

Information on third-party payments

The following information on third-party payments aims to ensure transparency towards clients of Schroder & Co Bank AG (hereinafter the “Bank”) with respect to third-party payments.

1. Concept of third-party payments

The Bank offers its client a wide range of proprietary and third-party investment funds and structured products. For its distribution activities and related services, the Bank receives distribution remunerations, trailer fees, retrocessions and other pecuniary remuneration (“Third-Party Payments”) from some product providers.

In the case of investment funds, these Third-Party Payments (indicated as trailer fees) form part of the administration fees specified in the fund regulations.

In the case of structured products, Third-Party Payments take the form of reductions on the issue price, a refund of a portion of the issue price or other structuring fees.

Third-Party Payments are governed by special agreements with product suppliers – regardless of the respective business relationship with the Client – and remunerate the Bank for the tasks it carries out in connection with selling and client management. A selection of tasks is listed under Article 6 of this client information sheet.

Other pecuniary services include support services in kind, such as the receipt of free financial analyses (research), training of Bank employees and other services that underpin sales.

2. Calculation basis for Third-Party Payments

Investment fund product class

The table below shows the ranges of Third-Party Payments made to the Bank with respect to investment funds.

<i>Product category</i>	<i>Range of Third-Party Payments</i>
– Money market funds	0 – 1.25%
– Bond funds	0 – 1.50%
– Real estate funds	0 – 1.50%
– Equity funds	0 – 2.00%
– Other investments funds	0 – 2.50%

Third-Party Payments are shown as a percentage of the investment volume on an annual basis. “Other investment funds” comprise asset allocation funds, alternative investment funds, hedge funds, private equity funds, commodity funds, funds of funds, etc.

The product class “structured products”

Third-Party Payments for structured products amount to a maximum of 2.00% of the investment volume. These are calculated pro rata for products with maturities of less than one year and as a percentage of the issue price for products with maturities of more than one year.

The Bank receives the above Third-Party Payments even if it signs an asset management mandate with the Client and in performing the mandate the Bank places assets in direct investments, investment funds and/or structured products – or, in the case of fund mandates, in investment funds.

3. Total amount of Third-Party Payments

In the context of an asset management mandate performed by the Bank, the total amount of expected annual Third-Party Payments usually amounts to 0% – 2.50% of the investment assets managed under the asset management mandate. Additional information can be found in the custody account statement.

4. Information on Third-Party Payments due

On request, the Bank shall provide the Client with further information on the Third-Party Payments received for each of the investment instruments held and services used by the Client. Any questions on this subject should be addressed to: Legal & Compliance department, Zurich.

5. Avoidance of conflicts of interest

The Client acknowledges that Third-Party Payments may lead to potential conflicts between the Client’s interests and the Bank’s interests, as they create an incentive for selecting or recommending investment products for which the Bank receives a Third-Party Payment (e.g. an investment fund or a structured product instead of equities or bonds) or for which it receives a higher Third-Party Payment (preference to products from certain providers over those of other providers, or preference to specific product categories for which higher Third-Party Payments are made). The Bank shall take appropriate precautions to avoid any conflicts of interest that may arise from the acceptance of Third-Party Payments. Where conflicts of interest cannot be avoided, the Bank shall ensure that the Client is not disadvantaged as a result.

6. Bank activities remunerated by Third-Party Payments

The Bank performs various services on behalf of the provider of the investment funds and structured products. These include the following:

- Setting up procedures for subscribing, holding and selling investment funds and structured products for the product provider
- Subscribing to shares, certificates, etc. at the Client’s request
- Processing corporate actions
- Complying with the sales restrictions and other requirements specified by the product provider

7. Changes to this information

The Bank reserves the right to alter this Information on Third-Party Payments at any time. The Client shall be notified about amendments in an appropriate manner. Amendments shall be deemed to be accepted by the Client unless the Client objects within 30 days of notification. The latest version of this document may be consulted on the Bank’s website.