

OVERVIEW OF BROKER CONSULTING, A. S. PRE-CONTRACT INFORMATION

INTRODUCTION

This document contains a list of pre-contract information designated for the clients of Broker Consulting, a. s. The document is divided into sections, with “General Information” applicable to all clients of the company, and the following sections about insurance, consumer credit, investments, supplementary pension savings and real estate transactions applicable to clients involved in negotiations about the specific individual product type.

Specific pre-contract information for each individual product type is customarily included with contractual documents, and the client shall receive said information depending on the selected product together with the draft contract, well in advance before closing on the contract.

The client can choose how he/she would like to receive the pre-contract information: either as a paper document, saved on another permanent media type or via the website. The form of receipt of the pre-contract information has been preselected in the Client Profile document to be via the website. The client may request that their consultant – Broker Consulting, a.s. co-operator provide said information as a printed document as well.

GENERAL INFORMATION

1 | About the Company

Broker Consulting, a. s., Jiráskovo náměstí 2684/2, Východní Předměstí, 326 00 Plzeň, registered with the Regional Court in Plzeň, File Reference B 1121, ID No.: 25221736, Tel.: 800 800 080, E-mail: info@bcas.cz, website: www.bcas.cz (hereinafter also referred to as “BC” or the “Company” only), is registered as an investment intermediary, independent supplementary pension savings intermediary, independent insurance or reinsurance intermediary, and independent consumer credit intermediary. This registration information may be verified with the Czech National Bank, Na Příkopě 28, 115 03 Praha 1, website: www.cnb.cz (hereinafter also referred to as “CNB” only), and on the following website:

https://apl.cnb.cz/apljrrsdad/JERRS.WEB07.INTRO_PAGE?p_lang=cz

The authorization of each individual Company co-operator in their position as a tied agent may be verified with the CNB or on the following website:

https://apl.cnb.cz/apljrrsdad/JERRS.WEB07.INTRO_PAGE?p_lang=cz.

The above websites have an option to search for any registration by inserting the company ID number (Registration No.), or potentially the name of the company – see the previous subsection. An easy way to search for the license of an individual co-operator is by entering the co-operator’s ID number (Registration No.) or the first and last name of the co-operator in question.

2 | Complaint Process

Any potential complaints resulting from the business activity of Broker Consulting, a. s. or its co-operators – tied agents, or its employees, may be lodged pursuant to the Complaint Resolution Procedure published on the company website, www.bcas.cz:

https://www.bcas.cz/wp-content/uploads/2020/12/Reklamacni_rad_finance_20-01.pdf,

Where the time limit for the resolution of a complaint is 30 days from the delivery of any such complaint within the meaning of the Complaint Resolution Procedure.

Should the client be dissatisfied with the way the Company resolved the complaint, the client has the option:

- To recourse with their motion to an out-of-court dispute settlement institution – The Office of Financial Arbitrator, Tel.: 257 042 094, Legerova 69, Praha 1, 110 00, www.finarbitr.cz, which predominantly settles disputes regarding life insurance, investments and consumer credit;
- Regarding issues with insurance other than life insurance, proceedings can be initiated with the Czech Trade Inspection Authority (CTIA), Tel.: 296 366 360, Štěpánská 15, Praha 2, 120 00, www.coi.cz;
- File a complaint with a competent court.

Other authorities competent to resolve complaints are:

- The Ethical Committee of the Czech Association of Financial Counselling and Intermediary Companies (ČASF-ČR in Czech), Tel.: 221 628 507-8, Španělská 2, 120 00 Praha 2, www.casfpz.cz;
- The Czech National Bank (CNB), Tel.: 224 411 111, Na Příkopě 28, Praha 1, 115 03, <https://www.cnb.cz/cs/verejnost/kontakty/formular-podani-dotazu-podnetu-upozorneni/index.html>;
- The Czech National Bank is the supervisory body for issues related to distribution of financial products.

3 | Personal Data Processing

Broker Consulting, a. s. processes its clients' personal data primarily for the purposes of performing contracts for the financial services it intermediates, or potentially for the purposes of offering new products. The manner, purposes and conditions of personal data processing are explained in detail in the document titled Information about the Processing of Personal Data of Clients of Broker Consulting, a. s., the updated version of which can be found on the www.bcas.cz website:

https://www.bcas.cz/wp-content/uploads/2019/08/Informace_o_zpracovani_osobnich_udaju_klientu_BC_19-02.pdf,

And it is also available at all Broker Consulting, a. s. business locations.

4 | Legitimation of Proceeds of Crime and Financing of Terrorism

Pursuant to Act No. 253/2008 Coll., on Certain Measures against the Legitimation of Proceeds of Crime and Financing of Terrorism (hereinafter referred to as the "AML Act" only), Broker Company, a.s. is an obligated person. As such, it is obligated to verify the identity of and perform a check of all its clients. The company complies with said obligation primarily by having clients fill out the AML Questionnaire, and update it as appropriate.

5 | Client Portal

Our clients can easily set up their own client portal accounts at www.tvujbroker.cz and gain complete access to their contracts. Here, among other things, the clients will find an electronic copy of their own Financial Plan (it will be made available no later than 90 days following the signing of the Meeting Record), based on which the intermediary made appropriate recommendations with regards to personal lines insurance, investment products, pension products and mortgage credit, as well as other useful documents.

To request assistance in setting up access to the client portal, clients can contact their respective consultants – co-operators of Broker Consulting, a. s., our Company business location, or reach out to our Customer Care Line at 800 800 080.

6 | Guidance for Remote Communication, if Applicable

Within the meaning of the applicable legal regulations and as a general rule, the intermediation of contracts as such is preceded by a preliminary phase which primarily comprises of determining the client's requirements and needs, followed by presenting the client with a solution and providing the client with all the necessary information well in advance. This phase can take place during an in person meeting, over the telephone, via E-mails or using another method of remote

communication. In the case of investment services, all of the above is handled solely and exclusively in person, via E-mails, or alternatively via a monitored telephone line designated for investment services.

7 | Guidance for Remote Contract Intermediation, if Applicable

The company usually intermediates contracts during in person meetings with a client. If the contract is being signed virtually, the SMS/E-mail form of signature may be used, or a payment of the written premium may be submitted (especially with certain types of non-life insurance contracts). This type of signature may, however, be used during in person communication as well. Any contract entered into as part of a remote transaction or any contract entered into outside of premises customarily used for conducting business (as provided for by Section 1828 (2) of Act No. 89/2012 Coll., Civil Code, as amended) may be withdrawn from by a consumer without stating a reason within 14 days from the date of its conclusion or from the date the terms and conditions of the contract in question were communicated to the consumer. In order to adhere to the notice period deadline, mailing contract termination notice before the applicable deadline shall be considered sufficient.

To exercise the right to withdraw from a contract, the client must inform all contractual parties about his/her decision to withdraw from the contract in question in the form of an unequivocal statement (e.g. a letter mailed using a postal service provider or an E-mail). A contract termination template form can be used (as provided for by Section 1820 (1) (f) of Act No. 89/2012 Coll., Civil Code, as amended; a template may be used in accordance with the Government Decree No. 363/2013 Coll., on Model Instruction about the Right to Withdraw from Distance or Off-Premises Contracts, and the Template Form for the Withdrawal from Such Contracts, from October 30, 2013), however the consumer is not obligated to use one.

The consumer has the right to withdraw from a contract for life insurance or supplementary pension savings within a period of 30 days. To withdraw from the contract, it shall be considered sufficient for the consumer to send a contract termination notice to the address of the registered office of the financial institution the contract with which is being intermediated to the consumer.

Should a consumer withdraw from an insurance policy that was taken out remotely, the liabilities arising from the insurance policy shall be settled pursuant to Section 2808 (5) of Act No. 89/2012 Coll., Civil Code, as amended, "that is to say, the insurer shall, without undue delay and no later than within 30 days from the date the withdrawal from the contract became effective, refund the insurance premium paid; at the same time, the insurer has the right to decrease the refund by the amount of insurance benefits already paid out. If, however, the amount of insurance benefits already paid out exceed the amount of insurance premium paid by the client, then the policy holder, or the insured or the beneficiary, as the case may be, shall refund the to the insurer any amount of benefits already paid out to him/her that exceeds the amount of the insurance premium paid." The contract termination notice must be made out in writing and mailed to the registered office address of the insurer.

8 | General Legal Information

The foundation adopted by Broker Consulting, a. s. for establishing consumer relations before entering into a contract is formed by the legislation of the Czech Republic, and the law of the Czech Republic shall be considered the governing law. Any potential disputes shall be settled pursuant to the applicable law of the Czech Republic and by the competent courts in the Czech Republic. Broker Consulting, a. s. conducts business and provides consumers with information and contract terms and conditions in the Czech language.

9 | Conflicts of Interests, Inducements and Remuneration Method

While Broker Consulting, a. s. and its co-operators are remunerated for the services they provide solely by receiving commissions from the stock brokers, investment companies, insurance companies or other institutions on the financial market, this service is offered free of charge to the clients. All costs associated with the distribution of financial products are included in the total cost of these products. The client may request information, which the Company shall provide, about

the character and amount of commission the Company shall receive in connection with the intermediation or the modification of a specific product of that client. More information about the remuneration method and any conflict of interests can be found on www.bcas.cz, in the document titled Information Regarding Inducements Associated with the Provision of Services by Broker Consulting, a. s.:

https://www.bcas.cz/wp-content/uploads/2021/07/Informace-o-pobidkach_Broker-Consulting_21-01.pdf

10 | Information in Compliance with Regulation (EU) 2019/2088 on Sustainability-Related Disclosures in the Financial Services Sector – SFDR (Sustainable Finance Disclosure Regulation)

Pursuant to Regulation (EU) 2019/2088 on Sustainability-Related Disclosures in the Financial Services Sector, Broker Consulting, a. s. hereby informs that when providing financial services in the area of investment counselling and insurance counselling related to insurance-based investment products, the Company currently does not take into consideration main adverse sustainability impacts. Likewise, it does not take the above mentioned matters into consideration when determining the remuneration policy.

SPECIFIC INFORMATION FOR THE INTERMEDIATION OF INSURANCE, INVESTMENTS, CREDIT AND SUPPLEMENTARY PENSION SAVINGS

1 | Insurance

Broker Consulting, a. s. provides intermediary services in the insurance sector as an independent intermediary and through its tied agents for more than one insurance company, the list of which is available for viewing on the Company website at www.bcas.cz, or it can be provided to the client upon request. The main partners of the Company include the following insurance companies: Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group; AXA životní pojišťovna a.s.; Allianz pojišťovna, a.s.; NN Životní pojišťovna N.V., pobočka pro Českou republiku; MetLife Europe Limited, pobočka pro Českou republiku; UNIQA pojišťovna, a.s.; Kooperativa pojišťovna, a.s., Vienna Insurance Group, and other insurance companies. The list of insurance companies the Company intermediates insurance contracts for can be verified with the CNB, or on the following website:

https://apl.cnb.cz/apljersdad/JERRS.WEB07.INTRO_PAGE?p_lang=cz.

Broker Consulting, a. s. does not have any direct or indirect share in the voting power or the registered capital of the insurance companies the products of which it intermediates. Equally, none of the insurance companies in question or their controlling bodies has any direct or indirect share in the voting power or the registered capital of Broker Consulting, a. s.

The Company intermediates taking out life and non-life insurance policies. A special type of life insurance is life insurance with an investment component, which is unique in allowing the written premium to be turned into a capital reserve, which may be fully or partially paid out to the beneficiary. As part of the insurance intermediation services, the Company provides the clients with recommendations within the meaning of Section 77 of Act No. 170/2018 Coll., on the Distribution of Insurance and Reinsurance, unless an insurance policy with an investment component is being taken out or a significant change is being made to it, which requires intermediation in the form of advice in accordance with Section 78 of Act No. 170/2018 Coll., on the Distribution of Insurance and Reinsurance. Within the meaning of the above specified statutory provision, a recommendation is a service based on information provided by the client with respect to the client's requirements, goals and needs. Based on the acquired information, the insurance intermediary shall provide the client with a recommendation, which leaves the client with the decision whether or not to take out or make significant changes to the insurance policy. Within the meaning of the above specified statutory provision, extending advice is a service based on an analysis of requirements, goals and needs provided by the client, risks the client may be exposed to during the term of the insurance, the client's financial situation, the client's know-how and expertise in the investment sector, the client's risk tolerance and the client's ability to bear loss, the client's legal relations with respect to other products on the financial market, and a selection from a sufficient number of suitable insurance products that the particular insurance intermediary is authorized to distribute.

Broker Consulting, a. s. intermediates insurance policies as an independent intermediary and is properly authorized to do so pursuant to Sections 7 – 11 of the above specified Act; to perform its business activity the Company enters into a contract with the insurance company the form of which has to be in writing; it acts on behalf and for the account of more than one insurance company (without limitation of any kind). An independent intermediary and its tied agent are not remunerated by the client, but instead by the insurance company on behalf of which and on the account of which it acts.

If Broker Consulting, a. s. is acting by virtue of a contract with a client, and a certain obligation arises for the client from said contract, BC is liable to inform the client of any such fact and upon request provide the client with a copy of such contract.

Within the intermediation process, the Company co-operator acts in the role of a tied agent and his/her authorization is governed by Sections 15 – 23 of the above specified Act. Pursuant to this Act, the co-operator is liable to carry out his/her activity based on a written contract on behalf and for the account of BC, and he/she is not authorized to collect premiums or intermediate the pay out of insurance benefits.

If insurance with investment component is being intermediated in the form of advice, the tied agent/BC proceed primarily from information provided by the client and recorded on relevant documents, which include the Client Profile, the Meeting Record, and an attachment to the Meeting Record, Arrangement/Significant Change of Insurance with Investment Component. Should the client fail to provide sufficient information regarding his/her requirements, goals, needs, risks that the client may be exposed to during the term of the insurance policy, his/her financial situation, know-how and expertise in the investment sector, risk tolerance and his/her ability to bear loss, client's legal relations with respect to other products on the financial market, the tied agent/BC is unable to determine whether the proposed product is suitable for the individual client.

2 | Consumer Credit

BC conducts its business as an independent consumer credit intermediary, and also through its tied agents. As such, it is authorized to intermediate primarily consumer credits specified in Section 2 of Act No. 257/2016 Coll., on Consumer Credit (hereinafter referred to as "CC Act" only). Consumer credit is a deferred payment, monetary loan, credit or a similar financial service provided to or intermediated for the consumer.

As an independent intermediary of consumer credit, BC cooperates primarily with the following financial institutions that grant credit: Hypoteční banka, a. s., Raiffeisenbank a. s., Komerční banka, a. s., Česká spořitelna, a. s., Sberbank CZ, a. s., UniCredit Bank Czech Republic, a. s., Wüstenrot hypoteční banka a. s., mBank S.A., organizační složka, Raiffeisen stavební spořitelna, a. s., ProCredia, a. s., Stavební spořitelna České spořitelny, a. s., Moneta - stavební spořitelna a. s., and other institutions the list of which is available on the Company website. The list of financial institutions for which Broker Consulting, a. s. intermediates consumer credit may be verified with CNB, or on the following website:

https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO_PAGE?p_lang=cz.

As an independent intermediary of consumer credit, BC does not intermediate consumer credit products as an independent person. An independent person with regard to intermediating consumer credit is only such intermediary who considers consumer credit products offered by the majority of consumer credit providers on the market and who ensures that the system of remuneration of its employees and its intermediaries with their employees does not negatively affect their ability to act in the consumers' best interest, especially that it does not depend on their sales goals.

BC intermediates consumer products not by providing advice, but instead a recommendation. As a result, an analysis of the client's financial situation is not performed. Extending advice is a service that involves an analysis of the client's financial situation, his/her requirements, goals and needs that is based on current information, as well as risks the client may be exposed to during the term of the consumer credit, and the selection from a sufficient number of suitable consumer credit products available on the market. When providing advice, the intermediary is liable to inform the client which products offered by which provides the selection, as defined in the previous sentence, is based upon. When receiving advice, the client shall receive a record of the advice they were provided either as a paper document or saved on another permanent media type, which includes the client's requirements, goals and needs related to the customer credit in question,

reasons for the intermediary to extend this particular advice with respect to securing a suitable consumer credit contract or significantly changing the obligation arising from such contract, explanation of what effect the signing of the particular consumer credit contract or making a significant change to an obligation arising from such contract may have on the client, including related risks and an analysis based on the above specified data.

A tied agent is not remunerated by a client, but instead by the financial institution that provides the credit and on behalf and for the account of which he/she acts. BC may not simultaneously receive compensation or an inducement from a client and the provider or a third party. The client has the right to request information about the amount of commission the intermediary receives with respect to intermediating mortgage consumer credit from each individual provider the consumer credit of which the intermediary intermediates.

When intermediating consumer credit, tying the closing of a contract for the intermediation of consumer credit to any other additional service is prohibited.

In providing the consumer credit intermediary service, BC also cooperates with ProCredia, which is aimed at extending credit to high-risk clients who have a hard time obtaining financing from traditional banks. ProCredia's target market is constituted by clients who institutions with banking licence are unwilling or unable to grant credit to. For this reason, the consumer and commercial credit (hereinafter referred to as "Credit" only) from ProCredia, a. s., Jiráskovo nám. 2684/2, 326 00 Plzeň, ID No.: 027 12 482 (hereinafter referred to as "ProCredia" only) cannot be directly replaced by another similar product offered by BC (in the position of credit intermediary). Regardless, the client understands that in terms of ProCredia credit intermediation they were informed that a potential conflict of interests may exist, consisting in personnel interconnection – a member of the supervisory body of BC is concurrently a member of the statutory body of ProCredia. The aforementioned conflict of interests is handled in line with the legislation, as well as with the in-house rules on the Company's conflict of interests. Further information about the conflict of interests may be found at www.bcas.cz:

https://www.bcas.cz/wp-content/uploads/2021/07/Informace-o-pobidkach_Broker-Consulting_21-01.pdf

3 | Investments and Supplementary Pension Savings

A tied agent of the investment intermediary, i.e. a tied agent of Broker Consulting, a. s. (hereinafter referred to as "Tied Agent" only) is authorized to primarily intermediate services specified in Section 4 (2) of Act No. 256/2004 Coll., on Capital Market Undertaking (hereinafter referred to as "CMU Act" only), specifically under Item a) Receiving and conveying instructions related to investment instruments, or Item e) Investment counselling related to investment instruments, and only with respect to the following products listed in Section 29 (3) of the CMU Act. These instruments are collective investment securities issued by collective investment funds or comparable foreign investment funds, collective investment securities issued by funds of qualified investors or by comparable foreign investment funds, bonds issued by the Czech Republic, letters of lien and mortgage bonds which had a prospectus or a comparable document issued for it.

A Tied Agent is not authorized to provide investment services particularly with respect to the following investment instruments: shares of specific companies, bonds issued without prospectus or another comparable document, commodities, and crypto currencies.

A Tied Agent provides the client with an investment counselling service and in doing so the Tied Agent is liable to act in the best interest of the client. The foundation for such conduct is in the so called suitability assessment, during which information about the client is collected and based on that an assessment is made as to the suitability of the respective investment product. This information is not only collected when taking out an investment product, but also during the decision making process about whether to keep it or sell it. The Tied Agent shall inform the client about the importance of receiving complete and accurate information about the client's know-how, experience, financial resources and investment goals. The Tied Agent shall explain all unknown terms related to investments, especially the term of investment risk and its relation to return on investment for the purpose of determining the client's risk tolerance in order to be able to recommend a suitable investment product.

The Client is offered a limited number of products offered by investment companies or stock brokers, based on the recommendation by the Tied Agent. The limited assortment is related not only to investment instruments issued or created by the Company, persons closely interconnected with it, or other persons whose legal or economic relations with it are so close that they represent a risk for interfering with the independence of the investment counselling provided. The Tied Agent does not provide his/her service independently, and he/she shall regularly carry out an assessment as prescribed in Section 15 (2) of the CMU Act with respect to investment instruments that he/she recommends or offers to the client. The provided investment counselling shall reflect the client's financial resources, their requirements, preferences, needs and goals. The amount of a Tied Agent's remuneration may be different when investment services are provided over the phone from when the investment services are provided in person.

Among the leading partners of Broker Consulting, a.s. are: Conseq Investment Management, a. s., Amundi Czech Republic Asset Management, a. s., Generali Investments CEE, investiční společnost, a. s., Investika, investiční společnost, a. s., Broker Consulting SICAV, a.s., and other institutions, the list of which is available on the Company website.

Under the Section 15a Paragraph 5 of the Act No. 256/2004 Coll., on Capital Market Business, a client shall be, upon his/her request, provided with the records and documents referring to the investment services including the records of phone calls, electronic and paper documentation.

Information about Conflict of Interest: Considering that Broker Consulting, a. s. provides its services to a broad spectrum of clients, while at the same time cooperating with a wide range of other persons, be it Tied Agents, stock brokers or investment companies, completely eliminating the threat of potential conflict of interest is not always possible. In this document, Broker Consulting, a. s. puts forward an overview of measures adopted to minimize risks arising from potential conflict of interests. Upon the clients' request, Broker Consulting, a. s. is ready to provide detailed information related to this issue. Broker Consulting, a. s. makes great effort to identify all areas where there is a potential for conflict of interest to arise. In particular, those include:

- Relationships between Broker Consulting, a. s. (i.e. its management, shareholders/partners and employees) on the one hand, and its clients on the other hand;
- Personal relationships among management and employees of Broker Consulting, a. s.;
- Mutual relationships among clients of Broker Consulting, a. s.;
- Relationships between business transactions carried out by Broker Consulting, a. s.

In general, the situations involved are ones where the management or an employee of Broker Consulting, a. s. has interest in the outcome of the service provided to the client, which is different from the client's interest in the outcome from the service received, where the management or an employee of Broker Consulting, a. s. may gain financial profit or avoid financial loss at the expense of the client, has the motivation to put the interests of one client before the interests of another client, pursues the same business activity as the client (i.e. their relationship is that of competition) etc. The measures adopted to minimize risks arising from potential conflict of interest so as not to put at risk the interest of the clients of Broker Consulting, a. s. comprise especially the following:

- Organizational and administrative procedures ensuring the separation of business transactions that could potentially lead to conflict of interest, and keeping any potentially sensitive activities confidential;
- Internal guidelines ensuring that Broker Consulting, a. s. employees and their next of kin cannot personally profit from the performed activities at the expense of the client;
- Internal guidelines requiring that Tied Agents at all times and under all circumstances process their clients' business affairs exclusively for the benefit of the clients;
- Broker Consulting, a. s. Code of Conduct which, among other things, requires that all employees act impartially and in the interest of the clients;
- Rules for the employees when dealing with investment instruments for their own account or for the account of their next of kin;

- Rules for handling internal information;
- Rules of conduct with respect to customers/clients;
- Employee training related to the above listed requirements.

More detailed information on the conflict of interests is available at www.bcas.cz, in a document titled Information regarding inducements associated with the provision of services by Broker Consulting a.s.:

https://www.bcas.cz/wp-content/uploads/2021/07/Informace-o-pobidkach_Broker-Consulting_21-01.pdf

Notice of general risks associated with investments and information about guarantee systems: Broker Consulting, a. s. hereby informs its potential and current clients that, pursuant to the CMU Act and Decree No. 308/2017 Coll., on the More Detailed Regulation of Certain Rules in the Provision of Investment Services, of the following observations pointing out the general risks associated with investments and information about guarantee systems:

I. Investing in securities or collective investment securities is associated with the following major risks:

- a) Investment carries a value fluctuation risk.
- b) Past profit is not a guarantee for any future profit.
- c) The return on originally invested resources is generally not guaranteed.

II. Basic types of risk:

a) Currency risk

Investment instruments denominated in foreign currencies are subject to fluctuations arising from changes in exchange rates, which may have both positive and negative impact on their exchange rates, prices, appreciation or profits derived from them in other currencies, or on any of their other parameters.

b) Market risk

This type of risk involves the probability of the investment instrument's market price change due to one of the market factors that include: interest rate, exchange rate, price of underlying assets etc. Market risk may cause an increase or decrease in the value of investment in the investment instruments. Therefore, the return on investment of the invested funds is not guaranteed.

c) Credit risk

Credit risk involves the risk of the investment instrument issuer not fulfilling their obligations towards the owners of these investment instruments. This primarily applies to bonds and similar investment instruments, such as secured mutual funds.

d) Liquidity risk

The availability or negotiability of investment instruments may differ over time. Therefore, it may become difficult to sell or purchase a certain type of investment instrument in line with the parameters specified in the instruction. For investments into investment instruments that are not traded on regulated markets, a risk must be taken into consideration that the exchange may be negatively affected by low liquidity, or potentially that it may not be possible to sell or purchase the particular investment instrument at the selected point in time. However, this risk does not apply to investments into investment certificates of open-end mutual funds.

e) Operational risk

Operational risk involves unexpected failures in the market infrastructure while trading with investment instruments, especially a failure to timely or duly deliver investment instruments or financial resources.

f) Interest rate risk

Interest rate risk involves the probability of the investment instrument market value changing in dependence on the change in interest rates. Trading involving debt securities is especially vulnerable to interest rate risk, as their price fluctuates in indirect proportion to the fluctuation of the interest rates.

g) Legal risk

Legal risk arises from different legal regulations governing trading on the financial market and investor protection when trading with investment instruments on foreign markets.

III. Guarantee systems:

a) For investments in securities through a stock broker (hereinafter referred to as "SB" only) legal regulations apply requiring insurance of the value of the client's invested assets in case the SB is unable, due to its financial situation, to fulfil its obligations towards the assets of its clients, or in case a court declares the SB bankrupt. Czech SBs are subject to legal regulation outlined in the CMU Act. However, with respect to foreign SBs, different guarantee systems may apply to them as well, that may be consistent with the legal regulations governing banking institutions in the particular state or with other legal standards. Details are usually specified in the business terms and conditions of any such SB.

b) For investments in mutual funds operated by an investment company no guarantee fund or any other similar system exist that would insure the value of the client's invested assets.

Warning: Return on investment is generally not guaranteed, all investments carry some degree of risk. High profit represents higher risk; low profit does not always guarantee lower risk. Past profits do not guarantee future profits.

SUPPLEMENTARY PENSION SAVINGS

BC conducts its business activity as an independent intermediary of supplementary pension savings through Tied Agents. As such, pursuant to Act No. 427/2011 Coll., on Supplementary Pension Savings (hereinafter referred to as "SPS Act" only) it is authorized to intermediate supplementary pension savings.

As an independent supplementary pension savings intermediary, BC cooperates in particular with the following pension companies: Allianz penzijní společnost, a.s., AXA penzijní společnost a.s., Conseq penzijní společnost, a.s., Česká spořitelna - penzijní společnost, a.s., ČSOB Penzijní společnost, a. s., member of the ČSOB Group, Generali penzijní společnost, a.s., KB Penzijní společnost, a.s., NN Penzijní společnost, a.s., and other institutions the complete list of which is available on the Company website. The list of pension companies which Broker Consulting, a. s. intermediates supplementary pension savings for may be verified with the CNB, or on the following website:

https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO_PAGE?p_lang=cz.

Pension companies collect contributions from individual participants, from employers, and state contributions with the objective of placing them into participation funds, management of assets in the participation funds, and disbursing supplementary pension savings benefit payments in accordance with the SPS Act.

Supplementary pension savings (hereinafter also referred to as "SPS" only) is a financial product that is created by signing a SPS Contract by and between the pension company and the prospective client or the participant, as the case may be, the business end of which is:

- Long term accumulation of financial resources from the participating individual and from the state, or potentially from third parties, for the benefit of the participant;
- Management of said resources in participation funds;
- Disbursing SPS benefits by the pension company in accordance with the law, the SPS Contract and the particular participation fund statute.

A SPS participant may be a natural person who is, however, not simultaneously a participant in supplementary pension insurance in a transformed fund (i.e. does not have a Contract closed before December 1, 2012). The state supports the SPS by providing state contributions based on the monthly amount of the individual SPS participant's contribution and possible income tax relief. Employer contributions made to an employee's SPS at the statutory rate are not subject to health or social security insurance deductions either on the part of the employer or the participant. Equally, employer contributions at the statutory rate are not subject to income tax on the part of the participant. Business activities of pension companies in the field of SPS, similar to those of an independent intermediary of SPS, are subject to supervision by the Czech National Bank. The provision of state contributions is supervised by the Ministry of Finance of the Czech Republic.

SPS is an investment by nature, and as such it involves risks that were covered in the previous section above. They primarily include the following risks: the value of the portfolio, as well as the individual investment instruments can either grow or decrease over time, and the return of the originally invested amount is not guaranteed. Data about past profits cannot be considered an indicator of their future development. A detailed description of risks associated with an individual participation fund can be found in the statutes for each individual participation fund. A standard risk profile and a list of major risks determining this profile is also recorded in the communication of key information about participation funds.

Warning: Return on investment is generally not guaranteed, all investments carry some degree of risk. High profit represents higher risk; low profit does not always guarantee lower risk. Past profits do not guarantee future profits.

Assets placed in participation funds are neither statutorily insured, nor are they subject to any form of guarantee system. The return on investment invested as part of SPS is not guaranteed. The guarantee of return on invested resources by the fund maturity date can be modified in the participation fund statutes. However, the assets of the participants are separated from the assets of the given pension company both in the books and in reality, and any credit event, financial insolvency or any other financial difficulties of the individual pension company shall not directly affect the assets of the participation funds. Participants' funds are kept in separate accounts managed by a depository, and any and all activity of the pension company is subject to supervision by an independent depository.

The recommendation of a savings strategy is always based on the requirements and needs of the interested person. First, an investment questionnaire of the pension company in question is filled out with the person with potential interest in the SPS. This questionnaire is used to collect essential information about the know-how and experience of the interested individual in the area of finances, about their know-how and experience with investment instruments which the participation funds invest in, about the individual's tolerance and preferences with respect to investment risk. Additionally, we inquire about the individual's goals and preferences with respect to the savings strategy. The outcome of the investment questionnaire is an investment profile. Filling out the investment questionnaire is voluntary. Should the interested person refuse to fill out the investment questionnaire, the Company shall be unable to provide a well-founded recommendation. Should the interested person refuse the strategy offered to them, they shall be able to manage the distribution of their financial resources in the funds on their own. However, in such case they must take into consideration that any choice they make that does not correspond with the recommended savings strategy does not necessarily have to be consistent with their goals, know-how and experience, and potentially their risk tolerance.

The assets structure within participation funds is defined by the SPS Act, and for each participation fund it is further provided for in the relevant statute of the participation fund. Pension companies usually provide the following SPS benefits:

- a) Retirement pension for a set period;
- b) Disability pension for a set period;
- c) One-off settlement;
- d) Surrender value;
- e) Single premium payment for pension for life;
- f) Single premium payment for pension for a set period with firmly set pension amount.

Taxes paid through pension companies:

Manner of Expiration	Contribution made by			Profits
	Participant	State	Employer	
Retirement pension for a set period	0 %	0 %	0 %	15 %*
Disability pension for a set period	0 %	0 %	0 %	0 %
One-off settlement to participant or designated beneficiary	0 %	0 %	15 %	15 %
One-off settlement to heir	0 %	0 %	0 %	0 %
Surrender value to participant or designated beneficiary	0 %	shall return	15 %	15 %
Surrender value to heir	0 %	shall return	0 %	0 %

* Retirement pension for a set period of 10 + years is subject to tax exemption.

By signing the SPS Contract, the pension company undertakes to collect and manage the participant's resources in the participation fund or in several participation funds as set forth in the SPS Contract and by the contracted savings strategy, and disburse benefits to the participant under the conditions and in the manner specified in the SPS Contract. The participant is liable to pay his/her contribution under the conditions, in the amount and in the manner defined in the SPS Contract. Business Terms and Conditions for the SPS form an integral part of the SPS Contract, regulating mainly the rules for the provision of this product. The participant may withdraw from the SPS at any time in writing. In the SPS Contract the participant shall set the manner and amount of his/her contribution, and potentially of the employer's contribution, as well as the savings strategy, which can usually be the life-cycle strategy or an individually set strategy. The participant has the right to change the savings strategy later on. In the SPS Contract the participant shall also be able to designate one or more natural persons who in the case of the participant's death will become entitled to a one-off settlement or a surrender value payment. The participation fund statute contains information about the participation fund's manner of investment and other information essential for the interested person/participant to be able to accurately and correctly assess his/her decision about placing his/her financial resources into the particular participation fund. The participation fund statute also particularly explains the risks associated with the SPS, and regulates the time limits for asset valuation in the participation fund. Transfer of participant's financial resources to another participation fund managed by the same pension company, or the transfer of any and all financial resources of the participant to another pension company are usually free of charge if the participant had a portion or all of his/her financial resources placed in a participation fund in the statute of which changes were made with respect to making investments, investment goals or there was an increase in remuneration, in a participation fund to be dissolved, in participation funds to be consolidated, in a participation fund the management of which was transferred to another pension company, in a participation fund the ordered transfer of which was decided by the Czech National Bank, or in a participation fund of a pension company which is to be merged with another pension company.

The fee covering the change in savings strategy that does not fall into the free of charge category must reflect the useful expenses spent, and shall not exceed the amount of CZK 500. The fee covering the transfer of financial resources to another pension company that does not fall into the free of charge category shall not exceed the amount of CZK 800.