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## Distribution of Investment Funds Commissions by Customer

### Commission distribution

Usually when a bank offers investment funds to its customers, it does not charge any brokerage fees, but is remunerated by the issuer or promoter of these funds who passes on part of the fees received. The total amount paid generally covers a period (quarter, half-year), for a group of funds, umbrella funds, sub-funds.

FORCES FUNDS<sup>®</sup> allows this total amount to be distributed by portfolio, enabling the bank to identify the income relating to investment funds that is returned to the bank. This information is then transferred to the FORCES<sup>®</sup> application to improve the analysis of customer profitability.

### Commission calculation methods

There are many methods for calculating these commissions: as a percentage of the NAV (Net Asset Value), as a percentage of the published fees, as graduated rates based on transaction volumes, by different periods, as a retrocession on new investments, on the amount of fees etc.

At the end of the period, the bank receives an amount from the issuer or promoter relating to all of the investment funds covered by the contract, for a specified period, and for all of the bank's customers.

### Commission distribution methods

FORCES FUNDS<sup>®</sup> then distributes these amounts received, portfolio by portfolio, on the basis of two main criteria:

### Average positions in the period covered

In this case, FORCES FUNDS<sup>®</sup> calculates the day-to-day positions of all funds held in the portfolio, and determines the average position for the period covered.

Then FORCES FUNDS<sup>®</sup> distributes the total amount of commission received pro rata to each portfolio.

### End-of-period positions

In this case, FORCES FUNDS<sup>®</sup> takes the position at the end of the period covered and distributes the total amount pro rata to each portfolio.

### Securities prices and currency prices

It is possible to evaluate the positions using the end-of-period security and currency prices, or using the average currency and security prices for the period.

### Utilisation of FORCES FUNDS<sup>®</sup>

The commissions thus obtained for each customer are used by FORCES<sup>®</sup> to complete customer related income, and thereby provide a more accurate picture of profitability.

This data is exported as a PDF or Excel file, and can be used by any tool.

### Control of retrocessions

FORCES FUNDS<sup>®</sup> allows the total amount of retrocessions from the issuer or promoter to be distributed to each portfolio.

Another important factor for the bank is to be able to check the validity of the amount thus received. The FUNDS CONTROL<sup>®</sup> software provides a detailed calculation of the amount of retrocessions, applying all rules of the profession.