

Information on conflict of interest and incentives in the provision of services by Broker Consulting, a. s.

1. What are incentives?

An incentive is a fee, reward or non-monetary benefit. The acceptance, offer or provision of such an incentive is prohibited if it could lead to a breach of the obligation to act competently, honestly and fairly in the best interests of customers.

2. Incentives and conflict of interest in the provision of investment services

Broker Consulting, a.s. (hereinafter also referred to as the 'Company'), provides, within the framework of the granted registration of an investment intermediary, in particular the investment service – investment advisory services. The activity of an investment intermediary is primarily regulated by Act No. 256/2004 Coll., on capital market business, which, together with the related Decree No. 308/2017 Coll., on a more detailed regulation of certain rules in the provision of investment services, Act No. 240/2013 Coll., on investment companies and investment funds and the related Decree No. 244/2013 Coll., on a more detailed regulation of certain rules of the act on investment companies and investment funds, also regulates the provision and acceptance of incentives. A more detailed explanation of this issue can also be obtained from the ČNB's (Czech National Bank) Official Communication of 17 January 2014 on the conditions of admissibility of incentives for the distribution of certain products on the financial market.

The Company hereby discloses that it only accepts incentives from investment service providers whose products it brokers and only provides incentives to its bound representatives. These are incentives in the form of commissions, which are permissible according to the aforementioned ČNB's Official Communication if they contribute to improving the quality of the provided service, do not conflict with the obligation to act in the best interests of customers and the obligation to provide investment services with professional care, and if customers are informed about these incentives. The Company does not accept or provide incentives that may lead to a breach of the obligation to provide investment services with due professional care or to a breach of obligations related to conflict of interest. The received incentives are used to further improve the quality of provided services. They serve, among other things, to increase the knowledge and expertise of bound agents so that they can offer their clients quality investment advice, and to improve cooperation with investment service providers on the development and improvement of existing investment instruments offered exclusively to clients of Broker Consulting, a.s. on the most favourable terms. The rules of conduct set by the Company and the Company's adopted Code of Conduct and compliance monitoring ensure that these incentives do not conflict with the Company's obligation to act competently, honestly and fairly and are in the best interests of its customers.

The Company hereby confirms that it never accepts incentives from the client, nor does it accept them from the provider of the intermediated financial product.

The Company hereby informs about a possible conflict of interest in intermediating investment products of Broker Consulting SICAV, a.s., company ID No.: 071 88 935, Avenir Business Park, Radlická 751/113E (Building E), 158 00 Prague 5 (hereinafter also referred to as 'Broker Consulting SICAV'), which is a special fund within the meaning of Section 92(2) of Act No.240/2013 Coll., on investment companies and investment funds, and Moneco Investment Company, a. s., company ID No.: 090 52 984, Avenir Business Park, Radlická 751/113E (Building E), 158 00 Prague 5 (hereinafter also referred to as 'Moneco IS'), consisting in the interconnection of the holding's controlling person, Broker

Consulting Group, SE, company ID No.: 042 46 438, with its registered office at Jiráskovo náměstí 2684/2, Východní Předměstí, 326 00 Plzeň, as a result of the organisational structures and business activities of the companies. Similarly, the Company hereby informs about the interconnection with Moneco, spol. s.r.o., business ID No.: 485 32 827, registered office at Gorkého 51/1, Veveří, 602 00 Brno (hereinafter also referred to as 'Moneco s.r.o.'). To avoid conflict of interest, the Company has taken the necessary measures, in particular the principle of absolute priority of the client's interests and sufficient information to enable the client to make an informed decision in relation to the brokerage of investment products of Broker Consulting SICAV and Moneco IS, as well as the cooperation with Moneco s.r.o. The results of operations and a report on the relationship between Broker Consulting Group and the Company are published in the annual report in the collection of documents maintained by the Registry Court.

The Company has taken the following measures to avoid conflict of interest:

- a) Associates' obligation to always inform a client in advance of any potential conflict of interest in relation to Broker Consulting SICAV and Moneco IS products and the obligation to inform the client of the possibility of brokering a comparable third party product.
- b) Comparable remuneration of Associates for brokerage of Broker Consulting SICAV and Moneco IS investment products with remuneration for brokerage of third party products.
- c) Regular checks on compliance with these obligations and the duty of absolute priority of the client's interests.

The Company also informs about a potential conflict of interest as a result of the conclusion of a cooperation agreement between the Company and the trading company MONECO Investment Company, a.s., company ID No.: 09052984, Avenir Business Park, Radlická 751/113E (Building E), 158 00 Prague 5, registered in the Commercial Register maintained by the Municipal Court in Prague under No. B 25207 (hereinafter referred to as 'MIS') as a manager of investment fund Broker Consulting FKI SICAV, a.s., business ID No.: 09291342, Avenir Business Park, Radlická 751/113E (Building E), 158 00 Prague 5 and its sub-fund OK Smart Opportunity. Under this cooperation agreement, the Company provides MIS services as an investment intermediary. The Company and MIS are related parties through the beneficial owner of the Company and MIS.

In order to avoid potential conflict of interest, the Company and MIS have taken appropriate measures to ensure that any transactions entered into using the Company's activities under the Cooperation Agreement are carried out in the best interests of the investors of the above investment fund.

3. Incentive amounts for each investment product category

a) Collective investment securities

The amount of commission paid to the Company by the fund manager depends on the amount of the entry fee paid by the client and is between 90% and 100% of that entry fee.

b) Underwriting and placement of other investment instruments

These are other selected investment instruments authorised for distribution to investment intermediaries for which the amount of remuneration paid to the Company by financial institutions is between 0% and 5% of the resulting volume of investment instruments subscribed.

c) Remuneration of bound agents

This remuneration is derived from the amount of remuneration received by the Company from the investment service provider and depends on the position of the bound agent in the Company's structure.

d) Aftercare – portfolio management

The bound representative not only provides the investment service, but also consults with the client on the development and suitability of their investment and provides other services (e.g. the existence of a branch network, the possibility of providing services outside normal working hours within the branch network or outside the business premises, providing advice on a wide range of suitable investment instruments, etc.). In return for this service, the Company receives from the investment service provider a share of generally 20% to 50% of the portfolio management fee (Management Fee), which is charged by the manager on an annual basis and is set out in the terms and conditions of the investment vehicle.

e) Miscellaneous

In connection with the provision of investment services, the Company only accepts marketing contributions for advertising in the OK INFO magazine and contributions for training courses in addition to commissions received from investment companies.

4. Specifics in the mediation of supplementary pension savings

The maximum amount of remuneration that the Company receives from the supplementary pension savings provider for its intermediation is set by Act No. 427/2011 Coll., on supplementary pension savings, and may not exceed 7 percent of the average wage in the national economy announced by the Ministry of Labour and Social Affairs for the first to third quarters of the preceding calendar year according to Act No. 435/2004 Coll., on employment, for the conclusion of one supplementary pension savings agreement. The decisive moment for calculating the remuneration is the date of conclusion of the supplementary pension savings agreement.

The specific amount of the remuneration mainly depends on the following input factors:

- d) the average amount of the participant's contributions over the reference period,
- e) the average amount of employer contributions over the reference period, and
- f) the age of the client.

The remuneration is paid in two phases:

- a) advance payment – the larger part of the remuneration paid after the supplementary savings agreement takes effect and the first contribution is paid,
- b) supplementary payment – a smaller part of the remuneration paid after the end of the reference period from the effective date of the supplementary pension savings agreement.

5. Specifics in consumer credit mediation

The amount of commission paid to the Company by the consumer housing loan provider depends on the total amount of the loan and is up to a maximum of 5% of the total amount of the loan.

The specific amount of remuneration that the Company receives for services in connection with the mediated consumer housing loan agreement is specified in the pre-contractual information provided pursuant to Section 94 of Act No. 257/2016 Coll., on consumer credit.

Neither the Company nor the relevant bound agent shall receive remuneration or an incentive directly from the client, nor shall it receive remuneration or an incentive from both the consumer – client, the provider – bank or a third party. The remuneration for the relevant bound agent is derived from the amount of remuneration received by the Company from the consumer credit provider and depends on the bound agent's position in the Company's structure.

The Company informs about a possible conflict of interest in the mediation of consumer and business credit to ProCredia, a.s., company ID No.: 027 12 482, registered office Jirásekovo nám. 2684/2, 326 00 Plzeň, Czech Republic (hereinafter also referred to as 'ProCredia'), consisting in the interconnection of the holding's controlling person, Broker Consulting Group, SE, company ID No.: 042 46 438, with its registered office at Jiráskovo náměstí 2684/2, Východní Předměstí, 326 00 Plzeň, as a result of the organisational structures and business activities of the companies. To avoid conflict of interest, the Company has taken the necessary measures, in particular the principle of absolute priority of the client's interests and sufficient information to the client to enable the client to make an informed decision in relation to the mediation of ProCredia's consumer and business credit.

6. Specifics in insurance mediation

In connection with insurance brokerage, the Company only accepts incentives from the financial product providers whose products it brokers and only provides incentives to its bound agents. These are incentives in the form of commissions.

The Company has no direct or indirect interest exceeding 10% in the voting rights or share capital of the insurance companies whose products it intermediates. Similarly, none of these insurance companies or their controlling persons have any direct or indirect interest exceeding 10% of the voting rights or share capital of the Company.

7. What is not an incentive?

Direct costs such as administrative fees, transaction fees of markets and settlement centres and legally required fees are not considered incentives.

Ordinary favours such as occasional small gifts or treats that may not cause a conflict of interest are also not considered incentives.