

**REPORT**  
**of**  
**Supervisory Board of**  
**ALTUS Towarzystwo Funduszy Inwestycyjnych S.A. with**  
**its registered office in Warsaw**  
**for the period between 1 January 2015 and 31 December**  
**2015**

**Warsaw, 26 April 2016**

In fulfilment of its obligations arising out of the Code of Commercial Companies and Partnerships (hereinafter: "KSH"), Corporate Governance Principles for Supervised Entities (hereinafter: "CGP"), Good Practices of the Companies Listed on the WSE 2016 (hereinafter: "DPSN") and the Regulations of the Supervisory Board of ALTUS Towarzystwo Funduszy Inwestycyjnych S.A., the Supervisory Board of ALTUS Towarzystwo Funduszy Inwestycyjnych S.A. (hereinafter: "ALTUS TFI S.A.", "Company") submits a report for the period between 1 January 2015 and 31 December 2015 to the Ordinary General Meeting of the Company. The report covers:

- I. Annual report on the operations of the Supervisory Board in 2015 (II.Z.10.2 DPSN) along with
  - a) an assessment of the relations or circumstances that could prevent a given member of the Supervisory Board from satisfying the criteria of independency (II.Z.6 DPSN),
  - b) Assessment of the standing of the Company, including the evaluation of internal control systems, risk management systems, compliance and internal audit functions; the assessment covers all essential control mechanisms, specifically those concerning financial reporting and operating activities (II.Z.10.1. DPSN and § 46 clause CGP),
  - c) Assessment of the fulfilment of notification duties by the Company concerning the compliance with the principles of corporate governance set forth in the Regulations of Giełda Papierów Wartościowych S.A. (Warsaw Stock Exchange, WSE) and the regulations on information provided by the issuers of securities on an ongoing or periodical basis (II.Z.10.3 DPSN),
  - d) Information on the policy of the Company on sponsoring, charitable and other related activities (II.Z.10.4. DPSN),
  - e) Assessment of the compliance with the rules set forth in CGP (§ 27 CGP),
  - f) Report on the effectiveness of the remuneration policy of the Company (§ 28 clause 3 CGP),
- II. Report on the assessment of the report of the Management Board on the operations of the Company in 2015, 2015 financial statement of the Company and the application of the Management Board concerning distribution of profits from financial year 2015 (Art. 382 § 3 KSH).

#### **I. Annual report on the operations of the Supervisory Board in 2015**

##### ***Company***

ALTUS Towarzystwo Funduszy Inwestycyjnych S.A. with its registered office in Warsaw at ul. Pankiewicza 3, entered into the register of entrepreneurs held by the Regional Court for the capital city of Warsaw in Warsaw, XII Commercial Division of the National Court Register, under KRS no.: 0000290831.

In accordance with applicable provisions of law, the Supervisory Board of ALTUS TFI S.A. exercised constant supervision over the operations of the Company in the reporting period. The work organisation and mode adopted by the Board comply with the provisions of the Bylaws and the Regulations of the Supervisory Board of the Company.

The Supervisory Board submits a report on the operations of the Company for the period between 1 January 2015 and 31 December 2015.

##### ***Members of the Supervisory Board***

Between 16 September 2014 and 15 October 2015 the Supervisory Board was composed of:

1. Mr. Rafał Mania,
2. Mr. Michał Kowalczewski,
3. Mr. Tomasz Bieske,
4. Mr. Piotr Kamiński,
5. Mr. Håkan Källåker

As of 16 October 2015 the Supervisory Board has been composed of:

1. Mr. Rafał Mania,
2. Mr. Michał Kowalczewski,
3. Mr. Tomasz Bieske,
4. Mr. Piotr Kamiński,

5. Mr. Grzegorz Buczkowski,
6. Mr. Håkan Källåker.

Art. 13 clause 4 of the Company's Bylaws states that the term of the members of the Supervisory Board expires after 2 (say: two) years. The members of the Supervisory Board are appointed for a concurrent term.

From 15 April 2015 the Supervisory Board has an Audit Committee, Risk Management Committee and Remuneration Committee.

Between 15 April 2015 and 11 December 2015 the Audit Committee was composed of:

- Mr. Tomasz Bieske – Chair of the Audit Committee,
- Mr. Piotr Kamiński – Member of the Audit Committee

Between 11 December 2015 and 31 December 2015 the Audit Committee was composed of:

- Mr. Tomasz Bieske – Chair of the Audit Committee,
- Mr. Piotr Kamiński – Member of the Audit Committee,
- Mr. Grzegorz Buczkowski – Member of the Audit Committee.

Between 15 April 2015 and 31 December 2015 the Remuneration Committee was composed of:

- Mr. Piotr Kamiński – Chair of the Remuneration Committee,
- Mr. Michał Kowalczewski – Member of the Remuneration Committee.

Between 15 April 2015 and 31 December 2015 the Risk Management Committee was composed of:

- Mr. Tomasz Bieske – Chair of the Risk Management Committee,
- Mr. Håkan Källåker – Member of the Risk Management Committee,
- Mr. Rafał Mania – Member of the Risk Management Committee.

### ***The operations of the Supervisory Board***

In the course of the reporting period there were 5 meetings of the Supervisory Board of the Company. All the meetings of the Board were recorded in minutes and the minutes along with resolutions of the Board were handed over to the Management Board on an ongoing basis, and they are stored at the registered office of the Company. In addition, in the course of the reporting period there were 3 meetings of the Audit Committee and the Risk Management Committee and 2 meetings of the Remuneration Committee.

The meetings of the Supervisory Board were attended by the members of the Management Board who presented issues associated with current affairs of the Company and its organisational and legal matters.

The Supervisory Board exercised regular supervision over the operations of the Management Board. The Supervisory Board fulfilled its obligations by giving recommendations and opinions aimed at the members of the Management Board, and through day-to-day consultation. All the meetings of the Board were held at the registered office of the Company.

As of 31 December 2015 the Company managed 69 closed-end investment funds / sub-funds and 23 open-end funds / sub-funds. The profile of funds managed by the Company includes a wide investment spectrum, including funds that invest in public national and foreign stock market and derivatives market, absolute return funds, funds that invest in debt securities and property market fund, and funds that invest in securities on the private market.

The Management Board of ALTUS TFI S.A. closed the reporting period in the following line-up:

1. Mr. Piotr Osiecki – President of the Management Board,
2. Mr. Jakub Ryba – Member of the Management Board,
3. Mr. Andrzej Zydorowicz – Member of the Management Board,

4. Mr. Czcibor Dawid – Member of the Management Board,
5. Mr. Ryszard Czerwonka – Member of the Management Board,
6. Mr. Krzysztof Mazurek – Member of the Management Board,

### **Ownership structure**

On 31 December 2015 the following shareholders had at least 5% share in the total number of votes during a General Meeting of the Company:

Shareholder	No. of shares	Percentage of share capital	No. of votes during general meeting	Percentage of votes during general meeting
Piotr Osiecki through Osiecki Inwestycje Sp. z o.o.	25,088,572	41.88%	32,588,572	48.34%
ALTUS TFI S.A. – own shares*	3,738,946	6.24%	3,738,946	5.55%
NN Otwarty Fundusz Emerytalny	4,075,000	6.80%	4,075,000	5.87%
Directly and indirectly through investment funds managed by ALTUS TFI S.A.	3,960,163	6.61%	3,960,163	5.87%
Investment funds managed by Quercus TFI**	3,295,589	5.50%	3,295,589	4.89%

\*according to Art. 364 § 2 of KSH, the Company shall not exercise voting rights arising from its own shares

\*\*the number complies with the notice submitted pursuant to Art. 69 of the Act on Public Offering, the shareholder did not report a decrease of share below 5%.

### **Assessment of the relations or circumstances that could prevent a given member of the Supervisory Board from satisfying the criteria of independency**

Based on the available information the Company determined that independent members of the Supervisory Board include:

- Mr. Piotr Kamiński,
- Mr. Tomasz Bieske,
- Mr. Grzegorz Buczkowski.

Based on the declarations made by the members of the Supervisory Board, the Supervisory Board states that there are no relations or circumstances that could prevent the above-mentioned members from satisfying the criteria of independency.

### **Assessment of the standing of the Company, including the evaluation of internal control systems, risk management systems, compliance and internal audit functions;**

The Supervisory Board made an assessment of the standing of the Company, including the assessment of internal control systems, risk management systems, compliance and internal audit functions.

### **Assessment of the standing of the Company**

The Supervisory Board makes an assessment of the standing of the Company in financial year 2015 on the basis of day-to-day supervision over the Company, review of Company's affairs and debate with the members of the Management Board. The Supervisory Board also makes an assessment of the 2015 financial statement and the report of the Management Board on the operations of the Company in 2015, as well as an assessment of the internal control systems that is presented in the following sections of this document.

The result of the assessment of the Company's standing in financial year 2015 is positive.

***Assessment of internal control systems, risk management systems, compliance and internal audit functions***

In financial year 2015 the Management Board of the Company was responsible for the internal control system and its effectiveness in the formulation of financial statements and periodical reports drawn up and submitted by the Company.

The Company has set up a supervisory compliance unit composed of three members. The supervisory unit is composed of:

- Ms. Marlena Bożyk – Supervision Inspector,
- Mr. Krzysztof Chmura – Deputy Supervision Inspector,
- Mr. Grzegorz Zimodro – Senior Internal Control Specialist.

Furthermore, the Company has set up a position of an internal auditor. The position is held by Mr. Krzysztof Razik.

Due to the enlargement of the internal control unit in 2015, there were more internal controls, specifically in respect of recording investment decisions, and the controls of investment limits were intensified.

The Supervisory Board did not identify any risks associated with the adopted internal control and risk management systems concerning internal control and risk management systems, compliance and internal audit functions. The Board also did not find any irregularities in financial statements that could arise from poor effectiveness of the systems.

***Assessment of the fulfilment of notification duties by the Company concerning the compliance with the principles of corporate governance set forth in the Regulations of Giełda Papierów Wartościowych S.A. (Warsaw Stock Exchange, WSE) and the regulations on information provided by the issuers of securities on an ongoing or periodical basis (II.Z.10.3 DPSN)***

The Supervisory Board made an assessment of the fulfilment of notification duties concerning the compliance with the principles of corporate governance set forth in the Regulations of Giełda Papierów Wartościowych S.A. and the regulations on information provided by the issuers of securities on an ongoing or periodical basis.

Pursuant to Art. 29 clause 3 of the Regulations of WSE, the Company published a current report in the EBI system (Electronic Database) that illustrates the Company's compliance with DPSN.

According to rule I.Z.1.13 DPSN, the Company published on its website the information on the compliance with recommendations and rules set forth in DPSN by the Company.

According to the assessment made by the Supervisory Board, the operations of the Company are aimed at accurate and solid fulfilment of notification duties concerning the compliance with corporate governance principles, defined in the Regulations of Giełda Papierów Wartościowych S.A. and regulations on information provided by the issuers of securities on an ongoing or periodical basis.

***Information on the policy of the Company on sponsoring, charitable and other related activities (II.Z.10.4. DPSN)***

The Company pursues a policy that supports charitable activities defined in Art. 20 clause 5 of the Bylaws of the Company, and pursuant to the Bylaws, having covered the loss and amounts of the

profits that should be paid towards the supplementary or reserve capital pursuant to KSH or the Bylaws, the General Meeting will allot 10% of the profits from a given financial year for social purposes. The Management Board of the Company is entitled to select the entities that will receive the funds that the General Meeting intends to use for social purposes in a given financial year.

### ***Assessment of the compliance with the rules set forth in CGP (§ 27 CGP)***

The Supervisory Board assessed whether the Company complies with the principles of corporate governance.

Pursuant to resolution no. 23 of 26 June 2015 on the implementation of the principles of corporate governance, the Ordinary General Meeting of the Company stated that the implementation of the CGP in the Company covers all principles, save for the requirements set forth in § 8 clause 4, § 25 clause 1 and § 51 clause 2 of the CGP, in view of the application of the proportionality principle.

For the purposes of full application of the corporate governance principles, there were essential changes concerning internal regulations and organisational structure of the Company, including but not limited to:

- establishment of an Audit Committee, Risk Management Committee and Remuneration Committee under the Supervisory Board,
- adoption of a remuneration policy concerning individuals on key positions in ALTUS Towarzystwo Funduszy Inwestycyjnych S.A., and
- adoption of Regulations on management of conflicts of interest in ALTUS Towarzystwo Funduszy Inwestycyjnych S.A.

The assessment made by the Supervisory Board shows that the operations of the Company are aimed at accurate and solid application of the corporate governance principles.

### ***Report on the effectiveness of the remuneration policy of the Company (§ 28 clause 3 CGP)***

The Supervisory Board made an assessment of the effectiveness of the remuneration policy of the Company, composed of:

- a) remuneration policy concerning individuals on key positions in ALTUS Towarzystwo Funduszy Inwestycyjnych S.A.

The remuneration policy concerning individuals on key positions in ALTUS Towarzystwo Funduszy Inwestycyjnych S.A. was adopted on 15 April 2015 and it is consistent with the corporate governance principles.

The remuneration paid to the members of the Management Board and Supervisory Board is consistent with the adopted remuneration policy.

The Company does not apply rule VI.Z.2 DPSN which states that the period between the award of options or other instruments associated with the shares of the Company under a motivation programme, and the possible exercise thereof should be at least 2 years long, in order to tie the remuneration of the members of the management board and key managers with long-term business and financial objectives of the company.

The Company awards the individuals who hold key positions in the Company variable remuneration components, including benefits arising out of motivation programmes. The role of the motivation programmes applied in the Company is to attract and retain highly qualified management staff in the Company. When developing solutions for the motivation programmes, the Company aims to encourage key employees of the Company to remain in its structures, making their construction

dependent on objective criteria, quality of management, and in view of the fulfilment of strategic objectives, however, variable remuneration components should not serve as an incentive to take excessive risk on behalf of the Company, as expressed in the effective Remuneration Policy of the Company.

In the estimation of the Supervisory Board, the application of rule VI.Z.2. so that every construction of variable remuneration components is associated with a period of at least 2 years seems to be a forced solution and it cannot be deemed adequate to all strategic objectives pursued by the Company and it is likely to make key employees of the Company think that the motivation programmes offered by the Company are below their expectations. Thus, the motivation programmes could become ineffective from the perspective of fulfilment of a long-term objective of retention of key employees in the structures of the Company.

The remuneration of the members of the Management Board is largely determined by the results of management of investment funds or sub-funds (variable fee) and by exceeding established benchmark levels by return rates from particular investment funds or sub-funds in settlement periods (more information on the rules of calculation of variable fees and benchmark levels are available in the bylaws or prospectus of particular funds or sub-funds). The motivation plan is based on the revenues from variable fees in investment funds.

In view of the above, in the estimation of the Supervisory Board, the current remuneration policy of the Company favours development and stability of the operations of the Company.

***Report on the assessment of the report of the Management Board on the operations of the Company in financial year 2015, 2015 financial statement of the Company, and the application of the Management Board concerning distribution of profits from financial year 2015 (Art. 382 § 3 KSH).***

In fulfilment of the obligations arising out of the Code of Commercial Companies and Partnerships and the Bylaws of ALTUS TFI S.A., the Supervisory Board of the Company made an assessment of the report of the Management Board on the operations of the Company, the financial statement of the Company and the application of the Management Board concerning distribution of profits of the Company generated between 1 January 2015 and 31 December 2015.

The Supervisory Board also made an assessment of the application of the Management Board concerning the distribution of profits from 2015 with a positive result. The Board found that it is consistent with the interests of the shareholders and strategic objectives of the Company.

The Supervisory Board states that the information presented in the documents reflects in an accurate and solid manner the results of the operations of the Company and its financial condition. The Supervisory Board confirms that between 1 January 2015 and 31 December 2015 the business of the Company was transacted in an accurate manner.

According to the submitted financial statement, the financial results of the Company are the following:

- 1) balance sheet reflecting the results as of 31 December 2015, which shows that the total amount of assets and liabilities is equal to PLN 269,188,890.76,
- 2) profit and loss account for the period between 1 January 2015 and 31 December 2015, which shows that there is a net profit of PLN 61,685,339.99,
- 3) statement of changes in equity, which shows an increase in equity between 1 January 2015 and 31 December 2015 up to the amount of PLN 233,430,022.40,
- 4) cash flow statement of 1 January 2015 to 31 December 2015, which shows an increase in the amount of cash of PLN 96,861,399.57.

The Supervisory Board makes the following recommendations to the General Meeting of the Company:

- a) approve the financial statement of the Company for the period between 1 January 2015 and 31 December 2015 and the report of the Management Board on the operations of the Company between 1 January 2015 and 31 December 2015,
- b) pass a resolution on the distribution of net profits of the Company generated between 1 January 2015 and 31 December 2015 in accordance with the application of the Management Board,
- c) acknowledge the fulfilment of obligations by the members of the Management Board between 1 January 2015 and 31 December 2015.

Based on the above information the Supervisory Board of ALTUS TFI S.A. requests that the Ordinary General Meeting of the Company accept this report on the operations of the Board between 1 January 2015 and 31 December 2015 and acknowledge the fulfilment of obligations by the members of the Board in 2015.

**Supervisory Board:**

Rafał Mania .....  
Chair of the Supervisory Board

Michał Kowalczewski .....  
Member of the Supervisory Board

Tomasz Bieske .....  
Member of the Supervisory Board

Håkan Källåker .....  
Member of the Supervisory Board

Piotr Maciej Kamiński .....  
Member of the Supervisory Board