

SLÁVIA CAPITAL, a.s., obchodník s cennými papiermi, having its registered office at Mostová 2, Bratislava 811 02, IČO 31 39 55 54, incorporated with the Companies Register of District Court Bratislava I, Section Sa, file number 837/B, ("Dealer" or "SLÁVIA CAPITAL")

PRE-TRADE INFORMATION OBLIGATION

Dear prospective client,
We would like to introduce our company to you.

BASIC INFORMATION

INFORMATION ABOUT SECURITIES DEALER AND SERVICES PROVIDED

Trade name: SLÁVIA CAPITAL, a.s., obchodník s cennými papiermi
Registered office: Mostová 2, 811 02 Bratislava, **ID:** 31395554
Incorporated with the Companies Register of the District Court Bratislava I, section: Sa, file No. 837/B

Board of Directors: Ing. Peter Gabalec – Chairman of the Board
Mgr. Emil Gažo – Member of the Board

Supervisory Board: JUDr. Daniel Pleva – Member of the Supervisory Board
Ing. Juraj Kadnár – Member of the Supervisory Board
Ing. Eudovít Schmidt – Member of the Supervisory Board

Dealer's contact data:
Web site: www.slaviacapital.com
Phone: 0910878022
e-mail: pokyny@slaviacapital.com

Languages in business relations: Business relations with the client, documents and other information are provided by the Dealer in the Slovak language.

Forms of communication. The following forms of communication are applied by the Dealer in relation to clients in the normal course of business:

Type of communication	Form used
normal communication	in person, by phone, by mail, by e-mail
agreement covering services provided	exclusively in writing
submission and acceptance of orders	in person, by mail, by fax, or by e-mail
information about service provided (orders executed, portfolio management reporting)	in writing by mail
statements of financial instruments	in writing by mail

Specific conditions may be laid down in detail within the relevant contract covering provision of the investment service.

SLÁVIA CAPITAL is a renowned securities dealer providing services in and outside the Slovak Republic.

SCOPE OF SERVICES

The scope of services provided is quite wide and includes, in particular:

1. acceptance, transmission, and execution of client's orders with regard to financial instruments;
2. services connected with the placement and issue of financial instruments;
3. REPO transactions with financial instruments;
4. designing, preparation, and making of a public and private offer of financial instruments;
5. designing, preparation of the structure, and making of a takeover bid, mandatory takeover bid in the event that the share in voting rights connected with the listed stock as prescribed by the law has been exceeded or in the event that the General Meeting of the issuer decides to cease trading the securities in the BCPB (Bratislava Stock Exchange) market;
6. taking care of final settlement of the security within takeover bid and mandatory takeover bid;
7. structuring transactions based on client's individual requirements;
8. other financial market services and products within the scope of license;
9. management and custody, custodianship of financial instruments;
10. management of client's individual portfolios.

Investment services permits and memberships:

1. Investment services license under the reg. GRUFT/037/2003/OCP of 22 July 2003 granted by the Financial Market Authority;
2. Membership in the central securities depository Centrálny depozitár cenných papierov SR, a.s. of 15 April 2004.

The surveillance over provision of investment services by securities dealers is currently carried out by The National Bank of Slovakia, Imricha Karvaša 1, 813 25 Bratislava.

Scope of permits broken down to individual investment services and financial instruments in accordance with Act 566/2001 Coll. on Securities and Investment Services and amending and supplementing certain acts ("**Securities Act**"):

		Financial instruments pursuant to Art. 5(1) of the Securities Act									
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Investment services and activities as per Art.(6)(1) of Securities Act	(a)										
	(b)										
	(c)										
	(d)										
	(e)										
	(f)										
	(g)										
	(h)										
Ancillary services as per Art.(6)(2) of Securities Act	(a)										
	(b)										
	(c)										
	(d)										
	(e)										
	(f)										
	(g)										

Information about the venues of service: The securities dealer executes orders on account of the client particularly in the below venues of services:

- Burza cenných papierov v Bratislave, a.s. (*Bratislava Stock Exchange*);
- Burza cenných papírů Praha, a.s. (*Prague Stock Exchange*) by way of ATLANTIK finanční trhy, a.s.;
- foreign markets by way of Československá obchodní banka, a.s.;
- MTF (multilateral trading facility);
- OTF (organized trading facility);
- OTC market.

More detailed information about the order execution strategy and the venue of service is available in the Order Execution Strategy document.

Nature, frequency, and time limits in relation to mandatory reporting:

Dealer gives to the client appropriate reports covering the investment services provided. These reports contain regular notices to clients with regard to the type and complexity of the financial instruments covered and to the nature of the service provided to the client, and contain the cost connected with transactions and services made and provided on behalf or on account of the client, if necessary. If Dealer executed an order on account of the client which is not related to the provision of an investment service of portfolio management, Dealer agrees to

- a) forthwith provide the client, on a long-life medium, with the information relating to the execution of such order;

- b) give notice to client, on a long-life medium, certifying the execution of the order no later than on the first trade day after the execution thereof or, if such certificate was received by the Dealer from a third person, no later than on the first trade day after the receipt of the certificate from such person. However, this shall not apply should the certificate contain the same information as the information in the certificate which the third person is obliged to forthwith send to client.

The provision under the paragraph above will not be applied if the orders executed on client's account relate to bonds to finance mortgage loans entered into with said clients; in such event, the report on the transaction will be prepared at the same time when the conditions for mortgage loans have been announced, but no later than one month after execution of the order.

Dealer is requested to provide the client, at client's request, with the information about the degree of completion of client's order.

As regards orders by non-professional clients relating to investment certificates, mutual funds, or stocks of collective investment entities and which are executed on a regular basis, Dealer's obligation to give notice to the client certifying the execution of the order will be considered to have been met if the Dealer provides the information covering such transactions to the client at least once in six months.

When providing the investment service of portfolio management, Dealer agrees to give to the client, on a long-life medium, regular statements covering activities related to the portfolio management carried out on account of such client. Dealer does not have such obligation, if such statements are provided by a third person. Dealer also provides representations to the client actual as to what extent the investment corresponds to the preferences, requirements, and other characteristics of a non-professional client.

Dealer is requested to provide such regular statement under this paragraph once in three months. If client wishes to receive information about individual transactions made, the regular statement will be provided at least once in 12 months; this does not apply if the transactions with financial instruments which are subject to Article 4(1)(44)(c) of any of the sections 4 through 11 of Head C in Annex I to the Directive 2014/65/EU. If the portfolio management contract between the Dealer and non-professional client allows a portfolio with a leverage, the regular statement is provided at least once a month.

If the client wishes to receive information about individual transactions made, Dealer is requested to give the client basic information about such transaction without any undue delay on a long-life medium. Dealer is requested to give notice to client certifying the transaction no later than on the first trade day after the transaction has been made or, if such certificate was received by the Dealer from a third person, no later than on the first trade day after the receipt of the certificate from such person. The provision under the second sentence will not be applied should the certificate contain the same information as the information in the certificate which the third person is supposed to forthwith send to client.

When providing the service of portfolio management, Dealer will inform the client when the total value of the portfolio determined at the beginning of each reporting period decreases by 10% and, at further reductions, by multiples of 10%, and Dealer will do so no later than by the end of the business day on which such threshold was exceeded or, if the threshold was exceeded on a day which is not a business day, then no later than by the end of the next business day. If holding an account of a non-professional client which includes positions in transactions with financial instruments with leverage or in transactions with contingent liabilities, Dealer will inform client when the initial value of each instruments decreases by 10% and, at further reductions, by multiples of 10%. Reporting as set forth in this paragraph will be provided separately for individual instruments, unless otherwise agreed with the client, and will take place no later than by the end of business day on which such threshold was exceeded or, if the threshold was exceeded on a day which is not a business day, then no later than by the end of the next business day.

If holding client's financial instruments or moneys, Dealer is requested to send a statement of financial instruments or moneys quarterly, unless such statement was provided within other regular statement.

If providing other investment services, Dealer sends clients appropriate reports about the services provided. If appropriate, such information is provided to the client on a regular basis at least once a year throughout the life of the investment.

When providing investment consultancy, Dealer will provide the client on a long-life medium with a written declaration of fitness for the client prior to making the transaction and will state in such declaration how the investment consultancy corresponds to the preferences, requirements, and other characteristics of the non-professional client. Dealer will notify the client of the information whether the services or instruments recommended will require the non-professional client to review, on a regular basis, Dealer's mechanisms, and will include such information in the fitness report.

Measures to provide for the protection of financial instruments or funds entrusted by the client:

In order to protect the financial instruments and funds of the client, Dealer keeps records and maintains accounts which are required for the Dealer to be able at any time and forthwith distinguish the assets held for one client from the assets held for another client and from Dealer's own assets. Dealer keeps records and maintains accounts in a manner ensuring their accuracy and particularly their relationship to the financial instruments and funds held for clients, making sure that they may be used as control files. Dealer puts Dealer's internal accounts and records in harmony on regular basis with the accounts and records of other person by way of which Dealer holds such assets. Dealer adopted measures required to ensure that the client's financial instruments entrusted with a third person be identifiably separated from Dealer's financial instruments by way of different identification of accounts in the records of the third party or by way of equal measures which would provide the same protection level. Dealer adopted measures required to ensure that client's funds entrusted with a third person be maintained separately from the accounts in which Dealer's funds are maintained. Dealer adopted reasonable organisational measures to minimize the risk of loss or the risk of impairment of assets of the client or the rights associated with these assets due to misuse of assets, fraud, low quality management, insufficient record keeping, or negligence.

By virtue of the Securities Act, the **Guarantee Investment Fund ("GIF")** was established to provide compensations for inaccessible client assets accepted by a securities dealer to provide an investment service.

The GIF concentrates funds of securities dealers and branches of foreign securities dealers. SLAVIA CAPITAL makes contributions to GIF as well. This means that GIF will also provide compensations for the client assets accepted by the Dealer to provide the investment service in the event that such assets become inaccessible.

For the purposes of the Securities Act, client assets mean the funds and financial instruments of client entrusted with the securities dealer or foreign securities dealer in connection with provision of an investment service or ancillary service, including the financial instruments and funds acquired as consideration for such values, if the client is

- a) a natural person including a natural person - entrepreneur;
- b) a foundation, non-investment fund, non-profit organisation providing services of general utility, civic associations, or association of owners of residential and non-residential premises;
- c) legal entity not listed under b) other than
 1. banks, insurance companies, supplementary pension management company, management companies including interest in unit trusts, pension management company including interest in the pension fund, securities dealer which is not a bank, central depository, stock exchange, commodity exchange, post office, legal entity operating lottery or other similar games, Export-Import Bank of the Slovak Republic;
 2. Slovak legal entity not listed under 1 or a foreign legal entity with partially equal or similar business objective as any of the legal entities listed under 1;
 3. legal entity not listed under 1 or 2 which is requested under special legislation to have the financial statement audited by an auditor;
 4. state, state-funded organisation, state-subsidized organisation, state fund, municipality, higher territorial unit (VÚC), and public authorities;
 5. legal entity established by law other than as listed under 1 through 4;
 6. legal entity which controls Dealer or which is controlled in accordance with Art. 138 of the Securities Act by the Dealer, which or the branch of which keeps the client assets.

The fund provides compensation for the protected client assets up to the amount of the inaccessible client assets; however, a single client or other entitled person under this Act is eligible to a compensation in aggregate amount not exceeding EUR 50,000.00.

The conditions of payment of compensations from GIF are laid down in the **General Conditions for Payment of Compensations for Inaccessible Client Assets** part which is a part of this document.

Measures in the event of conflict of interests: In accordance with legal regulations, securities dealer is required to have conflict of interest rules in place introducing in particular:

- (i) efficient processes to prevent or control exchange of information between individuals carrying out the activities which constitute the risk of conflict of interests, if the exchange of such information could be harmful to the interests of one or more clients;
- (ii) special inspection of the relevant individuals having such key obligations as provision of investment services and provision of ancillary services to clients whose interests may be in conflict with the interests

- of clients or who represent other interests including the interests of a securities dealer, which interests may be in conflict with the client's interests;
- (iii) removal of any direct connection between remuneration of the relevant individuals who carry out particularly one activity and the remuneration or income of other relevant persons carrying out particularly other activity, if conflict of interests may arise between these activities;
- (iv) measures which prevent or restrict the opportunity of other individuals to inadequately influence the way in which the relevant person provides investment services, ancillary services, or carries out investment activities;
- (v) measures to prevent or inspect parallel or gradual participation by the relevant person in the provision of separate investment services, ancillary services, or in the performance of investment activities, if such participation may be harmful to proper handling of the conflict of interests.

Dealer has defined possible conflicts of interests which may arise during Dealer's business, laid down the rules to protect confidential information, laid down the rules applicable to the execution of personal transactions by the relevant persons, and set forth special measures to prevent conflict of interests in conducting investment survey or providing the service of financial instrument placement.

If, in spite of the measures to prevent conflict of interests, Dealer identifies a possible conflict of interests, Dealer will inform thereof all clients who may be affected by such conflict of interests without any undue delay. Based on this information, client may decide whether or not he/she wishes to continue in the transaction.

INFORMATION ABOUT FINANCIAL INSTRUMENTS

Financial instruments may be classified from various perspectives. From the perspective of the client who acts as the investor, the most appropriate approach to classification is that from the perspective of the risk that the investor takes when he/she invests in financial instruments. In this context, financial instruments may be classified under the following groups.

Classification based on risk:

- (i) financial instruments with guaranteed return of the amount invested;
- (ii) financial instruments bearing risk of loss of up to 100% of the amount invested;
- (iii) financial instruments bearing risk of loss of 100% of the amount investment and the risk of accrual of other additional financial liabilities.

Ad (i)

The financial instruments with guaranteed return of the amount invested include, in particular, the instruments which require the issuer, based on legal regulations or instrument issue conditions, to redeem at the instrument's maturity at least the amount paid. Further, they include the instruments the return of which is guaranteed based on a guarantee provided by a third person. Sometimes the key condition for the guaranteed return of the amount invested lies in the requirement for holding such financial instruments until their maturity.

They usually include such financial instruments as bonds, treasury notes, investment certificates of "hedged" or "guaranteed" mutual funds, etc.

During the holding period of such financial instrument, the market price of the instrument may fluctuate, while such market price fluctuations do not have an impact on the return of the amount invested at the time of such financial instrument maturity.

Appropriate for clients	Non-professional, Professional/Eligible counterparts
How it works and risks in favourable market conditions	Changes in interest rates may trigger increase in the value of the financial instrument (e.g. bond) in the event that the interest rates fall down. In the case of financial instruments with floating interest rate, their actual yield which depends on the changes of the rates in the market or the type of redemption may increase.
How it works and risks in adverse market conditions	Due to changes in interest rates the investor investing in the financial instrument (e.g. bond) with a fixed coupon may be exposed to the risk of decrease in value in the event that the interest rates grow up. In the case of financial instruments with floating interest rate, their actual yield which depends on the changes of the rates in the market or the type of redemption may decrease.
Other special risks	➤ Insolvency risk - there exists the risk that the issuer becomes, wholly or partially, insolvent which may lead to issuer's inability to repay its liabilities (coupon or nominal value of the bond). Issuer's solvency may be influenced by

	<p>multiple factors, such as the development of economics or the business sector, changes in the company, etc. This risk increases or decreases depending on whether or not the bonds are issued by a state authority or a private company. The size of risk also depends on the risk of issuer's country or the type and sector of business when talking about private companies. Deteriorating solvency may have an adverse impact on the bond price. If the investment is withdrawn by way of bond sale, investor may get an adverse price in the market, high transaction costs (fees), or does not have to necessarily find a counterparty for the transaction due to poor liquidity.</p> <ul style="list-style-type: none"> ➤ The prepayment risk - bond issuer may have an option to prepay the bond, while prepayment will be aimed at in the event that the interest rates went down. Such prepayment may have a significant impact on the expected yield.
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Ad (ii)

Financial instruments bearing risk of loss up to 100% of the amount invested include such instruments in which the option of financial instrument maturity has not been used with the issuer or such option does not even exist. The price decisive for the investor is the market price of such financial instrument. These instruments usually include the financial instruments as defined under (i) not held until maturity, investment certificates, certificates, stocks, options, etc.

During the holding period of such financial instrument, the market price may fluctuate substantially, meaning that there is a risk of loss of a part or all of the amount invested at the time of execution of such instrument.

Appropriate for clients	Non-professional, Professional/Eligible counterparts
How it works and risks in favourable market conditions	In the event of favourable market conditions, the price of the financial instrument, the dividend, or both, may be growing. The price of the financial instrument is influenced both by factors relating to the issuer and the overall market environment.
How it works and risks in adverse market conditions	In the event of adverse market conditions, the price of the financial instrument, the amount of the dividend may fall down, or the dividend does not have to be necessarily paid out at all. The price of the financial instrument is influenced both by factors relating to the issuer and the overall market environment.
Other special risks	<ul style="list-style-type: none"> ➤ Dividend risk - the dividend paid out depends on the profit of the company which issued the stocks. As a consequence, if the profit went down or the company sustained loss, the dividend paid out may be reduced or not paid out at all. ➤ Shareholder does not act as a creditor of the company, but is rather taken as its partner, and therefore becomes a partner of an incorporated company. As a consequence, the shareholder participates both in the performance of the company and in the opportunities and risks it is exposed to. The worst case scenario is when the company goes bankrupt which may lead to the loss of the entire value invested in stocks of such company. If the investment is withdrawn by way of stock sale, investor may get an adverse price in the market, high transaction costs (fees), or does not have to necessarily find a counterparty for the transaction due to low liquidity.

Ad (iii)

Financial instruments bearing risk of loss of 100% of the amount invested and the risk of accrual of other additional financial liabilities include such instruments where there exists legal obligation of the client to settle, in addition, also other financial liabilities depending on the development of the financial instrument market price. This category also includes financial instruments which do not require any initial investment but their nature is such as to result in the possible accrual of future monetary liability of the client.

They usually include such financial instruments as derivatives and generally any financial instruments acquired on credit (loan).

These financial instruments are usually associated with the so-called leverage. Leverage may be generally defined as a mechanism when small percentage change of the price of the underlying asset, derivative, or financial instrument bought on credit may bring about substantially greater percentage change of the profit or loss in relation to client's own invested funds.

During the holding period of such financial instrument, the market price of the financial instrument may fluctuate substantially, meaning that there is a risk of loss of a part or all of the amount invested at the time of execution of such instrument and, moreover, even other additional financial liabilities may arise.

Appropriate for clients	Professional/Eligible counterparts
How it works and risks in favourable market conditions	The lever's reaction is proportionately higher to a change of the underlying asset, and therefore it may bring higher gains during such period. However, temporary drop in price (market correction) may occur even in the case of favourable market conditions, this may cause the lever to close since certain specific margin, i.e. moneys paid to the designated account, is required for trading with leverage. If losses out of the investment held cause these funds to drop under certain specific minimum margin, the relevant trading point or broker may close the client's position.
How it works and risks in adverse market conditions	The lever's reaction is proportionately higher to a change of the underlying asset, and therefore it creates a risk of significant losses during such period. The higher the level of the leverage applied, the higher the risk.
Barriers to withdrawal of investment	Investment may only be terminated by closing the position or holding the derivative until expiry. If the investment is withdrawn by way of position closing, investor may get an adverse price in the market, high transaction costs (fees), or does not have to necessarily find a counterparty for the transaction due to poor liquidity. Position which results from the sale or purchase of an OTC option may only be liquefied based on agreement with the same counterparty.
Other special risks	<ul style="list-style-type: none"> ➤ Investment may only be terminated by closing the position or holding the derivative until expiry. If the investment is withdrawn by way of position closing, investor may get an adverse price in the market, high transaction costs (fees), or does not have to necessarily find a counterparty for the transaction due to poor liquidity. ➤ Poor or no liquidity ➤ Special risks associated with term operations outside stock exchange

TYPES OF RISKS

General advice about the nature of individual risks associated with financial instruments:

market risk - means the probability of the change (decrease) of the market price of a financial instrument under the influence of any of the market factors (interest rate, exchange rate, price of underlying assets, etc.). Market risk includes, in particular, the currency and interest-rate risk.

currency risk - is one of the market risk forms and means the probability that the market price of the financial instrument changes (decreases) due to a change of the exchange rate. E.g. securities denominated in USD report, in the event that USD weakens, decrease in the market price denominated in EUR without the price of these securities in USD howsoever changing. The currency risk applies

especially to the financial instruments denominated in a currency other than the local currency and the currency derivatives.

interest-rate risk – is another form of market risk and expresses the probability of change (decrease) of the financial instrument market price depending on the change of interest rates. Interest-rate risk applies predominantly to transactions with debt securities the market price of which is in indirect proportion to the fluctuation of interest rates, and the interest-rate derivatives.

liquidity risk - expresses the probability that in the event that the financial instrument needs to be promptly converted into money, such transaction bears additional transaction costs or is even impossible to make at the required time. The liquidity risk applies predominantly to rarely traded, structured, or individualized financial instruments and to financial instruments that buyer agrees to hold for some specific minimum period of time.

issuer risk - represents the probability that the issuer of securities would not be able to meet the liabilities out of those securities resulting (e.g. inability to redeem bonds) or the market price of the security (e.g. in case of stocks) drops down significantly as a consequence of wrong management decisions and bad outcomes.

sector risk – represents the probability of a change of the market price of financial instruments (particularly the stocks, bonds, and some derivatives), the price development of which is associated with the economic cycle of the entire sector.

political risk – represents the probability of a change of the political situation which would have an adverse impact on the financial instrument, its price, transferability, standing of the issuer, etc. (e.g. introduction of restrictions on foreign currencies, nationalization, etc.).

Similar information relating to individual specific financial instruments provided by way of the Dealer (including the information relating to the specific features of individual markets in which the instruments are traded, or the availability of the prospectuses of quoted financial instruments or bylaws of collective investment securities, existence of third person guarantees, requirements for margin, descriptions of individual components of complex financial instruments, etc.) is provided by Dealer on an individual basis specifically for individual financial instruments.

Detailed information about a specific financial instrument stating related specific features will be provided to the client separately for the relevant financial instruments (in particular including any prospectuses or bylaws of a security).

Holding of financial instruments or funds of client on behalf of securities dealer with a third person: Dealer herewith informs the client that the financial instruments of funds entrusted by the client, including those which may be acquired for the client within provision of an investment service, may be entrusted, and are usually entrusted, in custody to a third party used by the Dealer in providing services.

These are persons which have to be used for proper performance of the investment service particularly in relation to the following actions:

- (i) taking care of and settlement of a transaction with financial instruments (i.e. usually transfer of financial instruments and funds);
 - (ii) keeping the relevant records about financial instruments or securities;
 - (iii) custody of financial instruments (i.e. mainly physical entrusting of a financial instrument);
 - (iv) management (i.e. mainly authorisation for the exercise of rights out of the relevant financial instrument, not necessarily physical entrusting);
 - (v) keeping accounts of client funds;
- (hereafter collectively as "custodians")

Typical examples of such custodians include securities centres, banks keeping client accounts of securities dealer or settlement centres of financial instrument markets.

If services of custodians are used, the financial instruments or funds of clients are held by custodians in the name of the Dealer (or even that of the client) separately both from Dealer's assets and custodian's assets.

Dealer and custodian are held liable for lawful conduct and, particularly, for violation of custodian's obligations in accordance with the relevant legal regulations and the agreed contractual relations. Similar process will also be applied in the event of custodian's bankruptcy. In any event, Dealer is held liable in relation to Dealer's clients for returning of all financial instruments and funds held for clients (by custodian). In this sense, Dealer keeps particularly the corresponding records, conducts regular

reconciliations, and is obligated to participate in contributions to the relevant client compensation systems. More detailed information is provided above within the information about the Dealer.

SUMMARY ACCOUNT

Financial instruments or funds of client in a summary account: Dealer herewith expressly informs the client that the legal regulations applicable to the work of a custodian may allow, and usually do allow, that the financial instruments and funds entrusted be held in a collective (summary, custody) account. This bears higher risk and demand particularly with regard to careful and consistent record-keeping and unambiguous substantiation of assets and ownership of each individual client in relation to financial instruments or funds held in the summary manner. Dealer is, in this regard, requested under legal regulations to keep the relevant records always in accounts of the final owners of the financial instruments (i.e. always in the name of the relevant client, and not the summary account of all clients).

Statements of financial instruments or funds: Dealer which holds client's financial instruments or funds is requested to send, at least quarterly, a statement, on a long-life medium, of financial instruments or funds, unless such statement was provided within other regular statement.

The statement contains

- (i) detailed information about all financial instruments or funds held by the Dealer for the client at the end of the period covered by the statement;
- (ii) scope in which the financial instruments or the funds of client were covered by transactions consisting in funding of securities;
- (iii) yield earned by the client based on participation in the transactions consisting in funding of securities, and the basis used to calculate such yield.

Risk of impossibility of identifiable separation from third person's financial instruments or funds: Dealer does not use such services of custodians which would make impossible to separate client's financial instruments held in this manner from the financial instruments of such custodian or the Dealer.

Dealer does not exclude the possibility that Dealer would use in future also the services of custodians which are subject to different regulation and legislation than the one which protects holding of financial instruments and funds of Dealer's clients in accordance with the European Union legislation. This includes exclusively the cases of highly developed financial markets outside the European Union such as the USA, etc. This specifically means that the rights of the client in relation to the financial instruments and funds entrusted may differ accordingly particularly in the area of conditions for separate record-keeping, demanding ownership deeds, or operation of compensation schemes, etc. However, Dealer conducts at all times due diligence with regard to the regulatory conditions of custodians outside the European Union.

As provided under legal regulations, Dealer may exercise in relation to the financial instruments or funds entrusted by the client or held for the client the right of lien, retainage, offset, replenishment of security, final settlement or other similar right mainly in the sense of legal regulations governing the institute of financial security. Specific conditions and options to exercise these rights are always regulated by the relevant contract covering the relevant investment services.

Some similar rights in accordance with legal regulations and specific contractual agreements may also be exercised by custodians, particularly in terms of the right of lien or right of offset. Unless so required under the applicable legal regulations of a non-member state in which client's funds or financial instruments are held, Dealer must not secure liabilities using securities, create pledges, or exercise right of offset in connection with financial instruments or funds of the client which would allow a third person (custodian) to dispose of client's financial instruments or funds with the aim to collect debts which do not involve the relevant client or the provision of services to the relevant client. If the Dealer is obliged to enter into agreement securing liabilities with securities, create pledges, or exercise rights of offset, Dealer is requested to make accessible the information about such agreements to clients and inform them of the risks connected therewith. If Dealer secured liabilities using securities, created pledges, or exercised rights of offset in connection with client's financial instruments or funds, or if the Dealer was informed that they were created, Dealer will put down a record thereof in the contracts with clients and in the account books in order to specify the ownership relationship to client's assets as in the event of insolvency.

This is, of course, without prejudice to Dealer's obligation to give to the client the financial instruments or funds entrusted by the client or held by the client without regard to the possible exercise of such right by custodian in relation to the Dealer at the expense of client's assets.

PORTFOLIO MANAGEMENT

PORTFOLIO MANAGEMENT

Portfolio management means taking care of the portfolio of financial instruments at Dealer's discretion in accordance with the authorisations granted by clients.

Method and frequency of financial instruments pricing by Dealer:

The financial instruments in the portfolio are priced from time to time and, if possible, then on a daily basis. Pricing of financial instruments may utilize in particular the following methods:

i/ Shares issued by collective investment entities other than the closed ones are priced using the last known actual value of the book value pertaining to one share published by the manager of a collective investment entity.

ii/ Funds are priced using nominal value which may be increased by interest gains, if any.

iii/ The official NBS rate valid on the day of valuation is used to convert rates of financial instruments denominated in currencies other than the reference currency of the portfolio and balances of money accounts maintained in a currency other than the reference currency.

Transferability of the authorisation to manage all or part of financial instruments and funds of the client: The portfolio management service covers Dealer's undertaking to manage, using due care, the client's portfolio at Dealer's discretion. Client acknowledges and agrees that Dealer may entrust another company which is authorised to provide client asset management services with the management of the entire or a part of the portfolio.

Specification of any portfolio performance comparative method:

The comparative methods employed in provision of the investment service of portfolio management usually makes use of the portfolio performance comparison against benchmarks or indices. A specific method will be agreed upon between the client and the Dealer in the contract.

Information about types of financial instruments which may be included in the client's portfolio:

Client's portfolio may contain, in particular, stocks, bonds, investment certificates, and other investment instruments, unless client and Dealer agree otherwise, and the funds in various currencies. Transactions involving securities include purchases, sales, or exchanges. If so agreed between Dealer and client, repo transactions may be used as well.

The objectives of client's portfolio management differ depending on client's acceptance of risk, his/her investment horizon, and expected performance to be agreed upon between client and Dealer in the contract.

INFORMATION
ABOUT COSTS AND FEES

INFORMATION ABOUT COSTS AND FEES

The information concerning the costs and related fees is available in a separate document titled Price List of Dealer's Services.

Note: Client may, in connection with transactions related to the financial instrument or investment service, incur additional costs including taxes which are not paid by way of Dealer along with securities and neither are requested by the Dealer.

GENERAL CONDITIONS FOR
PAYMENT OF
COMPENSATIONS FOR
INACCESSIBLE CLIENT
ASSETS

GENERAL CONDITIONS FOR PAYMENT OF COMPENSATIONS FOR INACCESSIBLE CLIENT ASSETS

The Guaranteed Investment Fund as a legal entity established by Act No. 566/2001 Coll. on securities and investment services and on amendments and supplements of some laws (Securities Act) as amended issues, in accordance with Art. 90(3) of the cited act and based on prior consent No. GRUFT-001/2003/GFI of the Financial Market Authority as amended, the issue of which was approved by the prior consent of the National Bank of Slovakia under the Decision No. OPK-1441-1/2009 and the Decision No. ODT-6705/2011, the following

General Conditions for Payment of Compensations for Inaccessible Client Assets

Article I Introductory Provision

These General Conditions for Payment of Compensations for Inaccessible Client Assets govern the particulars of the procedures in exercising the right to compensation and the method of substantiation of the right to compensation for the inaccessible client assets accepted by a securities dealer, foreign securities dealer as per Art. 83(2) of Act No. 566/2001 Coll. on securities and investment services and on

amendments and supplements of some laws as amended ("Securities Act"), including by a management company and a foreign management company if their obligation to participate in the protection of clients results from special law¹ ("entity participating in client protection"), for the purposes of the investment service.

Article II
Scope of Client Assets Protection

1. Pursuant to the Securities Act, client assets protection applies to
 - a) funds and financial instruments of natural persons including natural persons - entrepreneurs and legal entities as set forth under the Securities Act² entrusted to an entity participating in client protection in connection with provision of an investment service or ancillary services under Art. 6(2)(a) including the financial instruments and funds acquired for such values;
 - b) shared client assets maintained for more clients if they meet the conditions under Art. 81(2)(a) of the Securities Act, while the following applies to shared client assets: each of the clients has an equal share, unless reliable documents are used to prove other sharing scheme of individual clients;
 - c) notary escrow placed with an entity participating in client protection as per Art. 81(2)(b) of the Securities Act, if the authorised beneficiary of financial instruments or funds from such escrow is or should be a person whose client assets are protected under the Securities Act and if, prior to the day when the client assets became inaccessible, notary taking care of such notary escrow delivered to the relevant entity participating in client protection a written notice with data about authorised beneficiaries to the minimum extent as set forth under Art. 81(5)(a) of the Securities Act.
2. The protection does not apply to
 - a) client assets which, based on the records kept by an entity participating in client protection prior to the day when the client assets of the entity participating in client protection became inaccessible as set forth under Art. 82(1) of the Securities Act, are not maintained for the client at least in the extent of the following data: for natural person - name and surname, personal identification number or date of birth, and permanent address; for legal entity - name, identification number if allocated, registered office, name and surname and permanent address of the individual(s) who act as statutory bodies or members of a statutory body of such legal entity;
 - b) shared client assets which do not meet the conditions under 1(b) of this Article;
 - c) notary escrow which does not meet the conditions under 1(c) of this Article;
 - d) assets of persons as set forth under Art. 81(1)(c) indents 1 through 6 of the Securities Act³;
 - e) client's funds accepted by a securities dealer which is a bank or a foreign bank branch, and maintained in accounts subject to the protection under special legislation⁴.

Article III
Compensation for Inaccessible Client Assets

1. If the entity participating in client protection is declared by the National Bank of Slovakia to be unable to meet liabilities in relation to clients as set forth in Art. 86(3) of the Securities Act, or if such entity's handling of the client assets was suspended due to a ruling of a bankruptcy court issued in a bankruptcy proceeding under special legislation⁵ and provided that such ruling became enforceable prior to declaration pursuant to Art. 86(3) of the Securities Act and, at the same time, is not able to return the securities and other financial instruments accepted without detriment to the claims of other clients, the client assets become inaccessible in the sense of the Securities Act.
2. In lieu of the inaccessible client assets which are protected under the Securities Act, client is entitled to receive a compensation from the Guaranteed Investment Fund ("Guarantee Fund") to the extent and under the terms and conditions as set forth under the Securities Act. Other entitled person shall only be eligible to the compensation in lieu of the client if so provided under the Securities Act.

Inaccessible client assets do not include securities and other financial instruments accepted by an entity participating in client protection which such entity is able to return to the client without inflicting any harm on the claims of other clients.

3. Compensation is provided exclusively in Euro in the amount of the inaccessible client assets; however, one client or other entitled person pursuant to the Securities Act is eligible to a compensation of no more than EUR 50,000.00 in aggregate. The compensation calculated is rounded down to whole eurocents.
4. For the purposes of calculation of the compensation for the protected client assets, the inaccessible client assets of the same client held by one entity participating in client protection will be calculated including such client's shares in shared client assets which are protected under the Securities Act based on the balance on the day when the client assets became inaccessible pursuant to Art. 82(1) of the Securities Act.
5. Interest and other benefits associated with the inaccessible client assets will be, for the purposes of compensation calculation, calculated based on the status on the day when the client assets became inaccessible pursuant to Art. 82(1) of the Securities Act and will be added to the client's inaccessible client assets.
6. For the purposes of calculation of compensations, the amount of the inaccessible client assets calculated as set forth under 4 and 5 of this Article will be reduced by all statute-banned financial instruments⁶, deposits⁷, and liabilities of the client to the entity participating in client protection based on the balance on the day when the client assets became inaccessible pursuant to Art. 82(1) of the Securities Act.
7. Values decisive for determination of the client assets value are the values on the day when the client assets became inaccessible pursuant to Art. 82(1) of the Securities Act, result from the contract between the entity participating in client protection or from special legal regulations⁸ applicable to the determination of the value of the assets. The value of the securities accepted for trading in the quoted securities market of a stock exchange⁹ is determined based on the last rate of such securities published by the stock exchange on the day when the client assets became inaccessible pursuant to Art. 82(1).
8. Unless other value of client assets or client's liability to the entity participating in client protection has been reliably substantiated, the decisive record is the record of the value of the client assets or liability from the records kept by the entity participating in client protection, unless special legislation provides otherwise¹⁰.
9. Client is also eligible to receive compensation under this Article even though client's financial instrument is not payable until the end of the period for provision of compensation to be determined pursuant to Art. 88(1) and (2) of the Securities Act. This does not apply in the event of ban on handling of the financial instrument or ban on settlement thereof under special legislation¹¹. After expiry of the ban, compensation may be provided, as the case may be, to the client or to other person if such person became entitled to client's financial instrument, or a part thereof, under decision of the competent authority.
10. The compensation does not pertain to clients which
 - a) caused the inability of the entity participating in client protection to settle liabilities to clients through their criminal activity for which they were lawfully sentenced, partially or fully, in a criminal proceeding,
 - b) acquired financial instruments and funds in connection with money laundering activity for which they were lawfully sentenced in a criminal proceeding,
 - c) are, pursuant to Art. 87(8) of the Securities Act, persons in a special relationship to the entity participating in client protection¹².

11. Compensation is not provided for the loss sustained by client as a result of changes of the market value of financial instruments and funds.

Article IV
Payment of Compensations

1. In five business days from the day when the client assets became inaccessible, the Guaranteed Fund will deliver a notice to the entity participating in client protection setting forth the date of beginning, duration, place, and procedure of payment of compensations. Such data will be published by the entity participating in client protection in nationwide press and in such entity's premises accessible to public no later than in one business day from the delivery thereof. The Guaranteed Fund may lay down in the notice the conditions, under which the compensation will be paid by a wire transfer.
2. Payment of compensations must be finished no later than in 3 months from the day when the client assets became inaccessible pursuant to Art. 82(1) of the Securities Act. In exceptional and justified cases and based on prior consent by the National Bank of Slovakia, this period may be extended by no more than three months. However, the payment of compensations must be finished no later than in one year from the day when the client assets became inaccessible.
3. The Guaranteed Fund pays out compensations for inaccessible client assets exclusively by way of an authorised bank.
4. If client has entrusted with the entity participating in client protection the assets the aggregate amount of which exceeds the cap on compensations under Art. 87(2) of the Securities Act, the compensation will be provided for financial instruments in time sequence in which they were entrusted to the entity participating in client protection to the tune as set forth under Art. 87(2) of the Securities Act, unless the Guaranteed Fund and the client agree otherwise.
5. The amount of compensation for the client assets consisting of financial instruments and funds in foreign currency will be calculated based on the reference exchange rate determined and announced by the European Central Bank or the National Bank of Slovakia on the day when the financial instruments or the funds became inaccessible pursuant to Art. 82(1) of the Securities Act.
6. If client or other entitled person could not exercise the right to compensation in the time period set forth by the Securities Act due to provable serious health condition or due to other serious reasons, the Guaranteed Fund may, based on a written application, also provide compensation after such time period, but no later than in one year from the day when the client assets became inaccessible pursuant to Art. 82(1) of the Securities Act.
7. The Guaranteed Fund will suspend payment of compensations to clients facing criminal proceeding in connection with their activity which could be associated with the inability of the entity participating in client protection to settle such entity's liabilities to clients.
8. The compensation for inaccessible client assets must not be provided or paid out if the person or the representative of the person which exercises the right to compensation for inaccessible client assets failed to meet all requirements and conditions which are required under the Securities Act and these General Conditions to review and substantiate the eligibility to the exercised right to compensation and to compensation for inaccessible client assets.
9. Client's receivable from the entity participating in client protection expires on the day of payment of the compensation for the inaccessible client assets to the extent of the compensation paid out.
10. Provision of the compensation from the Guaranteed Fund does not affect the right of the client or other entitled person to demand the entity participating in client protection under the management of which the assets became inaccessible to refund that portion of the client assets which was not refunded within the compensation scheme from the Guaranteed Fund.

**Article V
Substantiation of the Right to Compensation**

1. Client which exercises the right to compensation must provide evidence based on the type of client assets that the client is eligible to receive compensation for such client assets. Such right is substantiated by the client particularly by:
 - a) document proving eligibility for the financial instrument or funds being such document as the original or legalised copy of the contract with the entity participating in client protection, document proving acceptance of funds or financial instruments issued by the entity participating in client protection, statement of the client account concerning the funds or financial instruments issued by a person participating in client protection; or
 - b) ruling of the competent authority.
2. Natural person exercising this right to compensation proves his/her identity by:
 - a) a valid identity card; or
 - b) a valid passport, diplomatic passport, service passport and, where aliens are concerned, then by a residence permit of an alien in the Slovak Republic.
3. Legal entity exercising this right to compensation proves their identity by:
 - a) extract from official records or official registry with which the entity is incorporated, and such extract must not be older than one month before the right to compensation is exercised;
 - b) in the event that the document under a) does not clearly provide who is authorised to act on behalf of the legal entity, also the document or legalised copy of the document clearly providing who is authorised to act on behalf of the legal entity - statutory body must be presented.
4. If a representative acts on behalf of the client, the representative is requested to present a document, or a legalised copy thereof, authorising such representation. In the event of a representative of the legal entity, such document must contain an authenticated signature of the statutory body of such legal entity. The representative is also obligated to prove his/her identity using document under 2 of this Article.
5. If proxy acts on behalf of the natural person, representative, or legal entity, such proxy is also obliged to present in addition to the document under 2 through 4 the written power of attorney with authenticated signature of the principal.

**Article VI
Personal Data**

1. The person and the representative of the person which exercises the right to compensation for inaccessible client assets are, within substantiation of compliance with the requirements and conditions under Article V, obliged to provide and allow the Guaranteed Fund to obtain, by way of copying, scanning, or other reproduction,
 - a) personal data concerning the identity from the identity card in the extent: portrait, degree, name, surname, maiden name, personal identification number, date of birth, place and country of birth, permanent address, temporary address, record of legal capability restrictions, type and number of identity document, issuing authority, date issued and expiry of the identity document, if natural person is concerned;
 - b) identification data to the extent as set forth under Art. 81(5)(a) indent two of the Securities Act, if legal entity is concerned;
 - c) contact phone number, fax number, and e-mail address, if any;

- d) documents and data concerning the client assets and other receivables from and liabilities to an entity participating in the protection of clients with inaccessible client assets, concerning authority of the representative to represent, and concerning compliance with other requirements and conditions which are required to assess and substantiate the eligibility to exercise the right to compensation and to the provision of compensation for inaccessible client assets.
2. Handling of the personal data provided to the Guaranteed Fund is subject to Art. 89(6) of the Securities Act and the provisions of special legislation¹³.

**Article VII
Objections and Disputes**

1. Each client which exercises the right to compensation from the Guaranteed Fund may give a written notice to the Guaranteed Fund laying down objections drawing attention to incorrect procedure applied in compensation payment scheme. The notice must be delivered either by personal delivery or registered mail to the registered office of the Guaranteed Fund. The notice must state the person who gives it, the entity participating in client protection against which it is given, truthful description of the state of facts, evidence the claimant calls for, and copies of documentary evidence. The notice must clearly state what the claimant demands.
2. The Guaranteed Fund will decide the objections delivered in 30 days, and in particularly difficult events usually in 60 days from the day of their delivery to the Guaranteed Fund.
3. The decision by the Guaranteed Fund concerning the objection is without prejudice to client's right to pursue the rights under legal regulations of binding force.
4. Disputes connected with compensations for inaccessible client assets and the payment thereof are adjudicated by courts.

**Article VIII
Final Provisions**

1. Relations not treated under these General Conditions and the relations arising out of these General Conditions are governed by the provisions of the Securities Act.

RNDr. Miron Zelina, CSc.
Chairman of the GIF Board

RNDr. František Szulényi
Vice Chairman of the GIF Board

The resolution by the Guaranteed Investment Fund Board approving the General Conditions for Payment of Compensations for Inaccessible Client Assets with securities dealers was adopted by the Guaranteed Investment Fund Board on 13 March 2003. Amendments to these conditions as laid down in the amendments approved by the Guaranteed Investment Fund Board on 17 December 2008 were approved by the Guaranteed Investment Fund Board on 29 April 2011.

The decision by the Financial Market Authority granting prior consent to the Guaranteed Investment Fund to the issue of the General Conditions for Payment of Compensations for Inaccessible Assets was issued by the authority on 4 June 2003 under the ref. GRUFT_001/2003/GFI. The decision was delivered to the Guaranteed Investment Fund on 5 June 2003. The National Bank of Slovakia granted a prior consent by virtue of the Decision No. OPK-1441-1/2009 which came to force on 20 February 2009 and the Decision No. ODT - 6705/2011 which came to force on 3 June 2011.

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- 1 Art. 11 and 75 of Act No. 594/2003 Coll. on collective investment and on supplements and amendments to certain laws as amended
 - 2 Foundations, non-investment funds, non-profit organisations providing services of general utility, civic associations, or associations of owners of residential and non-residential premises, and legal entities which are not covered by the exception under Art. 81(1)(c) of the Securities Act.
 - 3 The protection does not apply to the assets of banks, insurance companies, supplementary pension management companies, management companies including securities dealers, central depository, stock exchanges, post office, legal entities operating lottery or other similar games, legal entities which must have the financial statement audited by auditor as set forth in the accounting act, etc.
 - 4 Act No. 118/1996 Coll. of the National Council of the Slovak Republic on deposit protection, as amended.
 - 5 Act No. 7/2005 Coll. on bankruptcy and restructuring and on a change and amendment to certain acts as amended.
 - 6 E.g. Art. 23 of Act No. 530/1990 Coll. on bonds as amended.
 - 7 Art. 5(a) of Act 483/2001 Coll. on banks and supplementing and amending certain laws as amended, Art. 397 of Act 513/1991 Coll., Commercial Code, as amended
 - 8 E.g. Act No. 431/2002 Coll. on accounting as amended, Notice No. 3/2009 of the NBS concerning the method of establishing the value of assets in a mutual fund
 - 9 Art. 22 and 22a of Act No. 429/2002 Coll. on stock exchange as amended
 - 10 Art. 781(2) of Act No. 40/1964 Coll., Civil Code, as amended.
 - 11 E.g. Art. 76(1)(e), Art. 175e(1) and (2), Art. 305(b) of Act No. 99/1963 Coll., Civil Procedure Code, as amended
 - 12 E.g. members of dealer's statutory body, dealer's managing employees, members of dealer's supervisory board, legal entities or natural persons exercising control over the dealer, auditor.
E.g. Act No. 428/2002 Coll. on personal data protection, as amended.

Source: <http://www.garancnyfond.sk/domain/garancnyfond/files/vpvn2011.pdf>