

aion bank

MIFID BROCHURE

1. Information on Aion Bank – Who are we?

We are Aion Bank, a credit institution incorporated as private limited liability company (SA/NV) under Belgian law, with its registered seat at Guldenvlieslaan / avenue de la Toison d'Or 26/28, 1050 Brussels, Belgium and registered with the Crossroads Bank for Enterprises under the reference BE0403.199.306 ("Aion" or the "Bank").

As a licenced credit institution based in Belgium, Aion is supervised by the National Bank of Belgium ("NBB") and the European Central Bank ("ECB"):

National Bank of Belgium
Boulevard de Berlaimont 14
1000 Brussels (Belgium)
info@nbb.be
+32 2 221 21 11

European Central Bank
Sonnemannstrasse 22
60314 Frankfurt am Main (Germany)
info@ecb.europa.eu
+49 69 1344 0

2. Contact information – How can you contact us?

All our clients have 24/7 self-service access to the Customer Happiness Centre.

Clients may contact the Bank in English, French, Dutch or Polish languages, depending on where they are based.

Clients who have subscribed to the Premium Membership have direct access to a chat with human employees. This chat is available on business days and during business working hours (9:00 am to 5:00 pm). Bank business days are subject to change. Please refer to the FAQ on our Website for more information on the Bank business days.

Contact with the Bank is also possible via the following email address: info@aion.be. If the need arises, contacts by text messages, phone or email can be organised.

Clients who have lost their phone and cannot access the relevant section of the Bank's Website may reach the emergency centre using the phone number, which can be found in the FAQ on our Website. Please note that this channel should only be used if contact through the Bank's App or Website are unavailable.

3. Our portfolio management service – What do we do?

Aion offers a (semi-automated) discretionary portfolio management service, under which our clients' assets are managed in accordance with their investment profile. The fact that our portfolio management service is discretionary means that, while we are required to manage your investments in your best interest, in accordance with law, as a client you cannot give us direct instructions as to the assets in which we invest your money.

The contractual terms of our portfolio management service can be found at <https://www.aion.be/en/asset-management>

The Bank offers different investment portfolios consisting exclusively of shares of exchange traded funds (ETFs) and corresponding to various investment strategies, including thematic investment strategies.

Our portfolio management is semi-automated. Clients that have questions in respect of our portfolio management services can contact our Customer Happiness Centre if they require human intervention. We use technology to determine whether an investment is suitable for you, to monitor the market, to manage your portfolio and adjust it to your profile. However, our portfolio management services are also supported and monitored by qualified professionals.

We make an automated tool available for you to determine your investment purposes, financial position and knowledge and experience with investments (this your so-called "MiFID profile"), in order to make sure the assets you invest your money in are suitable for you. This is the only source of information that we use to determine your MiFID profile. We will determine your MiFID profile when you use the portfolio management services for the first time. We advise our Clients to update their MiFID profile once a year to make sure that we continue to invest their money in the most optimal manner. We can also request our Clients to update their MiFID profile, and typically do so once per year. Clients can also decide to update their profile at any point in time.

There are some steps that need to be followed in order to construct investment portfolios. It is through this process where the composition, weightings and risk score of the model portfolios are defined:

1. Asset Allocation: determine the regions, industries and/or trends that the investor would like to have exposure to.
2. Index selection: identify the best indices tracking the determined regions, industries and/or trends.

3. Instrument selection: There is ample evidence that shows that asset allocation has far more of an impact on returns than what specific funds or ETFs an investor picks within any given asset class.

4. Categorise risk: once the portfolios and their composition have been determined, simulations based on historical prices are run in order to score the risk within each model portfolio and categorise according to investor risk profiles.

We explain this more in detail in the following paragraphs.

4. In which types of assets do we invest your money?

Our portfolio management services are based on exchange traded funds, also known as ETFs. ETFs are regulated investment funds that normally closely track the performance of a financial index. They are traded like shares and hold assets such as shares, commodities or bonds. ETFs typically have higher daily liquidity and lower fees than mutual fund shares, making them an attractive alternative for individual investors.

Whilst all portfolios are exclusively composed of ETFs, these ETFs may, in turn, invest in various classes of assets, including (but not limited to) equities and bonds.

Share: a share (or equity) is a co-ownership security issued by a Belgian or foreign company, which represents a part of the capital and entitles its holder, pro rata to his participation, to receive a dividend distributed by the company and, except where otherwise stipulated in the articles of association, to vote at the general meetings, often proportionally to the amount of capital held in the company.

Bond: a bond is a security representing a claim on a corporate entity (state, commercial company, etc.) relating to a borrowing of a predetermined term (generally over one year) and amount.

We have chosen not to include other asset classes (notably commodities and precious metals, real-estate, or other alternative investment instruments) in our product.

While there are definite benefits to holding commodities within a portfolio we don't think that the implementation offered through swap-based products, narrow Exchange-Traded Commodities (ETCs) or active funds that charge high fees justify their inclusion. Given our focus on simplicity, we also don't think it merits investing in futures to gain exposure to the asset class.

We expect that most of our clients will have some form of exposure to their local real estate market. While we do not want to get into a debate around diversification or hedging of said exposure, we believe that the overall diversification through the broad equity indices is enough for a long term portfolio.

5. Which types of indices do we use to follow which markets?

Within the two broad asset classes of equities and bonds, we have chosen to target broad indices replicating major markets.

On the equity side we have identified six broad indices that together represent more than 97% of the world's investable equity markets.

On the fixed income side we use two main broad indices for each currency. The first, and most important one, is a government bond index for the home currency. The second varies depending on currency, as can be seen in the table below.

The specific indices we have identified for each currency can be found in the following table.

ASSET CLASS	GBP	EUR	USD
EQUITY			
US Equity	S&P 500	S&P 500	S&P 500
Europe Ex-UK Equity	FTSE Developed Europe ex UK	FTSE Developed Europe ex UK	FTSE Developed Europe
UK equity	FTSE 100	FTSE 100	
Japanese Equity	MSCI Japan	MSCI Japan	MSCI Japan
Asia Pacific Ex-Japan	FTSE Developed Asia	FTSE Developed Asia	FTSE Developed Asia
Emerging Market Equity	FTSE Emerging Markets	FTSE Emerging Markets	FTSE Emerging Markets
FIXED INCOME			
Home Bonds	Bloomberg Barclays Sterling Gilt Float Adjusted Index	Bloomberg Barclays Euro Aggregate: Treasury Index	Bloomberg Barclays Global Aggregate US Treasury Float Adjusted Index
Inflation-Linked Bonds	Bloomberg Barclays UK Government Inflation-Linked Bond Index	Bloomberg Barclays Euro Government Inflation-Linked Bond Index	Bloomberg Barclays US Government Inflation-Linked Bond Index

6. How do we handle currency movements?

Currency exposure adds volatility which implies the possibility of both better and worse returns. Currency hedging is a way to protect against worse returns.

Within equities, research indicates that over the longer term there can be no difference between hedged or unhedged returns. We further believe that equities tend to have natural hedging properties within the instrument. When you invest in a company that has products and services all over the world, their different foreign earnings streams will be subject to many different currency movements. When these companies report earnings in local currency they undertake hedging themselves to protect from adverse foreign exchange movements.

We therefore chose to use unhedged indices on the equity side in order to achieve an exposure to all opportunities in each target region, including local market returns and their currency effects.

As bonds provide investors with fixed streams of returns in a particular currency, we believe not having this income stream in an investor's base currency could seriously affect the final value of the investment. As the main purpose of a bond allocation has traditionally been to serve as "safe" assets we have opted to buy hedged bond ETFs wherever necessary.

7. How do we select the actual ETFs?

There is ample evidence that shows that asset allocation has far more of an impact on your returns than what specific funds or ETFs you pick within any given asset class.

The indices that we have selected to represent each asset class have, in most cases, multiple ETFs tracking them. So how do we choose which ETFs to use?

There are objective criteria that can be used to prioritise which ETF would, ex ante, most likely be a more appropriate selection than others. The criteria that we use include, in no special order of priority:

CRITERIA	COMMENT
Issuer	This looks at the issuer of the ETF. Their track record, credibility & reputation, how many assets under management (AUM) do they have?

AUM & Age	How long has the ETF been around for and how large is it in terms of AUM? If it is relatively new and with relatively low AUM? How serious do we judge the issuer to be? How large a share of the ETF's AUM are our clients likely to represent?
Total Expense Ratio	How expensive will the ETF be over the longer term?
Tracking Error & Tracking Difference	How good a job does the ETF do at tracking its index?
Distribution Policy	Does the ETF distribute the dividends it receives, and, if so, how frequently?
Tax Status	Does the ETF issuer report the relevant tax information for it to be eligible to be included in tax wrappers?
Tax Domicile	Where is the ETF domiciled, and what are the tax treaties between the ETF's country of domicile and the countries where the underlying assets are domiciled? How does this impact the taxation of dividend distributions?
Accounting Currency	How well does the ETF's internal accounting currency match the currencies in the countries where the underlying assets are domiciled?
Trading Currency	Does the ETF trade in the currency of the portfolio in which it is to be held or would there be the potential for inefficiencies due to currency exchange?
Listings	On what exchanges does the ETF trade?
On Exchange Liquidity & Spreads	How liquid is trading in the ETF on the exchanges where it is listed? How costly would it be to trade on said exchange?

However, it is worth keeping in mind that not only is it likely that the relative ranking of ETFs replicating any given index may change over time, but there are also client or portfolio specific circumstances that may determine that the ETF with the "highest" objective ranking is not the best choice for a given client.

When it comes to monitoring and selecting the best ETFs this invariably means occasionally switching from one provider to another. Based on the characteristics we detailed above, which we continuously monitor. Traditionally this has meant selling all your units in one ETF in order to buy another.

In line with ETFmatic's objective of personalising each client's portfolio, our platform is able to handle multiple ETFs tracking each index and to switch between them for a given client's circumstances. As we continue to evolve our platform we will, therefore, increase the number of ETFs we hold for a given Index. The number of ETFs per asset class or region could vary for each client as we aim to offer better and more personalised product implementation.

8. Do we have an example of the ETF's we currently use?

Below is an example of the ETF's that we currently use to illustrate how we build your portfolio in accordance with the principles set out above. Please note that this is an example only. As explained, our platform constantly monitors and adjusts portfolios, as well as the providers of ETFs.

Portfolio Instrument Set			
Asset Class	Category	ETF	ISIN
Bonds	Government	Vanguard EUR Eurozone Government Bond UCITS ETF	IE00BZ163H91
	Inflation Linked	UBS ETF (LU) Bloomberg Barclays Euro Inflation Linked 10+ UCITS ETF (EUR) A-dis	LU1645381689
		Xtrackers Global Inflation-Linked Bond UCITS ETF 1D EUR hedged	LU0962078753
	Corporate	Vanguard USD Corporate Bond UCITS ETF Distributing	IE00BZ163K21
Global equities	UK	iShares Core FTSE100 DIST	IE0005042
	Asia ex Japan	Vanguard FTSE Developed Asia Pacific EX Japan UCITS ETF	IE00B9F5YL18
	Emerging Markets	Vanguard FTSE Emerging Markets UCITS ETF	IE00B3VVMM84
	Europe ex UK	Vanguard FTSE Developed Europe ex UK UCITS ETF	IE00BKX55S42
	Japan	HSBC MSCI Japan UCITS ETF	IE00B5VX7566
	US	Vanguard S&P 500 UCITS ETF	IE00B3XXRP09
	World	UBS ETF (LU) MSCI World UCITS ETF (USD) A-dis	LU0340285161
Thematic equities	Digitalisation	iShares MSCI World Information Technology Sector UCITS ETF	IE00BJ5JNY98
	Healthcare	iShares MSCI World Health Care Sector UCITS ETF	IE00BJ5JNZ06

		USD (Dist)	
	Clean Energy	iShares Global Clean Energy UCITS ETF	IE00B1XNHC34
	Robotics & AI	iShares Automation & Robotics UCITS ETF	IE00BYWZ033

9. How do we make sure your assets are managed taking into account your investment objectives?

Under investment services regulations, clients can essentially be treated as retail or professional clients or as eligible counterparties. Aion only serves retail clients, the category that benefits from the highest level of regulatory protection.

The Bank has created profiles for three kinds of management objectives, each presenting its own level of risk:

- Conservative: the client’s priority is to protect his/her savings. The client does not expect high returns and is more focused on slow, stable growth. The Client is prepared to run a low investment risk.
- Moderate: the client’s priority is to make his/her money grow via investments and the client accepts a moderate level of risk.
- Dynamic: the client is willing to take on high investment risk. The client expects high returns over the long term. However, the client acknowledges that he/she may see fluctuations in his/her portfolio’s value throughout the short and medium term.

Taking into account these investment objectives, the Bank offers nine (9) basic strategy portfolios.

Amongst these nine portfolios, three (3) are typically suitable for clients with a Conservative profile, three (3) are typically suitable for clients with a Moderate profile, and three (3) are typically suitable for clients with a Dynamic profile.

The Bank may offer other investment portfolios as well, e.g. thematic portfolios. The information regarding other available portfolios is available in the Bank’s mobile app and/or on the Bank’s Website.

Clients may always opt for a portfolio that has a lower risk rating than his/her investment profile, but not for a portfolio with a higher risk rating.

10. How do we compose your portfolio in practice to make sure it suits your investment profile and risk tolerance?

Considering the importance of diversifying investments and choosing an asset allocation that matches with your investment profile and risk exposure tolerance, we continuously measure the performance and risk of the model portfolios. This allows clients to rest assured that they are not taking more or less risk than what they are willing.

In order to score the model portfolios, the Bank uses the ESMA (European Securities and Market Authority) standards. The ESMA synthetic risk calculator is calculated through a process that consists in downloading historical prices of the ETFs that construct the model portfolios and run simulations based on daily returns per portfolio model (by equity %), then, calculating the numbers that represent the historical volatilities and assign each model a score, according to the ESMA Risk Score Scale:

ESMA risk objective	Volatility interval	Thematic and Standard portfolio risk levels
1	0.0%	Conservative
2	0.0%-2.0%	Conservative
3	2.0%-5.0%	Conservative
4	5.0%-10.0%	Moderate
5	10.0%-15.0%	Moderate
6	15.0%-25.0%	Dynamic
7	more than 25%	Dynamic

Below you can see how we allocate your investments between asset classes depending on your investor profile 31 January 2021:

Region weight per Global model portfolio (basic strategy portfolios)									
Equity	0.00%	10.00%	25.00%	35.00%	50.00%	65.00%	75.00%	90.00%	100.00%
Bonds	100.00%	90.00%	75.00%	65.00%	50.00%	35.00%	25.00%	10.00%	0.00%
Local Bonds	80.00%	72.00%	60.00%	52.00%	40.00%	28.00%	20.00%	8.00%	0.00%
Inflation Linked Bonds	20.00%	18.00%	15.00%	13.00%	10.00%	7.00%	5.00%	2.00%	0.00%

UK Equities	0.00%	0.40%	0.90%	1.20%	1.80%	2.30%	2.70%	3.20%	3.60%
Asia Pacific	0.00%	0.30%	0.80%	1.10%	1.50%	2.00%	2.30%	2.80%	3.10%
Emerging Markets	0.00%	1.10%	2.80%	3.90%	5.60%	7.30%	8.50%	10.20%	11.30%
Europe Ex UK	0.00%	1.30%	3.30%	4.60%	6.60%	8.60%	9.90%	11.90%	13.30%
Japan Equities	0.00%	0.70%	1.70%	2.40%	3.50%	4.50%	5.20%	6.20%	6.90%
US Equities	0.00%	6.20%	15.50%	21.80%	31.00%	40.30%	46.40%	55.70%	61.80%
Annualized Volatility since Jan 2017	4.06%	4.13%	5.31%	6.51%	8.59%	10.84%	12.39%	14.76%	16.35%
ESMA Risk Score According to annualized volatility in returns since Jan 2017	3	3	4	4	4	5	5	5	6
Aion investment profile	Conser-vative	Conser-vative	Conser-vative	Moderate	Moderate	Moderate	Dynamic	Dynamic	Dynamic

Region weight per Progressive model portfolio (thematic portfolios)			
Equity	25.00%	65.00%	100.00%
Bonds	75.00%	35.00%	0.00%
Local Bonds	60.00%	28.00%	0.00%
Inflation Linked Bonds	15.00%	7.00%	0.00%
UK Equities	0.48%	1.24%	1.90%
APAC	0.60%	1.56%	2.40%
Emerging Markets	1.34%	3.48%	5.35%
Europe Ex UK	1.73%	4.49%	6.90%
Japan Equities	0.88%	2.28%	3.50%
US Equities	7.49%	19.47%	29.95%
Digitalisation	3.12%	8.12%	12.50%
Robotics AI	3.12%	8.12%	12.50%
Healthcare	3.12%	8.12%	12.50%
Clean Energy	3.12%	8.12%	12.50%
Annualized Volatility since Jan 2017	4.94%	9.58%	14.36%
ESMA Risk Score According to annualized volatility in returns since Jan 2017	3	4	5
Aion investment profile	Conservative	Moderate	Dynamic

Region weight per Anti Inflation model portfolio	
Global Equity	30,00%
Global Inflation Linked Bonds	54,57%
Global Corporate Bonds	15,43%
Annualized Volatility since June 2016	7,26%
ESMA Risk Score According to annualized volatility in returns since June 2016	4
Aion investment profile	Moderate

11. How do we rebalance our portfolios?

a. Portfolio Rebalancing

In deciding our rebalancing methodology, we reviewed several research papers that delved into the ideal frequency and best methodologies for rebalancing. We looked at the assets we use to construct our portfolios in terms of trading and settlement cycles. We considered the frequency of our asset class price feeds updates.

With this in mind, we have implemented a portfolio rebalancing methodology that uses twice weekly and semi-annual looks along with set tolerance bands and inner rails relative to a portfolio's target weight.

b. Tolerance Bands and Inner Rails

Being dogmatic about rebalancing a portfolio back to its target weights can often generate unnecessary trades where the tax implications outweigh the benefits of bringing the portfolio back to the exact target weights. Research suggests that a better way to manage rebalancing is to allow portfolios to drift slightly from the target allocations before assets are sold off in order to bring the portfolio back to target.

How far from the target a portfolio is allowed to drift is commonly referred to as the "tolerance bands". Our aim is to set tolerance bands in place that are wide enough to allow for natural drift to occur and prohibit costly frequent rebalancing, whilst narrow enough so that the portfolio's asset allocation mix adheres to the long-term chosen risk profile.

The same research also suggests that, when selling off assets to rebalance, it is possible to be flexible about how close the portfolio should be brought to the target weights to further minimise the implicit and explicit costs of trading. This flexibility is bounded by what is usually referred to as the “inner rails.”

We have chosen to set tolerance bands that are 20%, on a relative basis, on either side of a standard portfolio’s policy weight. We have further chosen relative weights of 10% for what we define as inner rails. These percentages were used and they were most compelling in the research in terms of portfolio returns, frequency of trades (reducing costs) whilst adhering to a portfolio’s policy weights.

We use our upper and lower tolerance bands to trigger rebalancing and our inner and upper rails as the points to rebalance the portfolio. Rebalancing to inner and outer rails rather than the exact policy weights will hopefully ensure trades (implicit and explicit costs) are minimized, whilst the policy weights and risk profile of the portfolio is strictly maintained.

The tolerance bands and rails define what triggers a rebalance, but do not determine when it is to be reviewed and implemented. There is a variety of research on how often a portfolio should be rebalanced. Given our focus on costs, we have segmented our frequency of rebalancing for portfolios as follows:

c. Portfolios of EUR 25,000 and above

We looked at the minimum size of trades and potential frequency and decided for portfolios in this bracket to implement a twice weekly look or investigation policy. This means that twice per week we compare the live weights of each portfolio (= individual portfolio holding a balance of 25,000 EUR and above) to lower and upper tolerances and, if necessary, take action to bring the live weights to the inner rails if possible.

We have deliberately implemented wider tolerance bands (20%) and more frequent investigation (twice weekly) to ensure that we do not necessarily rebalance frequently (keeping costs to a minimum), but that, given extreme market movements, we can adjust portfolios accordingly.

d. Portfolios below EUR 25,000

For portfolios below our threshold amount, we have deemed that the size of the trades and the costs involved do not justify a frequent look methodology.

Furthermore, a portfolio that is built through small monthly contributions and dividend payouts on existing holdings will often only reach the chosen target asset allocation over time. In this instance, rebalancing would have no benefit besides adding costs.

For this segment of portfolios we have therefore implemented a semi-annual look and rebalancing methodology. We use the exact same tolerance, inner rail bands and rebalancing logic. This means that on a semi-annual basis we will compare all portfolios of less than the threshold amount to their tolerance bands. Any live weights outside of tolerance are brought back to inner and outer rails where it is possible to do so.

12. How do we handle partial withdrawals

We know that clients may use the investment returns in their portfolios to fund personal life expenses and therefore require the ability to withdraw funds periodically. Partial withdrawals allow clients to specify the amount (to the nearest hundred) that they would like to take out of their portfolio.

The withdrawal functionality provides the ability to take up 90% of the portfolio as long as the amount invested left remains above our minimum investment amount.

Once we have received the instruction the partial withdrawal will go into our next rebalancing window. Our system first looks to see what cash is already available in the portfolio and puts that to one side. Our selling methodology then focuses on selling any or all assets back down to the target weights of the portfolio. Starting with the most overweight assets and moving down to the least overweight our system will iteratively sell down any holdings until the required cash is raised. Therefore not only raising the required funds, but also leaving the portfolio as close to the target asset allocation as possible given the size of the portfolio.

13. Risks – What you should be aware of

An ETF may invest in various types of financial instruments.

Some specific risks associated with investing in ETFs that hold equities include:

1. Dividend payment and growth is not guaranteed;

2. Companies in which an ETF invests may go into liquidation, bankruptcy, receivership or similar procedures which may result in the shares becoming worthless;
3. Equity markets may decline in value;
4. Corporate earnings and financial markets may be volatile;
5. If there is no recognised market for shares, then these will be difficult to sell and accurate information about their value may be hard to obtain;
6. Investments in smaller underlying companies may be difficult to sell if there is reduced liquidity in the market;
7. The value of one's holdings in an ETF that invests in foreign companies may be influenced not only by the performance of those companies but also by foreign exchange rates which may change adversely affecting the value of the shares in your base currency.

The fixed income securities included in the relevant ETF are issued by governments, governmental bodies, quasi-governmental bodies and local authorities. The main risks associated with these securities includes:

1. There are few recognised markets in which such securities are traded because they are traded between the issuers, their brokers, and the banks and securities houses making a market in the securities;
2. Capital may be lost if the issuer defaults;
3. Capital may be eroded due to the effects of inflation; and
4. The value of fixed income securities may fall as well as rise.

Collective investment funds may be authorised by an approved regulator or unauthorised and unapproved. The Bank will only invest the Client's money in authorised funds quoted on recognised leading exchanges and in funds. The main risks associated with investing in collective investment funds are:

1. There may be no recognised market for collective investment funds as units/shares are issued and redeemed by the managers of the funds;

2. Funds may be valued for pricing and dealing purposes either daily, weekly, fortnightly, monthly or even less frequently by the fund managers;
3. The prices of the underlying investments of the funds will vary according to the markets on which these are listed or traded;
4. Some authorised funds are subject to greater supervision than others; and
5. Funds in currencies other than EUR may be affected if foreign exchange rates move in an unfavourable direction thus reducing the valuation of investments in base currency terms.

The Bank may buy an investment denominated in a currency other than the agreed base currency of the Client's portfolio on his/her behalf. The main risks associated with this include:

1. A movement in exchange rates may have a separate effect, favourable or unfavourable, on the gain or loss otherwise experienced by an investment;
2. If depositing collateral denominated in one currency, you may be subject to margin calls in circumstances where the obligations are denominated in another currency (in addition to the risk of margin calls for fluctuations in relative values); and
3. Some currencies are not freely convertible and restrictions may be placed on the conversion and/or repatriation of your funds including profits or dividends.

14. Conflict of interests – How do we handle these?

The Bank or any person connected to it, may carry out certain transactions for the Client where it, or another client, has a duty that may conflict with the Bank's duty to its client. The Bank has developed protocols to manage conflicts of interest that enable it to act without bias or damage the client's interests. The Bank's employees are provided with training about the protocols and the standards of conduct to which they must adhere. The Bank's management is responsible for ensuring the protocols are adhered to and to deal with any conflict that may arise. The Bank will inform the Client if it reasonably believes that it cannot adequately manage a conflict of interests.

The Bank is committed to taking measures to recognise, supervise, examine and resolve conflicts of interest. The Bank recognises that it is not possible to eliminate all sources of conflict of interest; however, safeguarding Clients' welfare remains the Bank's primary objective.

Examples of conflicts of interest include:

- The Bank has a direct or indirect financial interest in a commercial undertaking the Client is connected to;
- The Bank has a personal association or relationship with those affected, or likely to be affected, by the information or issue in question;
- The Bank has a previous association with a person affected or likely to be affected by the information or issue in question;
- The Bank has an interest arising from a common interest group, such as a trade association or other public or private society;
- The Bank accepts gifts and/or hospitality or entertainment;
- The Bank has a close personal relationship with someone who has an interest as described above.

The Bank maintains a log of conflicts that arise, and notes on it how each conflict was monitored and how a solution was developed and applied to resolve the problem and to prevent the client's interests being affected. The effectiveness of the Bank's protocols is assessed by internal audit staff members who execute their duties in a wholly independent capacity.

Where the Bank's functions could create an internal conflict it will separate the duties appropriately. The operations functions are maintained and conducted separately from the front office functions and an appropriate level of qualification, expertise and supervision is applied.

Further details of that conflicts of interest policy are available at the Client's request.

15. Reporting – How do we keep you informed?

Aion will provide the client with:

- a monthly report that outlines the client's portfolio value, holdings, cash deposited/withdrawn, and portfolio performance throughout the month; and,
- a transaction statement shortly after any transaction has been carried out on the client's behalf.

16. Valuation of your assets

Two different rates of return are presented: Simple and Time-weighted.

The simple rate of return is the incremental amount of net income from an investment, divided by the investment in it. This rate is updated on a daily basis based on closed previous business day pricing of the assets that compose each portfolio. The update is displayed every morning after reconciling broker and bank accounts according to the regulatory requirements.

The time-weighted return is the industry standard return calculation. It represents the performance of the underlying investments without being distorted by the timing or size of withdrawals or deposits. By eliminating when and how much the investor deposits or withdraws, it gives a more stable view of how the portfolio has performed since inception.

The time-weighted rate of return is displayed and updated on a monthly basis as it combines sub-periods and compounds them together. The number displayed in that section of the app represents the since inception rate of return of each individual portfolio. The investor can also consult its historical monthly time-weighted return by navigating through each month.

17. Costs and taxes

All the fees and costs, with the exception of applicable taxes, due by the client for the portfolio management service are included in the client's Membership Fee.

With respect to taxes, at the end of each year, the Bank will provide the client with a summary of all the taxable events on his/her portfolio, such as dividend distributions.

18. Guarantee Fund – How are you funds and investments protected?

Aion is a member of the Belgian Guarantee Fund.

All sums held in accounts with Aion, savings certificates and financial instruments are respectively protected under deposit guarantee and investor compensation schemes:

All sums held in accounts with the Bank and savings certificates are covered by the Guarantee Fund up to EUR 100.000 (regardless of the currency) per depositor; and

Financial instruments are covered by the Guarantee Fund up to EUR 20.000 (regardless of the currency of the financial instruments).

For more information, please consult: <https://www.fondsdegarantie.belgium.be/fr> (French version) or <https://garantiefonds.belgium.be/nl> (Dutch version).

19. Safeguarding Client assets and funds - how do we safeguard your money and your investments?

Any monies you make available to us and which are not invested will be held on an account opened by the Bank and treated as deposits.

The financial instruments that we hold for you are currently held in custody with Saxo Bank UK Ltd. Following Brexit, the Bank intends to transfer these instruments to an entity of the Saxo Bank established in the European Union.

20. Aion recently acquired ETFmatic. If I am a client of ETFmatic, does the above also apply to me? Where do I find information about the ETFmatic services?

Aion acquired ETFmatic Ltd in March 2021. ETFmatic has joined forces with Aion Bank to continue to grow its offering of portfolio management services to its clients in the European Union.

By partnering with Aion Bank, ETFmatic clients based in the European Union can continue to use services of ETFmatic following Brexit. The services for ETFmatic clients will not fundamentally change: they continue to be based on the same platform and technology, supported by the same experts.

While the services models of Aion and ETFmatic are based on the same platform, our services are not fully integrated yet. If you are an ETFmatic user but not an Aion member, we encourage you to consult ETFmatic's website for more information on ETFmatic's services: <https://etfmatic.com/>