

Information on Handling Conflicts of Interest



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Through the Markets in Financial Instruments Directive (MiFID II) the European legislator requires banks to establish procedures for handling conflicts of interest affecting investment services to enable them to provide these services to their clients with integrity and avoid potential impairment of clients' interests.

Deutsche Bank established a compliance organization to manage conflicts of interest affecting investment services during the 1990s. Across the entire Deutsche Bank Group, a Code of Conduct providing guidance to all employees ensures that our actions are at all times governed by integrity, reliability, fairness and honesty. Our clients are at the centre of all our actions. We align ourselves to their goals and wishes. The globally effective Deutsche Bank Compliance Core Principles underline the basic standards stipulated in the Deutsche Bank Code of Conduct.

Within a full service bank offering its clients a multitude of services in connection with securities and financial products as well as financing and advising companies, conflicts of interest cannot be entirely avoided. In accordance with the requirements of the German Securities Trading Act ("Wertpapierhandelsgesetz"), we are therefore providing you with the following information on the extensive procedures we have established to handle these conflicts of interest.

Such conflicts of interest may occur between you and our bank, other entities within our group, our management, our employees, contractually bound or independent agents and other persons associated with our bank as well as amongst our clients.

Conflicts of interest may specifically arise:

- In the context of investment advice and portfolio management on the basis of the bank's interest in selling financial products;
- Through fees the bank receives based on the number of transactions or performance;
- Through performance-related compensation of employees and agents;
- By granting inducements to our employees and agents;
- From other business activities of our bank, especially its interest in profits from dealing on its own account and selling self-issued securities;
- From relationships of our bank and its holding companies with issuers of financial products, for example through granting credit facilities, participation in the issuance of securities and other cooperation agreements, when providing services for fund managers and fund initiators;
- When generating research regarding securities offered to clients;
- When obtaining information that is not publicly available;
- Through personal relationships of our employees, the management or associated persons or
- When such persons hold positions in management or on advisory boards:

We have committed ourselves and our employees to high ethical standards to avoid inappropriate interests influencing investment advice, order execution, portfolio management or research services. We expect at all times diligence and honourableness, lawful and

professional behaviour, adherence to market standards and particularly respecting the client's interest. Our employees are obliged to adhere to these standards and rules of conduct.

An in-house independent compliance department acting under the direct responsibility of the Management Board observes the identification, prevention and management of conflicts of interest by the business divisions. Specifically, we take, amongst others, the following measures to ensure the requisite degree of independence:

- Establishment of organizational procedures to protect clients' interests in investment advice and portfolio management (e.g. approval procedures for new products, or compliance monitoring of client portfolios);
- Regulations regarding the acceptance of inducements as well as the disclosure of accepting and granting inducements;
- Establishment of confidentiality areas to prevent or control the exchange of information through setting up information barriers, separating responsibilities and/ or spatial separation;
- Keeping insider and watch lists to control the flow of sensitive information as well as to avoid the abuse of insider information;
- Keeping restricted lists serving, amongst other things, to handle potential conflicts of interest by prohibiting business, investment advice and research services;
- Compliance disclosure of security transactions from employees who may face conflicts of interest within the scope of their duties;
- Training of our employees;
- Disclosure of any unavoidable conflicts of interest to the affected clients before closing a transaction or providing investment advice.

In particular, we would like to point out the following issues:

When purchasing investment fund shares, certificates and structured bonds, you may pay front-end loads to us as part of the purchase price. We will inform you of the applied fee.

Furthermore, we usually receive inducements from investment companies and issuers for the sale of securities and/or for referring closed-end funds, which depend on the turnover. This includes trailer fees payable on a recurring basis by the investment companies as part of the received management fees as well as sales commissions in the form of placement fees, respective discounts on the issue prices, and trailer fees paid by issuers of certificates and structured bonds. The trailer fee is usually between 0.1% and 1.2% p.a., for instance, for fixed-income funds, between 0.5% and 1.6% p.a. for equity funds, between 0.2% and 1.1% p.a. for open-ended real estate funds, between 0.5% and 2.0% p.a. for all other funds (e.g. funds of funds, mixed funds, alternative funds, capital-protected funds, etc.) and between 0.1% and 2.0% for certificates and structured bonds. The level of placement fees for the latter usually range from 0.5% to 2.0%, sometimes partially granted as a deduction on the issue price. In the case of closed-end funds, the placement fee generally amounts to between 7% and 10% of the amount subscribed, excluding a premium. The premium is incorporated in this 7% to 10%, and

generally amounts to 5%. Moreover, in exceptional cases we receive a trailer fee and/or other additional payments for referring closed-end funds. As far as the bank's own products are concerned, the corresponding profit shares are credited to the respective sales units internally.

In connection with primary and secondary offerings of shares the banks mandated with the execution of the transaction usually receive placement fees from the issuer or sellers. The level of these placement fees usually ranges from 1.0% to 4.0% of the total gross proceeds of the respective offering in case of initial public offerings and capital increases of publicly listed companies and from 0.5% to 3.0% of the total gross proceeds of the respective offering in case of secondary offerings. The specific level of fees within the given range may also depend on the actual placement price. For issuances of convertible bonds and exchangeable bonds as well as speculative and highly speculative bonds (so called "high yield bonds") the placement fee paid by the issuer to the banks mandated with the execution of the transaction usually ranges from 0.5% to 3.0% of the aggregate principle amount of the bonds issued and for straight bonds 0.2% to 0.5% of the aggregate principle amount of the bonds issued. In addition to or instead of the proportionate placement fees the banks mandated with the execution of the transaction may also receive a fixed fee amounting to a similar level. Our share of the proportionate placement fees as well as any fixed fee usually depends on the number of placement banks involved with the transaction and our respective role within the mandated syndicate of placement banks. Transactions for non-European issuers or sellers may involve higher fees and respective proportionate or fixed fees may be paid to one of our affiliates.

The receipt of these payments and other inducements is related to buying and selling financial products and serves the provision of an efficient high-quality infrastructure.

If we are mandated by you to conduct a placement of securities and receive a placement fee or a fixed fee from you, we may pay part of such fees as sales commission to one or more of our affiliates or other distribution partners.

If we advise on financial products, we will provide you with a non-independent advice since we can only advise you on Deutsche Bank products, where, in addition, Deutsche Bank shall be your counterparty in respect of taking out and settlement of the financial product.

Deutsche Bank AG, Amsterdam Branch will not receive and/or forward any provisions from third parties.

In the context of discretionary portfolio management, we make decisions regarding the purchase and sale of securities within the scope of the agreed investment guidelines without requesting your consent.

This constellation, in comparison to investment advice, fortifies the conflict of interest connected with receiving inducements as we might be primarily guided by the level of inducements when selecting securities for purchase. We counteract the resulting risks with appropriate organizational measures, particularly an investment selection process aligned with clients' interests. Independently of this, we will disclose the level of inducements before concluding a portfolio manage-

ment agreement and will subsequently inform you about the actual payments.

Another conflict of interest typical of portfolio management might occur when performance-linked fees are agreed. In this case it cannot be entirely ruled out that a portfolio manager takes unreasonable risks in order to maximize performance and thus increase his or her compensation. A risk reduction is achieved, amongst other things, by linking the compensation to other steady components. A conflict of interest may also arise when we fulfil different functions, for example as a portfolio manager, as an issuer of securities or as a market-making party, especially with regard to self-issued securities or securities purchased outside of regulated markets, as well as in futures and options trading as we conduct business within the portfolio management with ourselves on the client's behalf and account. We assess the price for an over-the-counter transaction ourselves. Thus, we determine its margin, especially from self-issued certificates and over-the-counter transactions, while at the same time deciding on the frequency of transactions as portfolio manager.

In connection with our transactions in financial products, we receive from other service providers non-cash inducements such as financial analyses and other information material, training as well as, to some extent, technical services and equipment for access to third-party information systems. Accepting such inducements is not immediately connected to the services provided to you; we rather use also these inducements to provide our service at the high level of quality demanded by you and continuously improve this service.

We pay performance-based and fixed commissions to contractually bound or independent agents who convey clients or individual business with or without reference to concrete transactions. For contractually bound agents, there are also staggered incentive schemes for products of individual issuers, e.g. in the context of individual sales campaigns for funds or certificates of specific issuers and investment companies, possibly part of Deutsche Bank Group. Furthermore, independent agents may also receive inducements directly from third parties, particularly investment companies and security issuers, in addition to the agents' commissions paid by us.

We also inform you about relevant potential conflicts of interest in investment research materials produced or distributed by us.

Upon your request, we will provide further details regarding these principles. Further information as to how the Deutsche Bank identifies and manages potential conflicts of interest can also be found in our global policy on handling conflicts (Conflicts of Interest Policy) available at www.db.com > Home > Legal resources > Conflicts of Interest Policy (https://www.db.com/company/en/media/Conflicts_of_Interest_Policy_-_DB_Group_Public_July_2017.pdf). Alternatively, we are happy to mail it to you.

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