receive for services associated with an intermediated real estate consumer credit contract is specified in pre-contract information provided pursuant to Section 94 of Act No. 257/2016 Coll., on Consumer Credit.

Neither the Company nor the respective tied agent receive a commission or an inducement directly from the Client, and neither are they allowed to concurrently receive a commission or an inducement from the consumer – Client and the provider – Bank or a third party.

The commission paid out to the respective tied agent is derived from the amount of commission received by the Company from the consumer credit provider and depends on the position of the tied agent within the structure of the Company.

The Company hereby informs of the possible existence of conflict of interests arising during the intermediation of consumer and commercial credit by the Company of ProCredia, a.s., Reg. No.: 027 12 482, with registered office at Jiráskovo náměstí 2684/2, Východní Předměstí, 326 00 Plzeň (hereinafter also referred to as "ProCredia" only),

resulting from the interconnection by the controlling holding entity, the Company of Broker Consulting Group, SE, Reg. No.: 042 46 438, with registered office at Jiráskovo náměstí 2684/2, Východní Předměstí, 326 00 Plzeň, as a result of the companies' organizational structures and business activities. To prevent conflict of interests, the Company has adopted necessary measures, in particular the principle of the absolute priority of the client's interests, as well as adequate provision of information to the client, in order for the client to be able to make a qualified decision with respect to the intermediation of a consumer and commercial credit offered by ProCredia.

## **6. Specifics Associated with Intermediating Insurance**

In terms of intermediating insurance, the Company only accepts inducements from financial product providers whose products it intermediates, and it only provides inducements to its tied agents. These inducements are in the form of commissions.

The Company does not have any direct or indirect share in excess of 10 % in the voting power or the registered capital of insurance companies the products of which it intermediates. Equally, none of these insurance companies or their controlling bodies have any direct or indirect share in excess of 10 % in the voting power or the registered capital of the Company.

## **7. What Is Not Considered an Inducement?**

Direct costs such as administrative fees, market and settlement centre transaction fees and legally required fees are not considered inducements.

Likewise, common favours, such as an occasional small present or a meal invitation that cannot result in a conflict of interests shall not be considered inducements.