

Conflicts of Interest Policy

Patria Finance a.s.

1. SCOPE AND DEFINITIONS

Patria, member of KBC Group, provides investment services and activities in relation to various financial instruments. Patria is required to maintain and operate effective organizational and administrative arrangements, including a conflict of interest policy, with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its clients. Since Patria disseminates investment research, Patria is also required to have in place specific arrangements to manage the conflicts of interests that might arise from the dissemination of investment research.

As a member of KBC Group, Patria has adopted the KBC Group principles outlining the KBC approach in identifying and managing conflicts of interest on the KBC group level. In addition, Patria has established a proper conflict of interest policy appropriate to the scale and complexity of its own services and activities. Finally various other arrangements are in place within Patria addressing situations in which a conflict of interest might arise such as the rules relating to personal account dealing (which include requirements for dealings to be conducted through an account with Patria and to be preapproved with Patria's compliance department) and the adopted KBC standards on the acceptance of presents by employees.

Unless defined otherwise in the policy, the following words and expressions shall have the following meanings:

Ancillary services	<ul style="list-style-type: none">♦ Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services, with the exception of maintaining of securities accounts by central depository or foreign central depository;♦ Granting credits or loans to an investor to allow him to carry out a transaction in one or more Financial instruments;♦ Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments;♦ Foreign exchange services where these are connected to the provision of Investment services;♦ Services related to underwriting.
Financial analyst	A Relevant person who takes part in creation of Investment research, financial analysis or other form of general recommendation relating to transactions in financial instruments.
Financial instrument	Transferable securities (such as shares, (convertible) bonds and real estate certificates), money market instruments, units in collective

	investment undertakings (UCITS), options, futures, swaps, forward rate agreements and any other derivative contracts.
Investment services and activities	<ul style="list-style-type: none"> ◆ Reception and transmission of orders in relation to one or more Financial instruments; ◆ Execution of orders on behalf of clients; ◆ Dealing on own account; ◆ Investment advice; ◆ Underwriting Financial instruments and/or placing Financial instruments on a firm commitment basis; ◆ Placing of Financial instruments without a firm commitment.
Patria	Company Patria Finance, a.s.
Inducement	A fee, commission or non-monetary benefit, including research, paid or provided to or by a third party or a person acting on behalf of a third party in relation to the provision of an Investment or Ancillary service. Payment or other monetary or non-monetary benefit shall not be regarded as an inducement if it is received from the customer or from a person acting on customer's behalf or paid to the customer or to a person acting on customer's behalf.
Relevant person	<ul style="list-style-type: none"> ◆ A director, partner or equivalent, manager or tied agent of the Entity; ◆ A director, partner or equivalent, or manager of any tied agent of the Entity; ◆ An employee of the Entity or a tied agent of the Entity, as well as any other natural person whose services are placed at the disposal and under control of the Entity or a tied agent of the Entity and who is involved in the provision by the Entity of Investment services and activities; ◆ A natural person who is directly involved in the provision of services to the Entity or to its tied agent under an outsourcing arrangement for the purpose of the provision by the Entity of Investment services and activities.
KBC Group	KBC Group NV and its subsidiaries
Related Financial instrument	A Financial instrument of which the price is closely affected by price movements in another Financial instrument, including a derivative on that other Financial instrument

2. INTRODUCTORY PROVISIONS

- 2.1 This policy applies solely to Investment services provided by Patria.
- 2.2 This policy is available on request at Patria registered office or on the website at finance.patria.cz. Patria reserves the right to amend or supplement this policy at any time.
- 2.3 This policy is prepared in compliance with European and Czech rules and regulation that apply to Patria.

3. IDENTIFICATION OF POSSIBLE CONFLICTS

- 3.1 Patria has identified potential conflicts of interest entailing a material risk of damage to the interests of one or more clients.
- 3.2 For the purpose of identifying the types of conflicts of interest, Patria takes into account, by way of minimum criteria, the question of whether Patria, or a Relevant person, or a person directly or indirectly linked by Control to Patria:
 - ◆ is likely to make a financial gain or to avoid a financial loss, at the expense of the client;
 - ◆ has an interest in the outcome of a service provided to 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 or group of clients over the interest of the client;
 - ◆ carries on the same business as the client (e.g. this is the case when the client is a competitor of Patria or of KBC Group);
 - ◆ receives or provides an Inducement from or to a person other than the client in relation to a service provided to the client.
- 3.3 For specific examples of conflicts of interest, Patria refers to Annex 1.

4. PROCEDURES AND MEASURES FOR THE MITIGATION OF CONFLICTS

- 4.1 Patria's employees and other Relevant persons administrate solely such activities they are authorized by Patria for. They are obliged to respect range of investment services provided by Patria based on the brokerage licence issued by the capital market regulator.
- 4.2 In order to manage potential conflicts of interest various procedures and measures have been adopted including such as the following as were necessary and appropriate for Patria to ensure that Relevant persons engaged in these different business activities carry on these activities at an appropriate level of independence.
 - ◆ Patria has installed Chinese Walls (i.e. physical and electronic barriers) and strictly regulated Wall crossing procedures to prevent or control the exchange of information

between Relevant persons engaged in activities involving a risk of conflict of interest where the exchange of that information may harm the interests of one or more clients;

- ◆ Patria adheres to strict rule to ban favour the proprietary trading over trading on behalf of the client;
- ◆ Although the remuneration of Patria's employees may be partially related to Patria's profitability, there is no direct link between the remuneration of persons principally engaged in one activity and the remuneration of, or revenues generated by, persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- ◆ Patria has installed separate supervision and reporting lines for Relevant persons engaged in activities involving a risk of conflict of interest;
- ◆ Patria has implemented the four-eye principle, meaning that certain services or transactions need to be carried out by at least two persons;
- ◆ Patria has implemented measures to prevent or control the simultaneous or sequential involvement of a Relevant person in separate Investment or Ancillary services or activities, where such an involvement may impair the proper management of conflicts of interest;
- ◆ Patria employees are further, in accordance with work regulations about control and safety precautions for processing and registering of data, obliged to adhere to system of access rights implemented for preventing the conflict of interest.

4.3 The compliance staff may not be involved in activities associated directly with provision of the investment services or may not be appointed as the board members of Patria. The internal auditors may not be involved in activities associated directly with provision of the investment services or may not be appointed as the board members of Patria.

4.4 Where arrangements are not sufficient to prevent the conflict of interest, Patria must clearly disclose the conflict of interest to the client before carrying on business on behalf of the client.

5. INDUCEMENTS AND GIFTS

5.1 Patria has implemented measures to evaluate the acceptability of Inducements. In order to be acceptable, Inducements have to meet these conditions:

- ◆ The giving or receipt of the Inducement cannot impair compliance with the duty of Patria to act in the best interests of its clients. In no case, Patria can receive or offer benefits that could potentially harm the interests of its clients;
- ◆ Inducement is acceptable if:
 - ◆ It enables provision of investment services or is for this purpose necessary, especially if it is payment for custody, payment for settlement, payment to execution venues, administrative fee or fee for legal services and if it may not cause conflict of interests and impair Patria's obligation to act honestly, fairly and professionally in accordance with the best interests of the clients;

- ◆ It should contribute to the provision of a higher level service and Patria demonstrates for each individual Inducement that it is designed to enhance the quality of the service to the client.

Inducement shall be considered to be designed to enhance the quality of the relevant service if the following conditions are met:

- ◆ Inducement is contributing to the provision of a higher level service, proportional to the level of inducement received;
- ◆ Inducement does not directly benefit Patria or Relevant persons without tangible benefit to the relevant client;
- ◆ On-going, not one-time inducement is justified by a provision of an on-going, not one-time, benefit to the relevant client.

5.2 If the Inducements do not meet the criteria above, they are prohibited and must be refused. If Patria offers or accepts Inducements (which meet the criteria set above), it must also disclose these Inducements to the client.

Patria provides fee to CSOB for activities linked with signing of Brokerage Agreement or Master Investment Services Agreement. This fee is assigned as 30 % from fees obtained by Patria for the period of 1 year from concluding contracts with clients. From these fees costs connected directly to fulfilling of obligations towards clients are subtracted. This fee is connected only to clients who have concluded Brokerage Agreement or Master Investment Services Agreement at the CSOB branches. In addition, Patria provides to CSOB:

1. remuneration in the amount of CZK 1,000 for each conclusion of a Brokerage Agreement or Master Investment Services Agreement and related activities in accordance with the established rules.
2. remuneration in the total amount of up to CZK 165,000 is paid for activities connected with the conclusion of a Brokerage Agreement or Master Investment Services Agreement in accordance with the established rules.

Additional costs may be associated with the payment of the remuneration.

This payment allows to use not only all distribution network of CSOB branches for presenting broad scale of Patria products and provide to clients opening accounts with Patria, but also all appropriate information.

Patria receives the whole purchase entry fee and a percentage from the management fee for distribution activities in relation to the funds of KBC Asset Management, ČSOB Asset Management, NN Investment Partners, Franklin Templeton Investments, Aberdeen International Fund Managers Limited, FIL (Luxembourg) S.A., Allianz Global Investors, JPMorgan Asset Management (Europe), Aegon Investment Fund Management (Hungary), Conseq Investment Management and Invesco Management SA. Percentages from the management fee for individual issuers are as follows:

- ◆ KBC Asset Management – 60 %
- ◆ ČSOB Asset Management – 60 %
- ◆ NN Investment Partners – 50 %

- ◆ Aberdeen International Fund Managers Limited – 40 %
- ◆ FIL (Luxembourg) S.A. – 60 %
- ◆ Allianz Global Investors – 50 %
- ◆ JPMorgan Asset Management (Europe) – 50 %
- ◆ Aegon Investment Fund Management (Hungary) – 60 %
- ◆ Conseq Investment Management – 50 %
- ◆ Invesco Management SA – 65 %

For Franklin Templeton mutual funds Patria accepts trailer fee of 0,5 % for equity mutual funds and 0,3 % for fixed-income mutual funds and retrocession fee of 0,25 % for mutual funds with management fee higher or equal to 1 % and retrocession fee of 0,2 % for mutual funds with management fee higher than 0,5 % and lower than 1 %.

Entry fees for various types of mutual funds are stipulated in List of Fees and also in Business Application.

These fees allow Patria to secure customers access to a wide range of financial instruments from third party product providers, which do not have close links with Patria. These fees also allow Patria to run Business Application in which customers are able to regularly monitor performance of financial instruments and also costs and fees connected to these financial instruments.

When distributing third party funds via ČSOB Patria provides ČSOB the whole entry fee and inducement ranging from 25 % to 45 % from the management fee.

These fees allow Patria to secure customers access to a wide range of financial instruments from third party product providers, which do not have close links with Patria.

- 5.3 Patria informs customers annually about actually received or paid inducements on an individual basis.
- 5.4 Benefits received by an employee of the firm, and not for the account of the firm, do not fall within the scope of Inducements. For the rules on these kinds of benefits, we refer to the existing rules within Patria, based upon the KBC Group Standard on Gifts.

6. RECORD KEEPING AND PERIODIC REVIEWS

- 6.1 Patria must keep a record of the kinds of Investment or Ancillary services in which a conflict of interest has arisen or – in the case of an ongoing service or activity - may arise, entailing a material risk of damage to the interests of one or more clients. This record shall demonstrate the type of the potential or existing conflict of interest and arrangement met.
- 6.2 Patria shall periodically consider whether and how this Conflicts of Interest Policy should be revised or amended to better meet its objectives.

7. ANNEX 1

Conflict practice/theme	Potential risk	Measures
Remunerations/rewards	Managers focus on revenues of own business to the detriment of clients of other businesses with the organization	Remuneration policy
	Staff given incentives to sell financial instruments which may not be appropriate for their clients	Remuneration policy
Suitability	Firm sells complex structured derivative to clients without explaining the risks or understanding the client's needs/sophistication	Suitability
	Firm recommends that a customer frequently buy/sell riskier securities (even when not in the customer's best interest) as such securities generate higher commission	Inducements policy when providing investment services Measures against churning
	Investor advisor has interest in persuading client to invest in a product which is unsuitable in terms of the client's investor objectives	Suitability
Trade aggregation/allocation	Firm aggregation/allocation favours one customer over another	Execution policy
	Firm aggregates client trade to the disadvantage of the customer	Execution policy
	Firm allocates trade to itself, or a member of its group, ahead of clients	Execution policy Remuneration policy
Trade execution	Non-sequential execution of customer trades (allowing one "preferred" customer to trade first)	Execution policy Remuneration policy
	When executing trades firm prefers related persons over customer	Execution policy Remuneration policy

	Firm fails to identify/correct trade errors and does not pay/reimburse customer appropriately	Execution
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