

Title

Allocation and Orders Division

Number	Version	Publication date	Type
05.1228	4	08/05/2023	Norma

Coverage

BRAM - Bradesco Asset Management S.A.

Short Description

Best practices related to the order distribution process of Bradesco Asset Management S.A. DTVM.[Latest Updates](#)[1 Objective](#)[2 Definitions](#)[3 Principles](#)[4 Guidelines](#)[5 Order Distribution Management](#)[5.1 Risk Committee and Internal Controls](#)[5.2 Participating Areas and Responsibilities](#)[5.3 Framework](#)**Latest Updates**

Revision of the Policy without changes to rules and procedures.

1 Objective

Establish the best practices related to the process of distribution of orders through governance, methodologies, processes, and systems necessary to ensure that the apportionment and distribution of operations are carried out through equitable, pre-established, formalized and verifiable criteria, always respecting the interests of the client and the regulatory aspects.

2 Definitions

Regarding to order types, we consider:

Limited - is a buy or sell order that must be executed at a limited price, specified by the manager, or at a better price. It means, in the case of a buy order, that its execution cannot be at a price higher than the limit. The sell order, on the other hand, shall not be executed at a price lower than the limited.

Market - order executed at the available market price.

Stop - is an offer based on a certain trigger price; at this price and above for a buy offer; and at this price and below for a sell offer. A limit stop offer becomes a limited offer once the trigger price is reached.

Direct - is the simultaneous registration of two intersecting bids that are registered by the same brokerage house.

Combined - is the one composed by a buy order and a sell order and can only be fully and simultaneously fulfilled.

3 Principles

Order Distribution is based on the principles:

Fairness - the process of buying and selling assets must ensure equitable treatment for clients.

Ethics - ethical conduct and moral values guide the processes at all levels, adopting procedures to ensure the protection of confidentiality and integrity of information about clients' operations.

Governance - a set of processes and rules that guide the control and management of the process.

Compliance - compliance with regulatory and legal requirements, avoiding the occurrence of notes by the supervisory and self-regulatory bodies.

Segregation of Activities - the execution of client orders is segregated from management activities, maintaining independent structures in order to avoid conflicts of interest and safeguard the impartiality of the work performed.

4 Guidelines

The order production follows these guidelines:

- Orders must contemplate the strategies approved by Bradesco Asset's Management of Funds and Portfolios Managed Executive Committee.
- Observation of funds eligible for strategies according to their investment policy.
- Criteria for proportional distribution considering portfolio investment policies, net worth, risk limits (market, liquidity, and credit).
- The purchase and sale orders for financial assets must always be issued with the precise identification of the investment fund on behalf of which they are to be executed; Infrastructure for the execution of orders according to the complexity of products, strategies, and financial volume under management: team dedicated to the process; and systems to execute, control and analyze the market in a timely manner.

5 Order Distribution Management

The governance of the order distribution process will be as established in Bradesco Asset's internal guidelines and manuals.

5.1 Comissão de Risco e Controles Internos

The distribution of orders is handled by Bradesco Asset's Risk Committee (which has a tactical profile) that reports to the Bradesco Asset's Risk Management and Internal Controls Executive Committee. The issues the Committee deems relevant will be presented at the Executive Committee's meeting.

Bradesco Asset's Risk Committee discusses the matter of distribution of orders on a quarterly basis.

The following are part of the Bradesco Asset's Risk Management and Internal Controls Executive Committee agenda:

- Annual approval of the Order Distribution Policy;
- Approval of scopes of responsibility of the involved areas;
- Quarterly reports on the main points of the process;
- Approval of the risk and compliance aspects of the brokerage houses participating in the process.

5.2 Participating Areas and Responsibilities

Resource Management - Portfolio Managers

Area responsible for preparing the various strategies for investment funds and managed portfolios. Each desk has specific expertise to manage it following the investment policy and respecting the risk limit(s), as well as legal restrictions. Sends to the Execution area (traders) the orders to buy or sell assets for each fund and portfolio under its management with the defined distribution.

Board - Traders

Segregated area from asset management. It is responsible for the execution of buy and sell orders sent by Portfolio Managers.

Risk Superintendence

The Risk Area is independent in relation to the business areas with an adequate infrastructure to identify, evaluate, control, and monitor exposure to risks.

Responsibilities of the area:

- Ensure the fairness of the distribution.
- Analyze the execution parameters.
- Perform operational risk management of the process.

Area responsible for analyzing the adequacy of the order distribution process and adherence to internal and external regulations.

5.3 Framework

In exceptional cases, re-specifications may occur, which must be approved by the person responsible for the area and communicated to the risk areas with the proper justifications.

Department

BRAM - Bradesco Asset Management S.A DTVM

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We declare this is a free English translation of the Bradesco Asset's Allocation and Orders Division Policy, classified as a public document by the Bradesco Organization.
