Illustrative Impact of Fees and Costs on Investment Returns When Providing Investment Services

In accordance with Article 50(10) of Regulation (EU) 2017/565 (the "**Regulation 2017/565**"), Direct Fondee a.s. ("**Fondee**") must provide its clients with an illustration that depicts the cumulative impact of costs on returns when providing investment services. This illustration must be provided both in advance (ex-ante) and retrospectively after the investment service has been provided (ex-post).

According to Regulation 2017/565, the illustration must meet the following requirements:

a) It shows the cumulative impact of all fees and costs on the investment return.
b) It displays all expected peaks or fluctuations in fees and costs.
c) It is accompanied by an explanatory description.

Ex-ante illustration is based on a professional estimate of the total expected costs and fees for the given service or investment instrument and provided on a general basis.

Ex-post illustration represents an assessment of the impact of actual total costs and fees on the return of the completed investment and is provided as a personalized document for the specific client, included as part of the relevant statement.

This document is intended to provide you with an illustration of the impact of fees and costs on the return on investment in a model portfolio. The example shows both the fees and costs charged by Fondee and those of third parties, such as costs related to the issuers of collective investment securities like ETFs.

The ongoing and recurring fees and costs demonstrated in the example are based on the assumption that the portfolio will be invested over the chosen investment period. It is also assumed that the average level of fees and costs will not change during this period. The timing and frequency of payment of these fees are not taken into account. The displayed fees and costs associated with investment instruments approximately correspond to the usual average values in a real situation, but they may vary in individual cases. The illustration demonstrates how individual fees and costs impact the return on investment rather than the exact amount or level of these fees and costs.

The illustration of costs includes the following sections:

a) Investment

The first section provides basic information about the model portfolios, such as the classic model portfolio ("Balanced Investor") and ESG model portfolio ("ESG Balanced Investor"), along with the assumed performance (expected return) used for the example. This performance is determined as the average annual return of the portfolio from 2014 to 2024. The investment period in this case serves only to demonstrate the variability with which fees and costs can impact investment returns. It is not a recommended investment period. The assumed performance is based on the portfolio manager's estimate and corresponds to the highest value derived from the simulated historical performance based on the prices of individual ETFs or their underlying indexes over the above-mentioned period.

b) Summary of Fees and Costs

The second section of the illustration provides information about all fees and costs that can be expected in connection with investing in the given model portfolio and the related investment service. The total figures are presented both as amounts in CZK and as a percentage of the assumed investment amount. Fees including VAT and costs associated with the investment service show Fondee's fee on an annual basis in relation to the relevant type of portfolio. For completeness, if Fondee were to provide services to a client in relation to a children's investment account, Fondee's fee, under specified conditions, would be 0.24% per year including VAT, and if in relation to a pension investment account, Fondee's fee, under specified conditions, would be 0.61% per year including VAT, and if in relation to a student investment account, Fondee's fee, under specified conditions, would be 0.61% per year including VAT.

Fees and costs of the investment instrument include only third-party fees and costs, i.e., the costs related to the issuers of collective investment securities like ETFs, which are calculated as an annual average. These fees are not set by Fondee and are calculated based on the size of the portfolio, but are already included in the price of each collective investment security like ETFs. This fee is not Fondee's revenue.

c) Cumulative Impact of Fees and Costs on Returns

The third section captures the cumulative impact of fees and costs on investment returns, again based on the selected investment period. It also separately captures all expected peaks or fluctuations in fees and costs. In this case, only the total fees and costs for the longest investment period are included in the stated item.

Classic portfolios

1. Investment

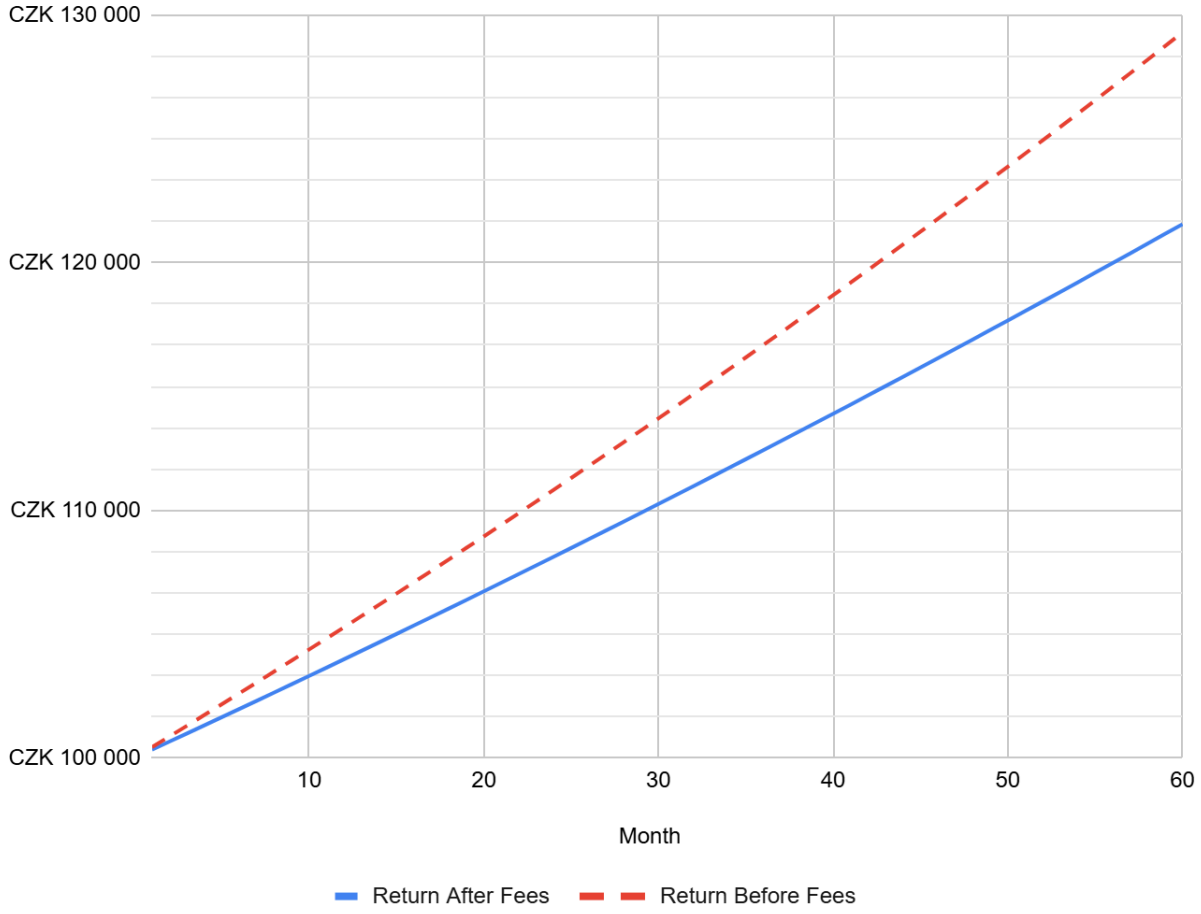
Investment instrument (classic model portfolio)	Balanced investor
Performance used for this example (gross annual return)	5,15%

2. Summary of Fees and Costs	Absolut	% investment	Absolut	% investment
Investment amount	CZK 100 000	100,00%	CZK 500 000	100,00%
Fees including VAT and Costs Associated with Provided Services (Illustrative Values)				
One-time (costs related to purchase and sale)	CZK 0	0,00%	CZK 0	0,00%
Costs related to investment management (investment period of 1 year - total)	CZK 1 109	1,09%	CZK 5 547	1,09%
Costs related to investment management (investment period of 3 years - total)	CZK 3 468	1,09%	CZK 17 341	1,09%
Costs related to investment management (investment period of 5 years - total)	CZK 6 026	1,09%	CZK 30 130	1,09%
Fees and Costs Associated with Investment Instruments (Illustrative Values)	CZK 0	0,15%	CZK 0	0,15%
Internal costs of investment instruments (investment period of 1 year - total)	CZK 153	0,15%	CZK 767	0,15%
Internal costs of investment instruments (investment period of 3 years - total)	CZK 484	0,15%	CZK 2 422	0,15%
Internal costs of investment instruments (investment period of 5 years - total)	CZK 850	0,15%	CZK 4 250	0,15%
Total Fees including VAT and Costs				
Investment period - 1 year (total)	CZK 1 263	1,24%	CZK 6 315	1,24%
Annual rate (p.a.)		1,24%		1,24%
Investment period - 3 years (total)	CZK 3 953	3,72%	CZK 19 763	3,72%
Annual rate (p.a.)		1,24%		1,24%
Investment period - 5 years (total)	CZK 6 876	6,20%	CZK 34 380	6,20%
Annual rate (p.a.)		1,24%		1,24%

3. Cumulative Impact of Fees and Costs on Returns (investment period of 5 years)

Value of investment without fees and costs	CZK 100 000	CZK 500 000
Value of investment after fees including VAT and costs, including peaks and fluctuations	CZK 93 124	CZK 465 620
Expected peaks or fluctuations in costs (includes fees including VAT and costs for the 5-year investment period)	CZK 6 876	CZK 34 380

Classic Portfolios - Comparison of Returns Including and Excluding Fees



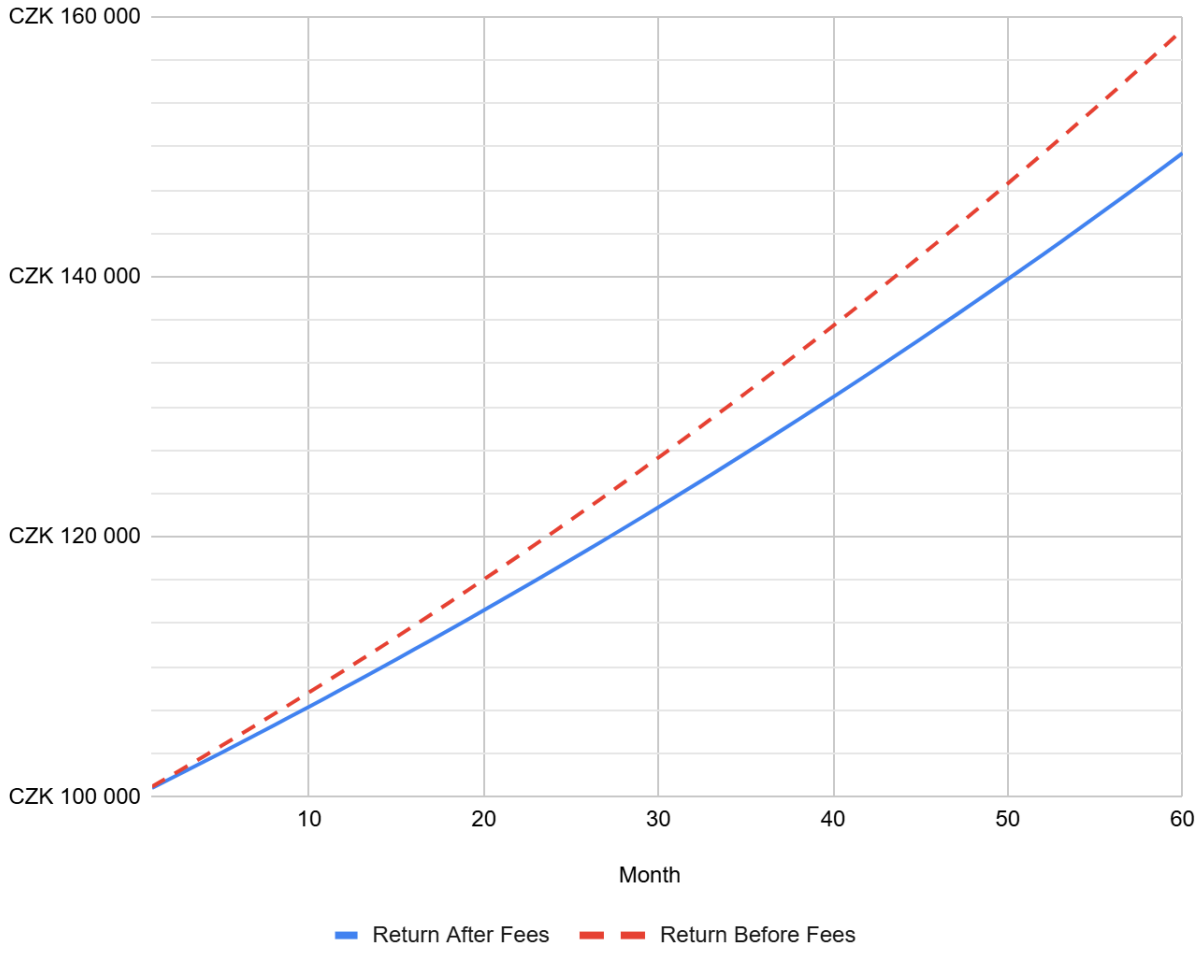
ESG portfolios

1. Investment

Investment instrument (classic model portfolio)	ESG Balanced investor
Performance used for this example (gross annual return)	9,31%

2. Summary of Fees and Costs	Absolut	% investment	Absolut	% investment
Investment amount	CZK 100 000	100,00%	CZK 500 000	100,00%
Fees including VAT and Costs Associated with Provided Services (Illustrative Values)				
One-time (costs related to purchase and sale)	CZK 0	0,00%	CZK 0	0,00%
Costs related to investment management (investment period of 1 year - total)	CZK 1 131	1,09%	CZK 5 655	1,09%
Costs related to investment management (investment period of 3 years - total)	CZK 3 691	1,09%	CZK 18 454	1,09%
Costs related to investment management (investment period of 5 years - total)	CZK 6 707	1,09%	CZK 33 533	1,09%
Fees and Costs Associated with Investment Instruments (Illustrative Values)	CZK 0	0,15%	CZK 0	0,15%
Internal costs of investment instruments (investment period of 1 year - total)	CZK 156	0,15%	CZK 782	0,15%
Internal costs of investment instruments (investment period of 3 years - total)	CZK 516	0,15%	CZK 2 578	0,15%
Internal costs of investment instruments (investment period of 5 years - total)	CZK 947	0,15%	CZK 4 734	0,15%
Total Fees including VAT and Costs				
Investment period - 1 year (total)	CZK 1 287	1,24%	CZK 6 437	1,24%
Annual rate (p.a.)		1,24%		1,24%
Investment period - 3 years (total)	CZK 4 207	3,72%	CZK 21 033	3,72%
Annual rate (p.a.)		1,24%		1,24%
Investment period - 5 years (total)	CZK 7 653	6,20%	CZK 38 267	6,20%
Annual rate (p.a.)		1,24%		1,24%

3. Cumulative Impact of Fees and Costs on Returns (investment period of 5 years)

Value of investment without fees and costs	CZK 100 000	CZK 500 000
Value of investment after fees including VAT and costs, including peaks and fluctuations	CZK 92 347	CZK 461 733
Expected peaks or fluctuations in costs (includes fees including VAT and costs for the 5-year investment period)	CZK 7 653	CZK 38 267

ESG Portfolios - Comparison of Returns Including and Excluding Fees