

# **PROSPECTUS**

**Conseq Invest Konzervativní Dluhopisový,  
otevřený podílový fond**

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## Definitions

The following terms shall have the following meanings in the present Prospectus:

“**security**” in the current Prospectus also means book-entry security.

“**CNB**” means the Czech National Bank.

“**Depository**” means Conseq Investment Management a.s., having its registered office at Praha 1 – Staré Město, Rybná 682/14, 110 00, registration number 26442671, incorporated by the entry in the Commercial Register kept by the Municipal Court in Prague, Section B, File 7153.

“**Fund**” means Conseq Invest Dluhopisový, otevřený podílový fond.

“**collective investment fund**” means a collective investment fund within the meaning of the Investment Companies and Investment Funds Act or a similar entity or facility under foreign law. To define the Fund’s investment strategy, including investment limits, “collective investment fund” also means a sub-fund of a collective investment fund, in the form of a public limited liability company with variable registered capital, or a similar facility under foreign law.

“**Fund Capital Value**” or “**Fund Capital**” or “**Net Asset Value**” means the value of assets that are part of the Fund’s assets (hereinafter also referred to as “Fund assets”), less the value of debts that are part of the Fund’s assets (hereinafter also referred to as “Fund debts”). The value of the Fund’s Capital takes into account the accrual of standard costs, such as management fee and performance fee or Depository fee.

“**investment fund**” means an investment fund within the meaning of the Investment Companies and Investment Funds Act or a similar entity or facility under foreign law. To define the Fund’s investment strategy, including investment limits, an investment fund also means a sub-fund of an investment fund, in the form of a public limited company with variable registered capital, or a similar facility under foreign law.

“**Investment period**” means a period of time beginning on the first working day of a particular calendar year and ending on the last working day of a specific calendar year.

“**Investment Company**” means Conseq Funds investiční společnost, a.s., having its registered office at Praha 1, Rybná 682/14, 110 05, registration number 24837202, incorporated by the entry in the Commercial Register kept by the Municipal Court in Prague, Section B, File 17126.

“**SFTR**” means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and reuse and amending Regulation (EU) No 648/2012.

“**Government Regulation**” means Government Regulation No 243/2013 on the investments of investment funds and techniques for the management thereof.

“**Registrar**” means Conseq Investment Management, a.s. having its registered office at Praha 1, Staré Město Rybná 682/14, 110 00, registration number 26442671, incorporated by the entry in the Commercial Code kept by the Municipal Court in Prague, Section B, File 7153.

“**Reputable Rating Agency**” means Standard & Poor’s, Moody’s and Fitch.

“**Repurchase Agreement**” means the transfer of securities for cash and the simultaneous obligation to accept such securities at a specified date for an amount equal to the actual cash and interest; repurchase also means a sell-buy back transaction or the provision of a loan of securities secured by cash..

“**Repurchase Transaction**” means a repurchase agreement or a reverse repurchase agreement.

“**Reverse Repurchase Agreement**” means the acquisition of securities for cash and the simultaneous obligation to transfer such securities at a precise date for an amount equal to the transferred cash and

interest; reverse repurchase agreement also means a buy-sell back transaction or the acceptance of a loan of securities secured by cash.

"**SFDR**" means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, on the disclosure of information on sustainability in the financial services sector, as amended.

"**special fund**" means a collective investment fund that does not meet the requirements of European Union law laid down by Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities. Individual types of Special Funds shall differ by the type of asset they invest in (for example, real estate special funds, special funds of funds, hedge funds, etc.).

"**standard fund**" means a collective investment fund that meets the requirements of European Union law laid down by Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

"**Prospectus**" means the current Prospectus.

"**Class**" means a group of shares issued by the Fund with which the same rights are attached. Some rights attached to a share may differ between the individual Classes in the manner regulated by the Prospectus. The Fund issues Class A (accumulation) shares, which do not carry the right to the payment of a share in the profit and income from the management of the Fund's assets, and Class D (dividend) shares, with which the right for the profit and income is connected. Unless otherwise stated in the Prospectus, the shareholders of all Classes of the Fund's shares are treated the same way and the rules specified in the Prospectus apply to them indiscriminately.

„**Sustainable Investment**“ defined in Article 2(17) of the SFDR, means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water, and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular, an investment that contributes to tackling inequality or that fosters social cohesion, social integration, and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

"**Total expense ratio**" means an indicator expressed as a percentage of the total cost of the Fund to the average monthly value of the Fund Capital Value, total expense ratio being the sum of fees and commissions, administrative expenses, and other operating expenses in the statement of expenses or profit; losses of the collective investment fund pursuant to a special legal regulation after deduction of fees and commissions for operations with investment instruments. The total cost can also be referred to as "ongoing charges".

"**Implementing Decree on Investment Instrument Records**" means Implementing Decree No 58/2006 on the method for the keeping of separate records of investment instruments and records related to the separate records of investment instruments.

"**Implementing Decree on Rules**" means Implementing Decree No 244/2013 on the more detailed regulation of certain rules under the Investment Companies and Investment Funds Act.

"**Investment Companies and Investment Funds Act**" means Act No 240/2013 on investment companies and investment funds.

"**Capital Market Act**" means Act No 256/2004 on business on the capital market.

## 1 General Information

- 1.1 The Fund's name is: Conseq Invest Konzervativní Dluhopisový, otevřený podílový fond. The Fund may also use the abbreviated name Conseq Invest Conservative Bond Fund.
- 1.2 Permission to create the Fund was granted by a decision of the CNB dated [●], File no. [●], which entered into force on 1. 3. 2022. The Fund is registered in the list of mutual funds maintained by the CNB following the Act on Investment Companies and Investment Funds.
- 1.3 The Fund has been established for an indefinite period.
- 1.4 The Fund is a standard fund.
- 1.5 The Fund is neither a master nor a feeder fund.
- 1.6 The Fund's auditor is KPMG Česká republika Audit, s.r.o., having its registered office at Praha 8, Pobřežní 648/1a, 186 00, registration number 49619187, incorporated by the entry in the Commercial Register kept by the Municipal Court in Prague, Section C, File 24185, and holding a certificate issued by the Chamber of Auditors of the Czech Republic under number 071.
- 1.7 The Fund was created in 2022; the first shares were issued in 2022. The Fund was created as a successor fund to Conseq Invest New Europe Equity Fund, a sub-fund of Conseq Invest plc, ID 329465, with its registered office at 5 George's Dock IFSC Dublin 1, Ireland Republic ("**Merging Fund**"). The transformation of the Merging Fund was approved by a decision of the Irish Central Bank dated [●], File no. [●]. As of 1. 3. 2022, the assets in the Merging Fund became the asset of the Fund.
- 1.8 The Fund shall not set up an assembly of shareholders.

## 2 Manager

- 2.1 The Fund manager is Conseq Funds investiční společnost, a.s., having its registered office at Praha 1, Rybná 682/14, 110 05, registration number 24837202.
- 2.2 The Investment Company's registered capital is CZK 4,000,000 and has been paid up in full.
- 2.3 The Investment Company was incorporated on 11 May 2011.
- 2.4 The Investment Company was granted an operating permit under a CNB decision of 24 March 2011 issued under number 2011/2976/570, which became final on 24 March 2011. That decision also approved the senior officers of the Investment Company. On 6 March 2018, Decision No: 2018/030846/CNB/570, S-Sp-2017/00811/CNB/571 extended the authorisation of the Investment Company. As the date of adoption of the current Prospectus, there have been no subsequent amendments to the CNB's decision.
- 2.5 The investment company is registered in the register of investment companies kept by the CNB.
- 2.6 The Investment Company's senior officers are:
  - a) Ing. Jan Vedral, Chairman of the Board of Directors;
  - b) Mgr. Hana Blovská, Vice-Chairwoman of the Board of Directors;
  - c) Mgr. Ing. Petr Nemerád, Member of the Board of Directors.
- 2.7 Outside the Investment Company, the senior officers engage in the following activities that have meaning in relation to the activities of the Investment Company or the Fund:

**Petr Nemerád** is the member of the board of directors and the chief operating officer of QI investiční společnost, a.s.

2.8 The Investment Company's objects of business are in accordance with the license and the transitional provisions of the Act on Investment Companies and Investment Funds:

- a) the management of investment funds or foreign investment funds;
- b) the administration of investment funds or foreign investment funds.

Further to the operating permit granted by the Czech National Bank, the Investment Company is authorised (the scope of its operating permit is as follows):

- a) to exceed the relevant limit;
- b) to manage standard funds, foreign investment funds, special funds, foreign investment funds comparable to a special fund.

to manage qualified investor funds, with the exception of qualifying venture capital funds as referred to in point (a) of Article 3; (b) the directly applicable European Union regulation governing European venture capital funds and qualifying social entrepreneurship funds pursuant to Article 3(b)(b) of the European Union; b) the directly applicable regulation of the European Union governing European Social Entrepreneurship Funds,

to manage foreign investment funds comparable to a qualifying investor fund, with the exception of foreign investment funds comparable to a qualifying venture capital fund as referred to in point (a) of Article 3; (b) a directly applicable European Union regulation governing European venture capital funds and foreign investment funds comparable to a qualifying social entrepreneurship fund pursuant to Article 3(b);(b); b) a directly applicable European Union regulation governing European Social Entrepreneurship Funds

- c) to engage in the administration of investment funds and foreign investment funds referred to in point (b) above.

2.9 The Investment Company is part of a group. The holding company is Conseq Investment Management, a.s., having its registered office at Praha 1, Rybná 682/14, Staré Město, 110 00, registration number 264 42 671 (the parent company), the majority member and controlling entity of which is Jan Vedral. The group, together with Conseq Investment Management, a.s., comprises its subsidiaries, such being, in addition to the Investment Company, QI investiční společnost, a.s., Conseq penzijní společnost, a.s., Conseq Finance, a.s.

2.10 The Investment Company manages and / or administers the following investment funds:

- a) Conseq realitní, otevřený podílový fond,
- b) Conseq nemovitostních fondů, otevřený podílový fond,
- c) Conseq korporátních dluhopisů, otevřený podílový fond,
- d) Active Invest Dynamický, otevřený podílový fond,
- e) Active Invest Vyvážený, otevřený podílový fond,
- f) Active Invest Konzervativní, otevřený podílový fond,
- g) Conseq Opportunity, otevřený podílový fond kvalifikovaných investorů,
- h) JET I fond fondů, otevřený podílový fond,
- i) JET II fond fondů, otevřený podílový fond,
- j) ENERN TECH III fond fondů, otevřený podílový fond,
- k) Conseq Private Invest konzervativní portfolio, otevřený podílový fond,

- l) Conseq Private Invest vyvážené portfolio, otevřený podílový fond,
- m) Conseq Private Invest dynamické portfolio, otevřený podílový fond,
- n) Conseq depozitní Plus, otevřený podílový fond,
- o) CREDITAS fond SICAV, a.s.,
- p) Orbit Capital SICAV, a.s.,
- q) ZDR Investments Public SICAV a.s.,
- r) Accolade Industrial fond fondů, otevřený podílový fond,
- s) Conseq FKVI SICAV, a.s.,
- t) Conseq Funds SICAV, a.s.
- u) MINT rezidenční fond SICAV, a.s.,
- v) Schönfeld & Co Nemovitosti SICAV, a.s.,
- w) Best Solution Funds SICAV, a.s.,
- x) Conseq Indexový ETF Aggressive ESG, otevřený podílový fond,
- y) Conseq fond vysoce úročených dluhopisů, otevřený podílový fond,
- z) Český fond lesů SICAV, a.s.

The list of investment funds currently managed or administered by the Investment Company can be found in the list maintained by the CNB on the website [https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO\\_PAGE?p\\_lang=cz](https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO_PAGE?p_lang=cz).

### **3 Administrator**

- 3.1 The Investment Company carries out the administration of the Fund. Information about the Investment Company is provided in Article 2 of the Prospectus.
- 3.2 In its administration, the Investment Company carries out all activities for the Fund which are part of the administration of an investment fund pursuant to Section 38, paragraph 1, of the Investment Companies and Investment Funds Act, including but not limited to:
- a) keeping accounts and ensuring compliance with tax liabilities;
  - b) providing legal services and compliance activities;
  - c) appraising the value of the Fund's assets and debts and calculating the present share value;
  - d) arranging for the issuance and redemption of the Fund's shares;
  - e) preparing Fund documents, including but not limited to annual reports, semi-annual reports, the Prospectus and the key information document and any amendments thereto;
  - f) publishing, notifying and providing Fund information and documents to shareholders and other authorised persons, including the Czech National Bank.

These activities are carried out by the Investment Company entirely on its own, or the performance thereof has been delegated to another person as detailed in Article 4 of the Prospectus.

3.3 The Investment Company engages in the administration of all investment funds referred to in Article 2.10, and is not responsible for the administration of any other investment funds.

#### **4 Information on the delegation of individual activities to another person**

4.1 The Investment Company has delegated the Registrar to perform the following activities, including administration of the Fund:

- a) the issuance and redemption of Investment Shares and the keeping of records thereof;
- b) compliance with certain information obligations;
- c) the operation of customer service;
- d) the handling of investors' claims and complaints;
- e) bookkeeping, arrangements for compliance with obligations related to taxes, fees or other similar monetary considerations;
- f) compliance and internal audit activities;
- g) the distribution and disbursement of monetary consideration in connection with the closure of the Fund;
- h) appraisals of the value of the Fund's assets and debts and the calculation of the present value of an Investment Share;
- i) the keeping of records of Investment Shares and a list of investors; this shall be without prejudice to the possibility for related records to be kept by another authorised person.

4.2 The Investment Company has also delegated to the Registrar the performance of activities consisting in the promotion and offering of the Fund's shares.

4.3 The Investment Company may check and, by issuing orders, influence the performance of activities pursuant to Article 4.1 and 4.2. The Investment Company is entitled to terminate with immediate effect contracts based on of which another person has been delegated to engage in the said activities. The delegation shall not prejudice the Investment Company's liability to compensate for damage incurred by a breach of obligations incumbent on it, as the manager, and administrator of the Fund, under the Prospectus, the Investment Companies and Investment Funds Act and other legislation.

4.4 Another activity within the scope of Fund administration delegated by the Investment Company to third parties on an ad hoc basis is legal and transaction consulting. External legal and other consultants are selected in accordance with the requirements of professional diligence for a particular case.

#### **5 Depositary**

5.1 The Fund's Depositary is Conseq Investment Management a.s., having its registered office at Praha 1 – Staré Město, Rybná 682/14, 110 00, registration number 26442671, incorporated by the entry in the Commercial Register kept by the Municipal Court in Prague, Section B, File 7153.

5.2 The Depositary is registered in the investment fund depositary register kept by the CNB.

5.3 The Depositary is included in the group within the meaning of the Accounting Act; the entire group is consolidated in accordance with International Accounting Standards as adopted by the European Union (EU IFRS) by the Depositary as the entire group's parent company.

- 5.4 The Depository's activities are derived from the Investment Companies and Investment Funds Act, and are specified further in the depositary contract concluded between the Investment Company and the Depository. In particular, the Depository:
- a) hold in custody fungible investment instruments owned by a Fund by registering them in an ownership account maintained by the Custodian Bank for the Fund in the relevant register or opened by the Custodian Bank for the Fund at the central securities depository (Centrální depozitář cenných papírů, a.s.) or a comparable facility under the law of another state;
  - b) hold physical custody of a Fund's assets where the nature thereof so permits;
  - c) open and maintain itself, or, under conditions laid down by the Investment Companies and Investment Funds Act, open at another person, monetary accounts in the Fund's name and inured to the benefit of the Fund, deposit in those accounts any and all financial resources of the Fund, and run checks on the movement of financial resources belonging to the Fund in such accounts;
  - d) be responsible for keeping records of the Fund's assets, where the nature thereof so permits;
  - e) check whether, in accordance with the Investment Companies and Investment Funds Act, the Prospectus and the provisions of the depositary contract:
    - i) the Fund's shares have been issued and redeemed;
    - ii) the present value of Fund shares has been calculated;
    - iii) the Fund's assets and debts have been appraised;
    - iv) consideration from transactions with Fund assets has been paid in the expected time limits;
    - v) yields deriving for the Fund are used;
    - vi) the Fund's assets are acquired and transferred.
- 5.5 The Custodian Bank shall be responsible for the safekeeping of investment instruments held by the Fund, the custody of the Fund's assets, and the record-keeping of such assets. Any delegation, by the Custodian Bank, of the performance of these activities to another entity, shall not affect the Custodian Bank's liability. This shall be without prejudice to the Investment Company's liability for damage incurred in management and administration.
- 5.6 The Depository performs for the Fund from the position of the Registrar the activities specified in Articles 4.1 and 4.2, which include the administration of the Fund.
- 5.7 The provisions of the Depositary Agreement do not allow the transfer or further use of the Fund's assets by the Depository.
- 5.8 The Depository has entrusted the custody or other custody of certain investment instruments and the settlement of transactions to UniCredit Bank Czech Republic and Slovakia, with its registered office in Prague 4 - Michle, Želetavská 1525/1, ZIP code 140 92, IČ: 649 48 242, incorporated by the entry in the Commercial Register kept by the Municipal Court in Prague, Section B, File 3608. The Depository has established a securities account with the entity The securities owned by the Fund are registered, i.e. separately from the securities of the Depository and other clients. The Depository shall keep the necessary records and documents in its records.

## **6 Investment Strategy**

- 6.1 The Fund's investment objective is to achieve appreciation measured in Czech Crowns in the medium term through investments in fixed income securities denominated in Czech Crowns. The Fund aims to outperform its benchmark, which is the daily average of the six-month interbank deposit rate (6M PRIBOR) set by the Czech National Bank and published by Bloomberg under the PRIB06M Index ticker, reduced by 0.35 (the “**Benchmark**”), according to the formula:

$$1 + ((\text{AVERAGE}(6\text{M PRIBOR}_t) - 0,35) / 100) * (\text{Dny} / 365)$$

kde:

“6M PRIBOR<sub>t</sub>” are all values of the 6M PRIBOR rate published in the Investment Period

“Dny” the number of calendar days in the period for which the performance is reported.

The Fund achieves its objective primarily through investments in: (i) securities issued or guaranteed by the government of an OECD member country, a local authority of an OECD member country; (ii) securities issued or guaranteed by multinational organizations (ie international organizations established or supported by governments for the purpose of promoting economic recovery and development, such as the World Bank); (iii) debt instruments of companies or other entities that meet the rating criteria of the Fund (Article 6.15 (j)); (iv) money market instruments; and (v) commercial securities with a short-term A-1 rating of Standard & Poor's or better; its equivalent issued by a Reputable Credit Rating Agency. If the bond issuer is not assigned a rating by any of the Reputable Rating Agencies, the issuer's credit rating prepared by the Investment Company may be used for the purposes of calculating the limit specified in the previous sentence.

The Fund may invest to a limited extent in debt securities denominated in currencies other than the Czech Crowns. If the Fund invests in debt securities denominated in currencies other than the Czech Crowns, the related currency risk will be hedged.

- 6.2 The Fund's units are suitable for investors with some experience in securities investment and a willingness to bear the risk arising from a concentration of investments in the same type of investment instruments targeted by the Fund's investment policy (bonds). The Fund is suitable for investors who are prepared to hold an investment in the Fund for at least 1 to 3 years.
- 6.3 No returns on any part of an investment in the Fund or earnings from any such investment are assured or guaranteed. The Fund is not an assured or a guaranteed fund. No third-party guarantees are provided for the purposes of investor protection.**
- 6.4 The Fund does not mirror and has no intention of mirroring any index. The Fund tracks the Benchmark referred to in Article 6.1.
- 6.5 The Fund's investment strategy does not systematically target a particular economic sector, geographical area, or part of the financial market, except for the limitations set out in this Article 6. The Fund's investment strategy concentrates on bonds as the prevailing type of asset. After a certain period of time, the Fund's investments may become focused in the manner set out in the first sentence of this Article if the Investment Company deems this to be appropriate for the Fund.
- 6.6 The Fund is a standard fund. The Fund's investment method is consistent with the definition of bond funds under the European Fund Classification issued by the European Fund and Asset Management Association (EFAMA) and under the Fund Classification Methodology issued by the Czech Capital Market Association (AKAT CR). The Fund focuses on investments in investment-grade bonds and is a fund with a dominant currency (CZK) and with a modified duration not exceeding 18 months.
- 6.7 The Fund may invest in investment instruments and other financial assets only under the terms and conditions and upon compliance with the limits laid down for a standard fund according to the Investment Companies and Investment Funds Act and the Government Regulation. The Fund may acquire investment securities regardless of whether they have been fully redeemed.

## 6.8 The Fund invests in the following types of financial assets:

- a) bonds or comparable securities representing a right to payment of an amount owed (“**bonds**”) and money market instruments admitted to trading:
  - 1. on a European regulated market or in the multilateral trading facility of an operator established in a Member State of the European Union or in another State party to the Agreement on the European Economic Area (a “**Member State**”); or
  - 2. on a market analogous to a regulated market established in a non-Member State, or traded on a market analogous to a regulated market established in a non-Member State, if such markets are entered in the list of foreign markets analogous to a regulated market established in a non-Member State kept by the Czech National Bank;
- b) bonds from a new issue, if the terms of issue include the issuer’s undertaking that an application will be submitted for admission to trading on one of the markets referred to in subparagraph (a), and if the application for admission to trading on one of the markets referred to in subparagraph (a) is submitted so that these bonds are admitted to trading within one year of the date on which the issuance thereof is completed;
- c) money market instruments other than those referred to in subparagraph (a), provided that legislation on the issue or issuer guarantees the protection of investors or savings and that they meet at least one of the following four conditions:
  - 1. they are issued by a local government unit of a Member State, the central bank of a Member State, the European Central Bank, the European Union, the European Investment Bank, a state or a member of a federation, or an international organisation that has one or more Member States as members, or on behalf of whom such entities have assumed a guarantee;
  - 2. they are issued by an issuer, the securities issued by which are admitted to trading on a European regulated market or a market referred to in subparagraph (a), point 2;
  - 3. they are issued or guaranteed by a person which is subject to the oversight of the CNB or an oversight body of another Member State, and the other conditions laid down in Section 6(1)(c), point 4, of the Government Regulation are met; or
  - 4. they are issued by an issuer who is an admissible counterparty pursuant to Section 6(3) of the Government Regulation (hereinafter referred to as an “**admissible counterparty**”) and, simultaneously, is a person referred to in Section 6(1)(d) of that Regulation, provided that the person investing in that money market instrument enjoys protection analogous to that of a person investing in a money market instrument referred to in points 1, 2 or 3;

and that they meet the following two conditions:

- 5. the Investment Company has sufficient information available about that money market instrument, including information facilitating a proper assessment of the credit risks associated with investments in such an instrument; and
  - 6. this money market instrument does not have restricted transferability.
- d) bonds which do not meet the conditions laid down in subparagraphs (a) or (b) and money market instruments which do not meet the conditions laid down in subparagraphs (a) or (c) but which, according to the Investment Company’s expert assessment, correspond to the level of risk under which the Fund is classified and to the Fund’s investment objective, and, concerning money market instruments, if the issuer is a person referred to in subparagraph (c), point 1, 2 or 3;

- e) securities issued by a standard fund, if, according to the prospectus or comparable document of that fund, a maximum of 10% of the value of its assets may be invested in securities issued by a collective investment fund;
- f) securities issued by a special fund, if, according to the prospectus or comparable document of that fund, assets cannot be acquired for its assets and liabilities unless, according to the Government Regulation, they can be acquired for the assets and liabilities of a standard fund, where this can be classified under the European Fund Classification as a corporate bond fund and complies with the conditions referred to in Section 10(2) of the Government Regulation; and
- g) claims to the payment of cash from an account in Czech or foreign currency against any of the persons referred to in Section 72(2) of the Investment Companies and Investment Funds Act (“**deposits**”) with a maximum of one year to maturity.

6.9 The Fund may invest in:

- a) financial derivatives that are admitted to trading on any of the markets listed in Section 3(1)(a) of the Government Regulation if their underlying asset is any of the items that may be acquired as Fund assets under the Prospectus, an interest rate, exchange rate, currency, or financial index that is sufficiently diversified, sufficiently representative, and publicly available;
- b) financial derivatives not admitted to trading on the markets referred to in Section 3(1)(a) of the Government Regulation if their underlying asset is one of the items referred to in paragraph (a) of this Article if they are valued reliably and verifiably on each business day, and if the other conditions referred to in Section 13 of the Government Regulation are met.

6.10 Investment is permitted only in those financial derivatives consistent with the Fund’s investment policy and risk profile. Without prejudice to the possibility of negotiating other financial derivatives, the most common types of financial derivatives used in the management of the Fund are:

a. Swaps.

“Swaps” generally mean an agreement between two parties to mutually buy and sell underlying instruments at a predetermined price that is settled at certain moments in the future.

A currency swap is a combined transaction consisting, on the one part, of currency conversion with spot settlement and, on the other part, of “forward” currency conversion with a future settlement. It shall be used by the Fund to hedge the Fund’s assets against adverse movements in foreign currencies. The Fund shall apply this technique (instrument), for example, when it intends to buy an asset in foreign currency but does not wish to assume currency risk. In this case, together with the purchase (conversion) of the required amount of foreign currency, it shall also engage in the sale (conversion) of the same amount of such currency back into the Fund’s currency with settlement in the future, i.e., a currency swap.

An interest rate swap usually involves exchanging variable interest claims for fixed interest claims or vice versa. They may also function as an exchange of fixed interest claims for other fixed interest claims or as an exchange of variable interest claims for other variable interest claims, if interest payments are offset by interest claims of the same kind in the Fund’s assets. Depending on estimated developments in interest, the Investment Company may therefore – without selling the Fund’s assets – avoid the risk of interest rate fluctuations, thereby preventing interest rate losses. Thus, in keeping with a forecast rise in interest rates, for example, a fixed rate portion of the portfolio may be converted into variable interest claims or, vice versa, in anticipation of falling interest rates, the variable interest portion may be converted to fixed interest claims. Interest rate swaps shall be used by the Fund to hedge assets against any predicted adverse movements in interest rates.

A credit default swap (CDS) is an agreement between two parties, according to which the purchaser of the CDS pays the seller a regularly determined amount (premium). The premium is the product of the CDS spread, expressed in basis points p.a., and the nominal value of the contract. In contrast, the seller undertakes to pay the nominal value of the contract if, during the validity of the CDS contract, a credit event occurs with respect to a reference issuer. A credit event typically means, in particular, bankruptcy, insolvency, restructuring or the denial of liabilities, a moratorium on due liabilities, etc. The Fund may use this instrument to hedge against possible adverse developments in bond prices due to the expansion of market-driven credit spreads (for example, in response to adverse developments in the issuer's financial management or to generally negative developments on the financial markets), and also to hedge against the risk of a credit event on the part of the issuer, which may lead to non-compliance with liabilities under maturing bonds issued by the issuer.

b. Forwards.

"Forward" generally means a non-standardised agreement between two parties to buy or sell an underlying instrument at a predetermined price, with a settlement at a future date.

A foreign exchange forward comprises currency conversion with settlement in the future. The exchange rate for settlement is derived (calculated) from the spot current rate and adjusted for the difference resulting from the different interest rates of the relevant currencies of the currency pair for the period from the date of conclusion of the contract until the date of settlement thereof. This instrument is used most commonly when the Fund holds an asset denominated in a foreign currency and expects adverse movements in the foreign currency compared to the currency of the Fund. To avoid having to sell the asset in question, the said currency conversion is simply arranged with settlement in the future so that the exchange rate is fixed against adverse movements in the future. Naturally, a situation may arise where the forecast for the currency movement is incorrect and the movement of the foreign currency is actually favourable in relation to the Fund's currency. In this case, the economic impact of the transaction is reflected within the Fund to the effect that the Fund will not share in the proceeds resulting from the favourable movement in the foreign currency compared to the currency of the Fund.

In the management of the Fund's assets, the Investment Company may also operate with types of financial derivatives not explicitly listed above provided that they are consistent with the investment objectives of the Fund.

6.11 The Fund may engage in repurchase transactions using the Fund's assets only if:

- a) the Repurchase Transaction is negotiated with an admissible counterparty referred to in Section 6(3) of the Government Regulation, who is subject to the oversight of the oversight body of the state in which the counterparty is established;
- b) the undertaking under the Repurchase Transaction can be terminated without notice or with fewer than seven days' notice or if the financial resources that are the subject of the Reverse Repurchase Agreement can be recovered at any time, including proceeds, where appropriate at market value if the market value is used to value the Reverse Repurchase Agreement;
- c) financial resources gained from the Repurchase Transaction are used to acquire a high-quality bond, a security issued by a Short-Term Money Market Fund, or a Deposit, or to negotiate a Reverse Repurchase Agreement in accordance with the Government Regulation; and
- d) the assets that are the subject of the Reverse Repurchase Agreement satisfy the requirements set out in Section 33(2) of the Government Regulation and are not burdened by an absolute property right or transferred during the term of the Reverse Repurchase Agreement.

6.12 The Fund may use financial derivatives and carry out Repurchase Transactions only in relation to bonds or money market instruments and only to mitigate the risks of the Fund's investments,

reducing the Fund's expenses, raising additional capital, or generating additional returns for the Fund. The Fund must be able, at any given moment, to comply with its obligation to transfer financial resources or to deliver an underlying asset arising from a financial derivative negotiated on the Fund's account.

6.13 The use of financial derivatives and the negotiation of Repurchase Transactions in the management of the Fund and the procedures for measuring and mitigating the risk arising from the use of these techniques, unless expressly provided for in the Prospectus, are governed by the Government Regulation. A financial derivative may not be used and a Repurchase Transaction may not be negotiated in a manner or for a purpose that circumvents the Fund's investment strategy or the rules governed by the Prospectus and the Government Regulation.

6.14 Description of securities financing transactions

- a) For the purposes of Article 14(1) of the SFTR, the Investment Company declares that the Fund uses securities financing transactions within the meaning of Article 3(11)(a) to (c) of the SFTR; the Fund does not draw on operations that, by nature, are margin lending transactions or total return swaps.
- b) The Fund may enter into a Repurchase Transaction with a view to the efficient stewardship of the Fund portfolio. The maximum proportion of assets under management that can be allocated through Repurchase Transactions may not exceed 50% of the total assets under management, in which respect, depending on market conditions, the real proportion will range from 0 % to 50 %. All assets received under such Repurchase Transactions shall be treated as collateral received. Upon receiving credit against collateral in the form of security, the security provided is usually of higher fair value than the credit received. Conversely, upon the provision of credit against credit, the fair value of the collateral received is required to be higher than the value of the credit extended.
- c) Assets received as collateral must meet the terms and conditions laid down in Articles 6.8, 6.10, and 6.13 of the Prospectus. The subject of Repurchase Transactions mainly comprises government shares, bonds, or treasury bills of OECD members, securities issued by the central bank of an OECD member, or liquid corporate bonds and money market instruments of solvent issuers with a maturity corresponding to the investment policy / investment profile of the fund. Assets received as collateral shall be kept safe at the Depositary, where the nature thereof so allows, or at a third party to whom safekeeping is delegated by the Depositary.
- d) Collateral received is fair-valued daily. If the fair value of collateral received is lower than the value of the credit extended, the counterparty will be required to supplement the value of the collateral, most commonly by sending the variation margin. The counterparty's requirement to supplement the variation margin if the collateral is provided shall be duly verified by comparing the fair value of the collateral provided and the credit received.
- e) The issuer of an investment instrument received as collateral shall not be a company associated with the manager. The manager will materially assess that the degree of correlation between the credit risk of an investment instrument and the transaction counterparty is low. The collateral received shall be subject to basic diversification principles, which the manager shall apply with due professional care. Where the collateral received is non-pecuniary data, it cannot be resold or reused as collateral.
- f) Repurchase Transactions may be negotiated only with an admissible counterparty referred to in Section 6(3) of the Government Regulation, who shall be subject to the oversight of the oversight body of the state in which the counterparty is established. The criteria for selecting an appropriate counterparty shall include the counterparty's legal status, country of establishment, and rating (as a rule, the counterparty will be a financial institution established in an OECD country and having an investment-grade rating).
- g) Repurchase Transactions may be arranged if these contracts do not cover more than 10% of the total nominal value or the total number of investment instruments of the same type issued by one issuer.

- h) Repurchase Transactions may be arranged if the obligations under these contracts relating to investment instruments issued by a single issuer do not represent more than 20% of the value of the assets of this fund.
- i) Repurchase Transactions may be arranged if the Fund holds funds for the entire duration of these contracts in such an amount that it can conclude open positions from all these contracts at any time.
- j) Any and all interest income received in connection with Repurchase Transactions shall be Fund revenue; any and all interest expense linked to Repurchase Transactions shall be a Fund expense. Transaction costs associated with Repurchase Transactions shall constitute a Fund expense in accordance with Article 11.8 of the Prospectus. In its Repurchase Transactions, the Fund shall not rely on any third parties (e.g., agent lenders).
- k) The management of risks associated with Repurchase Transactions shall consist primarily of the selection and approval of appropriate counterparties; factors such as rating, registered office, regulatory environment, and the current financial situation shall be taken into account. Another risk management tool is the daily valuation of collateral received and a comparison thereof with the fair value of the credit extended. The risk of the reuse of collateral shall be managed in particular by the judicious selection of collateral. In particular, an emphasis shall be placed on the liquidity of an investment instrument, the possibility of reliably valuing that instrument on a daily basis, and the issuer's credit quality. The transaction risk, settlement risk, and operational risk associated with Repurchase Transactions shall be managed in accordance with guiding principles for the management of such risks at the level of the Investment Company.

6.15 The **investment limits** for the Fund's investments in financial assets are as follows:

- a) bonds and money market instruments issued by a single issuer may constitute no more than 5% of the Fund Capital unless otherwise specified.
- b) notwithstanding the limit under subparagraph (a), the Fund may invest:
  1. up to 10% of the Fund Capital in bonds and money market instruments issued by a single issuer and up to 20% of the Fund Capital in bonds and money market instruments issued by issuers within the entity for which consolidated financial statements are drawn up; however, the sum of these investments must not exceed 40% of the Fund Capital;
  2. up to 35% of the Fund Capital in bonds and money market instruments issued by a single issuer, if these securities are issued or guaranteed by a State, a local authority of a Member State or an international organization of which one or more Member States are members;
  3. up to 25% of the Fund Capital in bonds issued by a single bank established in a Member State which is subject to that state's oversight safeguarding the interests of bond holders, if the financial resources acquired through the issue of these bonds are invested in such types of assets that, until such time as the bonds mature, cover the liabilities of the issuer related to such bonds, and that may, in case of the insolvency of the issuer, be used preferentially to redeem the bond and to pay the yield; the sum of such investments, however, must exceed 80% of the Fund Capital;
  4. up to 100% of the Fund Capital in bonds or money market instruments issued by a state, a local government unit of a Member State, or an international financial organisation of which one or more Member States are members, provided that the Fund's assets include, at any one time, securities or book-entry securities from at least 6 different issues, in which respect securities and book-entry securities from a single issue must not account for more than 30% of the Fund Capital.

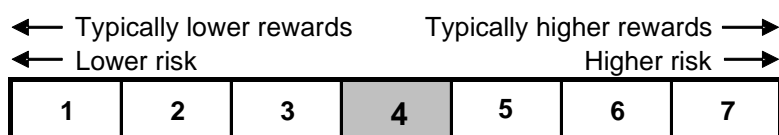
The investments referred to in points 2 and 3 of this subparagraph are not included in the 40% limit under the first indent of this subparagraph.

- c) The counterparty risk stemming from the financial derivatives referred to in Article 6.9 (b), expressed as the sum of positive fair values of those derivatives, must not exceed the following for anyone contracting party:
  - 1. 10% of the Fund's capital, if that party is a person for whom the Fund, under the Prospectus, may acquire a claim in respect of a deposit; or
  - 2. 5% of the Fund's capital if that party is a person other than a person referred to in point 1.
- d) deposits with a single person meeting the conditions referred to in Article 6.8(g) must not constitute more than 20% of the Fund Capital.
- e) the sum of investments in bonds or money market instruments issued by a single issuer deposits with that issuer, and the values of exposure to counterparty risk deriving from financial derivatives not admitted to trading on the markets referred to in Article 6.9(a) must not exceed 20% of the Fund Capital. This is without prejudice to the limits referred to in points 2 and 3 of subparagraph (b).
- f) the limits referred to in subparagraphs (a) to (e) and (n), with the exception of subparagraph (b), of point 3 of this Article cannot be aggregated and the sum of values of investments in bonds or money market instruments issued by a single issuer, deposits with that issuer, and the values of exposure to counterparty risk deriving from financial derivatives admitted to trading on the markets referred to in Article 6.9(a) must not exceed 35% of the Fund Capital.
- g) The Fund may invest up to 10% of the Fund Capital in securities issued by a single standard fund or a single special fund. The Fund's investments in securities issued by collective investment funds must not exceed, on aggregate, 10% of the Fund Capital. No more than 25% of the value of the assets of any one collective investment fund may be acquired as Fund assets.
- h) where bonds or money market instruments are not issued or guaranteed by a Member State's central or local government or are not issued by an international financial organisation of which one or more Member States are members, they may be acquired as Fund assets up to a maximum of 10% of:
  - 1. the total nominal value of bonds issued by a single issuer; or
  - 2. the total nominal value or total number of money market instruments issued by a single issuer;
- i) the proportion of bonds, money market instruments, deposits, and claims deriving from reverse repurchase agreements must be at least 80% of the Fund Capital.
- j) the open position in currencies other than the Czech Crowns (CZK) may not exceed 3% of the Fund Capital. Investing in instruments in CZK also means investing in instruments in other currencies, provided that the currency risk against the CZK is hedged.
- k) the Fund invests a maximum of 10% of the Fund Capital in financial assets pursuant to Article 6.8, letters a) to d), which are not investment grade. Investment grade financial assets are securities with a rating of BBB- and better, resp. equivalent issued by a Reputable Credit Rating Agency. If the issuer of the bonds is not assigned a rating from any of the Reputable Rating Agencies, the issuer's credit rating prepared by the Investment Company may be used for the purposes of calculating the limit specified in the previous sentence.
- l) the share of securities referred to in Article 6.8 (d) may not exceed 10% of the Fund Capital.

- m) no more than 10% of the Fund Capital may be invested in the investment securities referred to in Section 3(1)(e) or money market instruments referred to in Section 9 of the Government Regulation;
  - n) the exposure to financial derivatives must not exceed 100% of the Fund Capital at any one time; if this limit is exceeded due to changes in fair values, the Fund's position in relation to financial derivatives shall be adjusted without undue delay so that the exposure to financial derivatives complies with the limit.
- 6.16 The limits referred to in Article 6.15(i) need not be observed:
- a) on the acquisition of securities as Fund assets if, at this time, it is impossible to determine the total nominal value or the total number thereof, such being for the period strictly necessary;
  - b) where they concern investment instruments or money market instruments issued or guaranteed by a state or a local government unit of a Member State, or issued by an international organisation that has one or more Member States as members.
- 6.17 The limit referred to in Article 6.15(d) need not be observed in relation to the Custodian Bank upon issuing or redemption of Fund units. Deposits exceeding the set limit due to the crediting of an amount corresponding to the selling price of issued units must be invested without undue delay after being credited to the Fund's account. Deposits exceeding the set limit due to the collection of financial resources to secure the financial settlement of the redemption of units must be sent to the account of the Investment Company or the Registrar within the prescribed period.
- 6.18 The Fund need not comply with the above asset structure in applying a preferential subscription right attaching to investment securities and money market instruments held in its assets now or in the future.
- 6.19 If the Fund fails to observe the asset structure above for reasons beyond its control, or because of the exercise of preferential subscription rights attaching to the investment securities or money market instruments held by the Fund as assets, the Fund, taking into account the interests of its unitholders, shall ensure the compliance of its asset structure with the rules above without undue delay.
- 6.20 The Fund must not enter into contracts on the sale of assets that are not held as Fund assets.
- 6.21 With the exception referred to in Article 6.23 below, the Fund must not grant loans, credit or donations from its assets, and must not use its assets to secure a third-party liability or pay a debt unrelated to the management of the Fund's assets. This is without prejudice to the above provisions concerning the definition of investment instruments in which the Fund invests, and the rules for the spread and mitigation of risks associated with the Fund's investing activities.
- 6.22 The Fund may accept credit or a loan with a maturity of no longer than six months. The sum of all credit and loans must not exceed 10% of the Fund Capital. This is without prejudice to the limit under Article 6.15(n).
- 6.23 The Fund may draw on its assets to provide security for credit or loans received, provided that the provision of such security has a positive economic impact. The provision of security must be consistent with the Fund's overall investment strategy and must not unreasonably increase the risk to the Fund's portfolio. Decisions on the provision of security are taken by the Investment Company's board of directors.
- 6.24 Instead of the issuer's rating, to assess the quality of investment instruments under this Prospectus, the rating of the person who issued the unconditional and irrevocable guarantee for the fulfilment of the issuer's liabilities under the financial instruments (the "**Guarantor**") is applied if the Guarantor's rating is better than the issuer's rating.

## 7 Risk Profile

- 7.1 The value of an investment in the Fund may fall as well as rise over time, depending on developments on financial markets and other factors, and a return on initially invested amounts is not guaranteed. Given of the potential for unpredictable fluctuations in the financial markets, the Investment Company cannot guarantee the achievement of the set objectives. The Investment Company warns investors that the Fund's past performance is no guarantee of the same performance in the future.
- 7.2 The Fund's risk profile in the form of a synthetic indicator is shown on the scale of risk and reward categories below, with the attached verbal explanation:



### Explanation and important information:

- a) historical data, such as that used in calculating the synthetic indicator, may not be a reliable indication of the Fund's future risk profile;
- b) the Fund's risk and return category is not guaranteed to remain unchanged and the Fund may be recategorised in the future;
- c) the lowest category does not mean a risk-free investment;
- d) the Fund has been classified on the scale of the category highlighted above, based on historical volatility calculated according to the methodology developed by competent authorities working within the European Securities and Markets Authority (ESMA), formerly the Committee of European Securities Regulators (CESR), for the following reasons:
  - i) the significant share of the bond component in the Fund's assets and the benchmark composition;
  - ii) the high diversification of assets in the Fund's portfolio, both in terms of individual asset types and terms of sectoral and geographical allocation;
  - iii) the Fund's ancillary assets mainly comprise claims to the payment of financial resources from bank accounts, liquid bonds, and money market instruments.
- e) the synthetic indicator shown in the scale above does not adequately capture the following risks of substantial importance for investments in the Fund:
  - i) operational and custody risks;
  - ii) currency risk entailing changes in the Fund Capital Value, depending on the volume of the Fund's open exposures in currencies other than CZK and exchange rate changes.

these risks are explained in Article 7.3 below.

- 7.3 Description of significant risks arising from investment in the Fund:

The risk of the volatile present value of a security issued by the Fund as a result of the composition of the assets or the method for the management of the Fund's assets.

As the Fund's assets consist mainly of the same type of investment instrument (bonds), the unitholder must be aware that, despite the best efforts to manage them safely, the value of the Fund's units may fluctuate in response to developments on financial markets.

The market risk arises from the impact of changes in the overall market developments on the prices and values of the different types of the Fund's assets.

The most significant market risks are currency risk, interest-rate risk, equity risk and commodity risk. Movements in exchange rates, interest rates and other market values affect the value of assets held by the Fund. The degree of market risk depends on the specific structure of Fund assets. The influence of market risk is particularly high for derivatives, where a small change in the price of the underlying instrument can mean a large change in the price of the derivative (the leverage effect).

#### Credit risk.

Credit risk may stem primarily from the fact that entities that have debts to the Fund (e.g., borrowers under investment instruments, etc.) fail to repay these debts in a due and timely manner. The Investment Company minimises these risks mainly by selecting counterparties and issuers based on their creditworthiness, by setting limits on the amount of exposure to individual counterparties and issuers, and by establishing appropriate contractual arrangements. Credit risk also includes settlement risk, i.e., the risk that the counterparty fails to pay or deliver the investment instruments within the agreed timeframe.

#### Liquidity risk.

The risk here is that a particular Fund asset is not redeemed in a timely manner and at a reasonable price and that the Fund is, therefore, unable to meet its obligations to unitholders or that the price of Fund units falls due to a sale at too low a price. The risk is mitigated by the Fund's investing in liquid investment instruments, can be sold in sufficient volume to an investment company on a regularly, or are traded in sufficient volume on the relevant markets. Another measure that can be taken is maintaining necessary volume of the Fund's assets in the form of deposits. The redemption of the Fund's assets in regular and extraordinary circumstances (including the suspension of unit redemption) and cases where redemption requests have already been made is further regulated in Part II of the Prospectus – Information on the Issuance and Redemption of Fund Units.

The risk associated with the Fund's investment focuses on particular industrial sectors, states or regions, other parts of the market or particular types of assets.

The Fund's investment focus on particular industrial sectors, states or regions induces the systemic risk that developments in that sector will affect a significant portion of the Fund's portfolio. This systemic risk is addressed by diversification, i.e., the distribution of investments across multiple industrial sectors, states and regions.

#### Operational risk.

This risk lies in a loss due to deficiencies or failures in internal processes or the human factor, or as a result of externalities (e.g., the failure to supply up-to-date information for Fund appraisals by a third party or the failure to deliver timely confirmation of transactions carried out by counterparties, etc.). This risk is mitigated by the Investment Company's maintenance of an adequate management and control system. This risk includes the risk of the loss of assets entrusted for safekeeping or other custody, which may be caused in particular by the insolvency, negligence, or wilful misconduct of the person who has safekeeping or other custody of the Fund's assets or securities issued by the Fund.

The risk that the Fund may be closed for statutory reasons.

The Fund may be closed, for example, following the Investment Company's decision to do so, the merger or consolidation of the Fund, the dissolution of the Investment Company with liquidation, or following such a decision by the CNB, for example, if the Fund has not had a Custodian Bank for more than 3 months.

The risk that the Fund may be closed for reasons other than those provided for by law.

The Fund may also be closed, for example, for economic and restructuring reasons (especially if the Fund encounters economic problems), which may result in a unitholder not holding an investment in the Fund for its intended investment horizon. It is hereby expressly advised that there is no guarantee and no assurance is given that a unitholder will be able to remain in the Fund.

#### Risk arising from investment in target funds

If the Fund invests unitholders' funds in other target funds, there is a risk of the inappropriate selection of target funds that, for example, do not perform as expected or fall short of other desirable characteristics. Another risk is the accumulation of fees, i.e., the risk that the total return of a fund investing in other target funds is reduced not only by the fees paid by the fund to the investment company but also by the fees paid by the target funds to the investment companies that manage them. In addition, for example, there is the risk of that the redemptions of target collective investment funds will be limited or terminated.

#### Repurchase transaction risk.

There are two core risks associated with repurchase transactions – the counterparty risk and the underlying asset risk, i.e., the risk posed by the investment instrument itself. The main risk with a repurchase agreement is the risk of counterparty default due, for example, to a rise in the price of a hedging investment instrument held in the counterparty account, which may be motivation for the investment instrument not to be returned. With a reverse repurchase agreement, there is an underlying asset risk resulting, for example, from the fact that a Fund receivable need not be repaid, with the investment instrument used for hedging then passing to the Fund's assets. In such an eventuality, the Fund would be exposed to risks associated with the holding of such an investment instrument, in particular market risk.

#### Integrating sustainability risks

The SFDR requires the Investment Company to disclose how sustainability risks are integrated into the investment process and publish the results of its assessment of the likely impact of sustainability risks on the Fund's returns. "Sustainability risk" means an environmental, social, or governance event or situation that, if it were to occur, could have an actual or potentially significant adverse impact on the value of the investment. The Investment Company has determined that sustainability risks are relevant to Fund-related investment decisions and therefore takes them into account in its investment process (the policy on the integration of sustainability risks is available in the manner set forth in Article 12.3 of the Prospectus). In selecting target assets, the Investment Company assesses whether the target company (or another asset) has sound governance practices in terms of the management structure, remuneration, disclosure, and transparency.

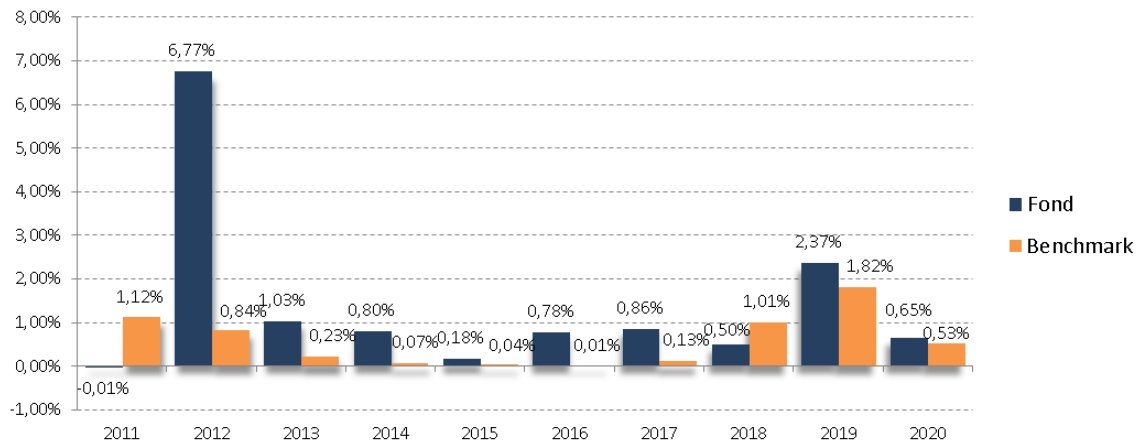
Despite all measures, there is no guarantee that these procedures will mitigate or prevent Fund-related sustainability risks. The likely impact of these risks on the value of an investment or on the terms of the return on an investment in the Fund may vary from case to case. The specific potential impacts of sustainability risks on the Fund's returns depend on the Fund's overall exposure to a particular investment and the severity of the sustainability risks. The assessment of a sustainability risk is inevitably subjective to some extent, and there can be no guarantee that all of the Fund's investments will reflect the beliefs or values of any particular investor in relation to sustainable investments. The circumstances in which the Investment Company assesses sustainability risks may change over time, depending on the availability of relevant data or other information that may be at its disposal.

## **8 Information on Past Performance**

- 8.1 Information on the Fund's past performance is not indicative of future performance.
- 8.2 A graph of the Fund's past performance is presented below. For the sake of comparison, the graph shows the benchmark performance tracked by the Fund (as defined in Article 6.1 of the

Prospectus). The Fund's performance does not include any charges associated with the issuance (subscription) or redemption of the Fund's units.

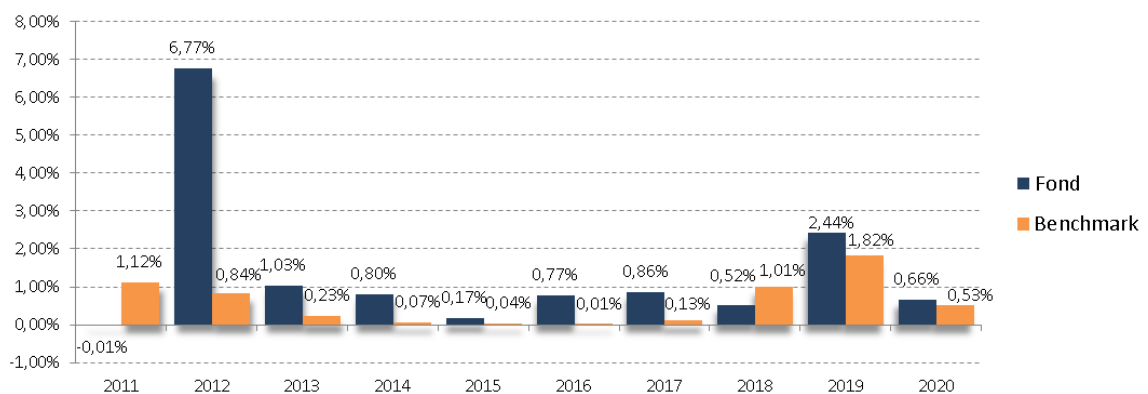
Graph of Class A performance (ISIN [●]):



Important notice:

- information on the Fund's past performance is of limited use as an indicator of future performance;
- The Fund is a newly established fund with no history of its own. Since it was created as a successor fund to the Conseq Invest Bond Fund (ISIN: IE0034074827), the Fund reports the historical performance of the Merging Fund or its Class A. This performance can be reported because it is not affected by the conversion of the Merging Fund into the Fund, particularly as there has been no change in investment strategy or expense ratio;
- performance to date is calculated in CZK.

Graph of Class D performance (ISIN [●]):



Important notice:

- information on the Fund's past performance is of limited use as an indicator of future performance;
- The Fund is a newly established fund with no history of its own. Since it was created as a successor fund to the Conseq Invest Bond Fund (ISIN: IE0034074934), the Fund reports the historical performance of the Merging Fund or its Class A. This

performance can be reported because it is not affected by the conversion of the Merging Fund into the Fund, particularly as there has been no change in investment strategy or expense ratio;

- f) performance to date is calculated in CZK.

## 9 Asset Management Principles, Profit Sharing, and Payment of Yields

- 9.1 The Fund's accounting period is the calendar year.
- 9.2 Assets and liabilities from the Fund's investment are fair-valued pursuant to Section 196 of the Investment Companies and Investment Funds Act and other legislation, including but not limited to the Government Regulation.
- 9.3 The Fund's assets and debts are appraised daily on each working day. If 30 June or 31 December is not a working day, the Fund's assets are also appraised as of that day. Valuation of the Fund's assets is provided by the Registrar.
- 9.4 The Investment Company keeps account of the balance and movement of assets, debts, and liabilities, costs and revenues, and the profit and loss on Fund assets separately from the Investment Company's own accounts and the accounts of other funds under management to the extent required to determine the value of Fund Capital per Share Class (Article 9.6), also broken down by Class. The Investment Company, in accordance with accounting methods under legislation governing accounting, ensures that accounts on the subject of accounting are kept in ledgers separately for each managed fund in such a manner that it is able to compile financial statements for each managed fund. The Fund's financial statements shall be audited.
- 9.5 Approval of the Fund's financial statements, decisions on the distribution of profits or other income from the Fund's assets, and decisions on the compensation of losses from the Fund's operations belong to the Board of Directors of the Investment Company.
- 9.6 The Fund issues Class A (accumulation) shares, which do not carry the right to the payment of a share in the profit and income from the management of the Fund's assets, and Class D (dividend) shares, with which the right for the profit and income is connected. Unless otherwise stated in the Prospectus, the shareholders of all Classes of the Fund's shares are treated the same way, and the rules specified in the Prospectus apply to them indiscriminately.
- 9.7 The Fund Capital Value per Fund Unit Class (the "**Fund Capital Value of the Class**") is determined as the Fund Capital Value multiplied by the allocation ratio for the Class of Fund units (the "**Class Allocation Ratio**"). The Class Allocation Ratio on Day D is determined according to the following equation:

$$AP_{TD} = (VK_{T(D-1)} + PLV_{T(D-1)} - PLO_{T(D-1)} - DIVI_{T(D-1)}) / (VK_{(D-1)} + PLV_{(D-1)} - PLO_{(D-1)} - DIVI_{(D-1)})$$

where

$AP_{TD}$  is the Class Allocation Ratio on Day D;

$VK_{T(D-1)}$  is the Fund Capital Value of the Class, including all specific Class costs, determined as at the date preceding Day D, when the Fund's assets were last valued (Article 9.3) prior to Day D ("**Day D-1**");

$PLV_{T(D-1)}$  is the value of newly issued units in the Class from Day D-1 until Day D;

$PLO_{T(D-1)}$  is the value of redeemed units in the Class from Day D-1 until Day D;

$DIVI_{T(D-1)}$  is the amount of distributed or reinvested dividends declared to the given Class unitholders from Day D-1 to Day D. Such dividend is reflected in the allocation on the date on which the Fund's Capital Value is reduced as a result of the dividend declaration;

$VK_{(D-1)}$  is the Fund Capital Value on Day D-1;

$PLV_{(D-1)}$  is the value of all newly issued Fund units from Day D-1 until Day D;

$PLO_{(D-1)}$  is the value of all redeemed Fund units from Day D-1 until Day D;

$DIV_{(D-1)}$  is the volume of distributed or reinvested dividends declared to all Fund Classes unitholders from Day D-1 until Day D. Such dividend is reflected in the allocation on the date on which the Fund's Capital Value is reduced as a result of the dividend declaration;

"Class-specific costs" means all costs associated solely with a particular Class, in particular the fee for the management of Fund assets (Article 11.3).

For the initial determination of the Fund Capital Value of a Class on the settlement date of the initial issue, the Class Allocation Ratio is determined as the share of the value of the units issued in that Class relative to the value of all Fund units issued at the moment of the initial issue.

Unitholders of the same Class share in the Fund Capital Value of the Class at a ratio of the number of units they hold in that Class to the total number of units issued in that Class.

- 9.8 The Fund distributes dividends ("**dividends**") attributable to Class D shares. Profit attributable to Class A shares is not distributed and is reflected in the increased value of units of this Class.
- 9.9 Unitholders have the right to a dividend under the preceding paragraph provided that they hold Class D units as at the date of the meeting of the Investment Company's board of directors where the decision is taken to distribute the Fund's profit from the previous calendar year. That date is the record date for claims to the payment of dividends from the previous calendar year (the "**dividend record date**"). Every year, the Investment Company publishes the date of the meeting of the board of directors on the website [www.conseq.cz](http://www.conseq.cz) no later than three months after the approval of the Fund's financial statements. The share of Class D in the profit is determined according to the Class D Allocation Ratio determined on the dividend record date.
- 9.10 In the context of Article 9.9, the issuance and redemption of Class D units is suspended prior to the dividend record date; until the dividend record date, inclusive, it is not then possible to issue or redeem units. This ensures that Fund units will not be sold at a higher selling price, reflecting the Fund's profit, applicable prior to the dividend record date, in respect of which there would be no claim to the payment of a dividend, and those Fund units will not be redeemed for a higher redemption price, reflecting the Fund's profit, applicable prior to the dividend record date, in respect of which there would be a claim to the payment of a share in the profit (duplicate profit-sharing). The issuance or redemption of Fund units, the sale or redemption price of which factors in the Fund's profit, may be requested no later than the record date for the issuance of a unit (Article 10.12) or the record date for the redemption of a unit (Article 10.20) which precedes the dividend record date by at least 3 business days.
- 9.11 The profit from the results of the management of the Fund's assets attributable to Class D units will be distributed, subject to the conditions set out in the preceding paragraphs so that each unitholder will be paid an after-tax return equal to the number of Class D units held by the unitholder as at the dividend record date multiplied by the proportion of the profit per Class D unit.
- 9.12 The Investment Company pays out dividends directly or indirectly via the Registrar. If the Registrar, under a contract concluded between a unitholder and the Registrar, maintains unitholder memorandum account, the Registrar credits an amount corresponding to the dividend to that account without undue delay after payment of the dividend by the Investment Company; otherwise, the Registrar maintains an amount corresponding to the dividend as the Registrar's debt towards the person keeping the related records pursuant to Article 10.6. Shares in profit shall automatically be reinvested via the Registrar, i.e., Class D shares shall be issued for them to the unitholder's account, within four business days of the dividend record date unless the unitholder requests the payment thereof. If a written request is received from a unitholder for the payment of shares in profit, those shares shall be paid by the Investment Company via the Registrar within 10 business days of the dividend record date. A request for the payment of dividends may be submitted to the Investment Company, to the Registrar, or, in a situation where unitholders have an asset account maintained by a person keeping related

records pursuant to Article 10.6, via that person no later than five calendar days before the dividend record date, unless the Investment Company or the Registrar lays down more detailed rules governing the setting of dates and method of payment of dividends, of which unitholders are informed no later than 30 calendar days before the dividend record date via [www.conseq.cz](http://www.conseq.cz).

- 9.13 If, where a share in profit is to be paid, a claim to exemption from income tax is lodged in accordance with the relevant provisions of the Income Tax Act, the unitholder, no later than five calendar days before the dividend record date, submits to the Investment Company, via the Registrar, all documents demonstrating the claim to tax exemption (e.g., an extract from the foundations register proving that the Fund units in question are part of a foundation's assets).
- 9.14 The right to the payment of dividends becomes time-barred upon expiry of the limitation period, i.e., three years from the date on which the obligation to pay the dividend should have been met, or from any such later date on which the unitholder learns or should and could have learnt of the obligation to pay a dividend; at the latest, the right to the payment of dividends becomes time-barred upon expiry of 10 years from the date on which the obligation to pay a dividend should have been met.

## **10 Shares issued by the Fund**

- 10.1 The Fund issues shares that are not admitted to trading on a European regulated market or in a multilateral trading system, and the price of which is not published by any such market.
- 10.2 Fund shares are book-entry securities.
- 10.3 The Fund's shares shall have no nominal value.
- 10.4 The present value of the Fund's shares is determined in Czech Crowns (CZK).
- 10.5 The Fund's shares are allocated an identification designation according to the international numbering system for the identification of securities (ISIN), i.e. [●] for A Class shares, [●] for D Class shares.
- 10.6 The Registrar keeps records of shares in a separate register in holders' accounts or clients' accounts. If the Registrar keeps shares in clients' accounts, the holder of a clients' account shall keep records relating to the records kept by the Registrar in holders' accounts on the basis of a contract with the Registrar. The holder of a clients' account may only be a person authorised to keep related records. The separate register kept by the Registrar and the related records shall be kept pursuant to Section 93 of the Capital Market Act and the Implementing Decree on Investment Instrument Records.
- 10.7 The Fund's shares establish the same rights; violation of this principle is not the difference in the manner of participation of individual Classes in the Fund's profit and income from the management of the Fund's assets (Article 9.8) and the difference in the amount of remuneration for managing the Fund's assets for each of these Classes (Article 11.3). Shareholders are entitled to have their shares redeemed by the Investment Company, which is required to redeem such shares under the conditions laid down in the Investment Companies and Investment Funds Act and the current Prospectus. The Investment Company shall redeem shares only on the Fund's account. Shareholders shall not be entitled to request the distribution of the Fund's assets or the closure of the Fund.
- 10.8 The present value of a share in a given Class is determined as a proportion of the Fund Capital Value of the Class, as this term is defined below, and the number of shares of the Class issued, rounded to four decimal places.
- 10.9 The current share value shall be determined daily as of each working day. If 30 June or 31 December is not a working day, the present share value shall also be determined as at that day. The present value shall be determined no later than the next working day.

- 10.10 The current value of shares in each Class is published on the Investment Company's website (Article 12.3). The present share value shall be published no later than on the third working day following the day of at which the amount was determined. The present share value is valid for a request for the issuance or redemption of shares in the relevant Class submitted no later than on the day as at which the present value is determined.
- 10.11 The Investment Company issues the Fund's shares for an amount equal to the present value of shares in the relevant Class prevailing as at the reference date.
- 10.12 The reference date for the issuance of a share is each working day.
- 10.13 The initial issue of shares will take place in connection with the merger of the Merging Fund into the Fund, in an exchange ratio of 1:100, so that 100 shares of the relevant Fund Class will be issued for each unit of the relevant Merging Fund Class. The reference date for determining the value of a unit of the Merging Fund (means the value which, together with the exchange ratio, will be used to determine the number of shares of the Fund to be received by an investor of the Merging Fund) is 22 February 2022. The initial issue of the relevant Class shares will take place on 1 March 2022.
- 10.14 The minimum amount for which the shares of the Fund may be issued is CZK 10,000 for the first purchase of Class A shares, CZK 500,000 for the first purchase of Class D shares. For each additional purchase of Class A shares, the minimum amount for which the shares may be issued is CZK 500 for Class A and CZK 50,000 for Class D. The Investment Company or the Registrar may decide to accept an application for the issue of shares even in the case of a lower amount.
- 10.15 Applications for the issuance of shares are submitted to the Investment Company directly, via the Registrar or, for shareholders whose asset account is maintained by a person keeping related records in accordance with Article 10.6 (hereinafter referred to as a "**Subregistrar**"), via the Subregistrar. The Subregistrar purchases and redeems the Fund's shares via the Registrar on behalf of shareholders whose asset accounts the Subregistrar maintains in the related records. Applicants remit an amount to the Investment Company, Registrar or the Subregistrar to cover the selling price of shares or undertake to pay the selling price of the shares. In a contract concluded between an applicant for the issuance of shares and the Investment Company, the Registrar, or the Subregistrar, more detailed rules may be established for determining the deadlines for the submission of applications for the issuance of shares, for the remittance of the amount from which the selling price of shares is to be paid, and for the determination of the entry fee and the manner of payment thereof to the Investment Company, the Registrar, or the Subregistrar. The amount of the entry fee paid to the Investment Company, the Registrar, or the Subregistrar may be a maximum of 5.00% of the present share value per share.
- 10.16 Applications for the issuance of shares shall be served by shareholders or the Subregistrar on the Investment Company or Registrar not later than midday on the reference date. The Investment Company or Registrar may decide to accept an application for the issuance of shares delivered later on the same day. Applications for the issuance of shares submitted at any time in the period from the previous reference date to the present reference date (while respecting the periods referred to in the preceding sentences) shall be deemed to have been submitted on the reference date. The Investment Company shall confirm to the Registrar, for the purposes of informing the applicant for the issuance of shares, or the Subregistrar, the number, present value and selling price of shares no later than midday on the third working day following the reference date. The applicant or the Subregistrar shall pay the selling price to the Investment Company directly or through the Registrar no later than the next working day after the reference date if the selling price in this period is credited to the Fund's account, as at the same day the Investment Company issues the Fund's shares via the Registrar. As of the date of issuance, the Registrar credits the corresponding number of shares to the shareholder's asset account or the Subregistrar's asset account maintained by the Registrar. The Subregistrar shall credit the corresponding number of shares to the shareholder's asset account maintained in the related records in accordance with Article 10.6 as at the same day the shares are credited to the Subregistrar's asset account in the separate records kept by the Registrar. Rights attaching to a share are established on the date of issuance thereof.

- 10.17 The selling price of issued shares shall be paid by the applicant seeking the acquisition thereof to the Investment Company directly, via the Registrar, or, by agreement with the Investment Company or the Registrar, directly to the Fund's account. The Investment Company, the Registrar or, directly, the applicant or the Subregistrar shall transfer an amount to the Fund's account corresponding to the selling price of the shares issued.
- 10.18 To maintain the stability of the Fund and its credibility, the Investment Company reserves the right to decide which applications from applicants seeking the acquisition of shares to accept.
- 10.19 Each shareholder shall be entitled to redeem the Investment Company's shares at a selected financial amount or number of shares. The Fund shall set special deadlines for the submission of applications for the redemption of shares; such deadlines are each working day.
- 10.20 The Investment Company shall redeem shares at the present share value as per the relevant Class prevailing on the day when the application for the redemption of shares is submitted (reference day).
- 10.21 The minimum amount for which an individual redemption of the shares can be made is CZK 10,000. The Investment Company or the Registrar may decide to accept a redemption request even in the case of a lower amount. In the event that after the redemption of units, there should be a decrease in the volume of shares held by the shareholder below CZK 10,000 for Class A shares, below CZK 500,000 for units Class D shares, the shareholder is obliged to submit an application for the redemption of shares of the relevant Class in the entire volume held by him. The Investment Company or the Registrar may decide to accept a redemption request that does not comply with the rule under the previous sentence.
- 10.22 Applications for the redemption of shares may be submitted to the Investment Company directly, via the Registrar or, for shareholders whose asset account is maintained by the Subregistrar, via the Subregistrar. Applications shall be served by shareholders or the Subregistrar on the Investment Company or Registrar not later than midday on the reference date. The Investment Company or Registrar may decide to accept an application for the issuance of shares delivered later on the same day. Applications for the redemption of shares submitted at any time in the period from the previous reference date to the current reference date (while respecting the periods referred to in the preceding sentences) shall be deemed to have been submitted on the current reference date. The Investment Company confirms to the Registrar, for the purposes of informing the shareholder or the Subregistrar, the number of shares to be redeemed, the present value thereof and the amount for the redemption thereof no later than the next working day following the reference date, and arranges, via the Registrar, for the cancellation of the redeemed shares in the records in accordance with Article 10.6 as at the third working day following the reference date. At that date, the Registrar shall debit the corresponding number of shares to the shareholder's asset account or the Subregistrar's asset account. The Subregistrar debits the corresponding number of shares to the shareholder's asset account maintained in the related records in accordance with Article 10.6 as the same day on which the shares are debited to the Subregistrar's asset account. The Investment Company, itself or through the Registrar, financially settles the redemption of shares on the third working day following the reference date; financial settlement means the dispatch of the corresponding monetary amount to the account of the shareholder or the Subregistrar. The time limits referred to in this Article apply unless the redemption of shares is suspended.
- 10.23 To redeem shares at a selected financial amount, the corresponding full number of shares, calculated as a ratio of the required amount to the share price, rounded up or down to a full number, in accordance with mathematical rules, is removed from the asset account of the shareholder or the Subregistrar; a maximum of all Fund shares held in the asset account of a shareholder or Subregistrar may be redeemed. The difference between the price of the number of shares being redeemed and the amount required is paid to the shareholder together with the amount for the shares redeemed, or, where applicable, the amount paid is lower, by that difference, than the amount sought by the shareholder.
- 10.24 Upon payment of the amount for redeemed shares, the amount paid shall be transferred by bank wire transfer in accordance with the contract between the shareholder and the Investment Company or Registrar or the contract between the Subregistrar and the Registrar. That contract

may also lay down more detailed rules for determining the terms and manner of payment of the amount for the redeemed shares.

- 10.25 The Investment Company may suspend the issuance or redemption of Fund shares for up to three months where this is necessary to protect the rights or legally protected interests of shareholders. The Investment Company may suspend the issuance or redemption of Fund shares in particular at the end or the beginning of the calendar year, in cases of natural disasters, in justified cases where there is very strong turbulence in the capital markets, in case of problems with the liquidity of the Fund's assets, if high purchases or redemptions of shares could jeopardise assets in the Fund, or other justified cases.
- 10.26 The Investment Company's board of directors decides on the suspension of the issuance or redemption of shares, and in doing so, is required to draw up a record of its decision. That record shall specify the date and exact time of the decision on the suspension, the reasons and time of the suspension, and the period for which the issuance or redemption of shares is suspended. The Investment Company shall deliver the record on the suspension of the issuance or redemption of the Fund's shares to the CNB without undue delay and at the same time shall publish, on its website, the date and exact time of the decision on the suspension of the issuance or redemption of shares, the reasons, the moment of suspension and the period for which the issuance or redemption of shares is suspended. If the suspension of the issuance or redemption of the Fund's shares threatens the interests of shareholders, the CNB shall cancel the decision. The Investment Company shall publish, on its website, information that the CNB has cancelled the suspension of the issuance or redemption of the Fund's shares. The Investment Company, after the resumption of the issuance and redemption of shares, shall issue or redeem shares, the issuance or redemption of which has been suspended, for the present value established on the date of resumption of the issuance and redemption of shares. Shareholders are not entitled to interest on arrears for the period of suspension of the issuance or redemption of shares unless the Investment Company, as at the date of suspension of the issuance or redemption of shares, is already in arrears with payment of an amount for redemption or if the CNB cancels the decision to suspend the issuance or redemption of shares. In this case, the Investment Company pays interest on arrears from its assets.
- 10.27 At the time of publication of this version of the Prospectus, the Fund's shares are issued and redeemed at the Registrar's registered office. At the time of publication of this version of the Prospectus, the Fund's shares are not publicly offered or issued in another Member State.
- 10.28 Shareholders do not pay any fees to the person responsible for the records of shares unless the contract concluded between a shareholder and the Investment Company, the Registrar, or the Subregistrar specifies a fee for keeping shares in the records of the Registrar or the Subregistrar.

## 11 Fees and Costs

- 11.1 Details of the fees charged to investors and the costs covered out of the Fund's assets are listed in the table below:

<b>One-off fees charged before or after an investment</b>			
(this is the maximum that may be charged to an investor before an investment is made or before the proceeds of the investment are paid out):			
	<b>Class A</b>	<b>Class D</b>	
Front-end load (surcharge)	<b>5.00%</b>	<b>5.00%</b>	of the value of the units issued (see Article 11.2 for more details)
Back-end load (deduction)	<b>0.00%</b>	<b>0.00%</b>	of the value of the units redeemed

<b>Costs charged to the Fund's assets over the year:</b>			
Total ongoing charges	<b>0,73%</b>	<b>0,73%</b>	of the average Fund Capital Value attributable to units of the relevant class
<b>Costs charged to the Fund under certain specific conditions:</b>			
Performance fee	<b>8.00%</b>	<b>8.00%</b>	of the relevant Class's net income

Note:

The ongoing charges ratio is an estimate calculated on the basis of the historical ongoing charges ratio of the investment funds of Conseq Invest plc, one of which the Fund is the successor to, taking into account the different costs associated with different domiciles.

Fees paid from the Fund's assets are: Investment Company's fee (see Articles 11.3 and 11.4), the Custodian Bank's fee (see Article 11.6), the Registrar's fee (see Article 11.7), and the costs as set out in Article 11.8 below. Fees and costs covered out of the Fund's assets are used for the management of its assets and may reduce the returns on the amounts invested.

- 11.2 The front-end load is charged by the Investment Company, Registrar, or Subregistrar pursuant to Article 10.15 to an investor for arranging the purchase (issuance) of units. The amount of the front-end load, which is revenue of the Investment Company, the Registrar, or the Subregistrar, is no more than 5.00% of the value of the units issued. The specific amount of the front-end load is published in the price lists of the Investment Company and the Registrar, which are available at the Investment Company's registered office.
- 11.3 The Investment Company is entitled to a fee, payable from the Fund's assets, for the management and administration of the Fund. The fee for the management of the Fund's assets is determined as the sum of the shares of the average Fund Capital Value of the Class Fund (Article 9) for the accounting period; these shares may be up to a maximum of 0,50% for Class A, and 0.50% for Class D. The specific amount of these shares is determined by the Investment Company's board of directors. Information on the current amount of the fee may be obtained by unitholders from the Registrar in accordance with Article 12.13. The average Fund Capital Value of the Class for the accounting period is calculated as the simple arithmetic average of the Fund Capital Values of the Class on each day for which a present share value is set. The Fund asset management fee and administration fee is paid monthly in arrears, and the sum of the remuneration is calculated for each sub-Class of the Fund. The amount of each monthly fee per sub-Class in the Class currency is determined according to the following equation:

$$MF_N = (PrVK_N * PP_N) / 12$$

where

N is the subscript referring to the sub-Class.

MF<sub>N</sub> is the monthly fee for a sub-Class of the Fund in the currency of the Class

PrVK<sub>N</sub> is the arithmetic average of the Fund Capital Value of the Class, to each day on which the current value of the unit certificate in the given calendar month is determined, expressed in the currency of the Class.

PP<sub>N</sub> is the relevant remuneration rate set for sub-Class by the Investment Company's board of directors (% p.a.).

- 11.4 The Investment Company is also entitled to a performance fee of 8% of the Net Return of the relevant Class for managing the Fund's assets. The Net Return of the relevant Class is calculated as the difference between the closing value of the Class unit and the relevant High Water Mark of the Class multiplied by the closing number of Class units on the last business day of the Investment Period. The performance fee is paid no more than once per Investment Period, and the value per Class in the Class currency is determined according to the equation

$$SF_N = (HPL_N - HWM_N) * PK_N * 8\%$$

where

$SF_N$  is the Fund performance fee for the Class in the Class currency on the last day of the Investment Period. If the  $SF_N$  value is negative, it is considered to be zero.

$HPL_N$  is the Fund Capital Value per Fund unit Class in the Class currency on the last day of the Investment Period

$HWM_N$  is the High Water Mark for the Class in the Class currency on the last day of the Investment Period

$PK_N$  is the number of Class units on the last day of the Investment Period

The High Water Mark corresponds to the Fund Capital Value per Fund Unit Class as at the last day of the Investment Period for which the performance fee was last paid. The High Water Mark value is adjusted for each subsequent business day by the subscriptions paid for the newly issued Class units and the declared Class dividends according to the following equation.

$$HWM_N = HWM_{N(T-1)} + ((HPL_N - HWM_{N(T-1)}) * UPIS_N - DIV_N) / PK_N$$

where

$HWM_N$  is the High Water Mark for the Class in the Class currency for that business day

$HWM_{N(T-1)}$  is the High Water Mark for the Class in the Class currency from the previous business day

$HPL_N$  is the Fund Capital Value per Fund Unit Class in the Class currency

$UPIS_N$  is the number of Class units subscribed. For the purposes of this calculation, subscriptions are not reduced by the value of redemptions on a given day.

$PK_N$  is the number of Class units

$DIV_N$  is the amount of the Class dividend declared at the calculation date

The performance fee attributable to the units being redeemed is charged as at the date on which the units being redeemed are cancelled, and that amount becomes payable at the end of the Investment Period. Payment of performance fee attributable to the units being redeemed described in this paragraph does not lead to any change of the High Water Mark for next Investment period.

In order to protect the shareholders of the Merging Fund, there is no settlement of the performance fee upon the merger. The Fund will take over the claims arising from the performance fee in an amount equal to the balance of such Merging Fund's claims as at the date of the merger. Therefore, the initial High Water Mark value upon the inception of the Fund will be set at 1/100th of the Merging Fund's High Water Mark value as at the date of the last determination of the value of a unit of the Merging Fund.

11.5 The amounts of the fee for managing the Fund's assets and the performance fee indicated in this Prospectus do not include value added tax, where such activity is subject to this tax.

11.6 The Custodian Bank is entitled to a fee, payable from the Fund's assets, for acting as the Fund's custodian bank. The custodian bank fee is set as a portion of the average Fund Capital Value for the accounting period and may be a maximum of 0.05%. The specific amount of the portion referred to in the preceding sentence is laid down in the custodian bank contract. The Fund custodian bank fee is paid monthly in arrears and the amount of each monthly payment is determined on the basis of the Fund Capital Value as at each day for which a present unit value (CZK) is set according to the equation:

$$DF = PrVK * PPd / 12$$

where

DF is the monthly amount of the Fund custodian bank fee (CZK)

PrVK is the arithmetic average of the Fund Capital Values as at each day for which a present unit value is set, calculated for the relevant month (CZK)

PPd is the relevant rate of the custodian bank fee laid down by the custodian bank contract (%).

- 11.7 The Registrar is entitled to a fee for record-keeping pursuant to Article 10.6. This fee is calculated from the number of Fund unitholders and the number of transactions with Fund units according to the following equation:

$$RF = CZK 2 * P1 + CZK 3.33 * P2$$

where

P1 = the number of Fund unitholders at the end of the calendar month for which the fee is being paid

P2 = the number of transactions associated with Fund units for the calendar month for which the fee is being paid; transaction means the crediting or debiting of units to an asset account kept in the records pursuant to Article 10.6.

The Registrar's fee is paid monthly from the Fund's assets.

- 11.8 Other expenses covered from the Fund's assets are:

- a) the cost of debt;
- b) costs associated with trades in investment instruments (commissions, fees to market organisers and securities traders);
- c) fees for the custody and administration of investment instruments;
- d) fees for maintaining investment instrument asset accounts;
- e) costs associated with Repurchase Transactions;
- f) the costs of option, future, and other derivative transactions;
- g) fees to banks for account maintenance and the handling of financial resources;
- h) interest on credits and loans received by the Fund;
- i) costs associated with the management of a share issue;
- j) accounting and tax audit costs;
- k) the court, administrative and notary fees;
- l) taxes;
- m) other costs not explicitly specified in subparagraphs (a) to (l), which the Investment Company or Registrar, acting with due diligence, necessarily and efficiently incurs in connection with the management or administration of the Fund.

- 11.9 All other expenses and costs related to the management of the Fund's assets which are not specified in Articles 0 to 11.8, are included in the fee for the management of the Fund's assets and are covered by the Investment Company.

- 11.10 The Investment Company is entitled to retain fees paid to it by issuers of investment instruments or by their authorised persons (administrators, distributors, etc.) for services in the

administration of subscriptions, redemptions, sales and purchases of investment instruments, and in the management of the relevant records, provided that the acceptance thereof does not conflict with the obligations of the Investment Company to act in a qualified, honest, and fair manner and the best interests of the Fund and its unitholders. More information will be provided to unitholders in the manner laid down in Article 12.13.

11.11 The Investment Company has a policy for the remuneration of employees and senior officers (hereinafter referred to as “employees”) in a manner and to an extent consistent with the size of the Investment Company and the size of the funds under its administration, its internal organisation, and the nature, scope and complexity of its operations. The remuneration policy:

- a) is consistent with due and effective risk management, and supports such risk management;
- b) does not encourage risk-taking inconsistent with the risk profile, prospectus, or founding documents of the funds under the Investment Company’s management;
- c) does not interfere with the observance of the Investment Company’s obligation to act in the best interests of the funds;
- d) is consistent with the business strategy, objectives, values, and interests of the Investment Company, the funds under its management, and its unitholders; and
- e) includes measures to avoid conflicts of interest.

Detailed information on the current remuneration policy, including a description of how remuneration and benefits are calculated, and the identity of persons responsible for granting remuneration and benefits, including the composition of the remuneration committee, if established, are available on the website at [www.conseq.cz](http://www.conseq.cz); printed copies of the current remuneration policy will be provided to unitholders free of charge by the Investment Company on request.

## 12 information

### Information on the Prospectus and the key information document

12.1 The information referred to in this Prospectus, or the key information document, is continuously updated. The Investment Company monitors whether or not the Prospectus or the key information document needs to be updated. Where the Prospectus or the key information document needs to be revised, the necessary changes are subject to approval by the Investment Company’s board of directors.

12.2 Any amendment to the Prospectus shall require the prior consent of the Czech National Bank; otherwise, it shall be null and void. The consent of the Czech National Bank shall not be required for an amendment:

- a) to information directly resulting from changes related to the Investment Company, the Fund or the Depositary;
- b) necessitated directly by an amendment to legislation;
- c) to information on performance or on actual or forecast financial results of the Fund which requires regular updating; or
- d) that does not affect the status or interests of the Fund’s shareholders.

12.3 The current version of the Prospectus and amendments thereto are published on the Investment Company’s website at [www.conseq.cz](http://www.conseq.cz).

12.4 In addition to the Prospectus, the Fund shall also publish a key information document. Data in the key information document shall be consistent with the information contained in this Prospectus.

- 12.5 The date of signature of the current version of the Prospectus and the given name and surname of the member or members of the governing body are listed at the end of this Prospectus.
- 12.6 Every subscriber to a share issued by the Fund must (i) be provided with a key information document free of charge before the investment is made and (ii) be provided with a Prospectus free of charge upon request. The subscriber to a share issued by the Fund may obtain these documents in written or electronic form through the contacts specified in Article 12.13 below.

Additional information about the Fund and economic information

- 12.7 According to the Investment Companies and Investment Funds Act, the Fund is closed with the liquidation of its assets for the following reasons:
- a) the Investment Company so decides;
  - b) the Investment Company is wound up with liquidation of its assets, unless the CNB decides on the transfer of Fund management to another manager;
  - c) the Investment Company's authorisation to manage the Fund lapses, unless the CNB decides on the transfer of Fund management to another manager;
  - d) the CNB so decides, where:
    - i. the average amount of the Fund Capital over the past six months has fallen short of at least EUR 1,250,000;
    - ii. it revokes the Investment Company's permit to engage in the activity of an investment company and does not simultaneously decide on a change of manager.

Under the conditions set out in the Investment Companies and Investment Funds Act, the Investment Company may decide to transform the Fund. The following forms of transformation are admissible:

- a) the merger of the Fund and another mutual fund to form a new fund;
  - b) the merger of the Fund and another mutual fund by acquisition;
  - c) transformation of the Fund into a public limited company.
- 12.8 Should the Investment Company plan to close the Fund or transform the Fund, it shall publish this intention, including the justification, therefore, on its website and at the registered office of the Investment Company at least three months prior to submitting the application to the CNB.
- 12.9 Transformations of mutual funds are governed by Section 381 et seq. of the Investment Companies and Investment Funds Act. Transformation shall require permission from the CNB. A transformation project shall be attached to the application for transformation approval. If transformation is approved, the Investment Company shall publish the CNB's decision on its website along with the prescribed documents. Fund shareholders shall be entitled to redeem Fund's shares without deduction within the time limit laid down by the Investment Companies and Investment Funds Act. Where mutual funds are involved in a merger entailing the formation of a new fund, those mutual funds shall be closed, and their shareholders shall become shareholders of the newly established mutual fund upon expiry of the set time limit, as at the reference date for the merger, which shall not precede the date on which the CNB's decision to permit the merger becomes final. Where a mutual fund is to be closed in a merger by acquisition, the mutual fund shall be closed, and its shareholders shall become shareholders of the acquiring mutual fund upon expiry of the set time limit, as at the reference date for the merger, which shall not precede the date on which the CNB's decision to permit the merger becomes final. Under the terms and conditions laid down by the Investment Companies and Investment Funds Act, shares of the closed mutual fund shall be exchanged for shares of the newly established or acquiring mutual fund, for shares in the newly incorporated public limited company, or investment equities in the newly incorporated public limited company with variable registered capital at a ratio determined according to the amount of the Fund Capital per share of

the closed mutual fund as at the exchange reference date. A mutual fund being transformed into a public limited company shall be closed and its shareholders shall become shareholders in the newly incorporated public limited company or holders of investment equities in the newly incorporated public limited company with variable registered capital upon the incorporation of such public limited company.

- 12.10 If the Fund is closed with the liquidation of assets, within three months from the date of settlement of claims and debts arising from the management of the Fund's assets, the Investment Company shall pay shareholders their shares and shall place unpaid shares in judicial custody. If the fee for the initiation of custody procedure exceeds the amount to be deposited, the unpaid shares are not placed in judicial custody and any amount uncollected is forfeited to the state.
- 12.11 In the event of liquidation of the Fund, the Investment Company will pay the shareholders their shares in the liquidation balance within 3 months from the date of monetization of the Fund's assets and fulfilment of the Fund's debts. Unpaid shares will be deposited in court custody under the conditions for substitute performance pursuant to Act No. 89/2012 Coll., The Civil Code. The share in the liquidation balance will not be deposited in court custody and will fall to the state if the court fee for the motion to initiate custody proceedings exceeds the amount to be deposited in court custody.
- 12.12 Further information for the procedure of the liquidation of the Fund or the transformation of the Fund is set out in the Act on Investment Companies and Investment Funds.
- 12.13 The contact point where it is possible, if necessary, to obtain additional information is Conseq Funds investiční společnost, a.s., having its registered office at Rybná 682/14, 110 05 Praha 1, tel. 225 988 222, email address: fondy@conseq.cz, on working days from 9:00 a.m. to 4:00 p.m. The provision of additional information at this contact point shall be the responsibility of the Registrar.
- 12.14 The taxation of the Fund and shareholders shall be subject to the tax legislation of the Czech Republic, including but not limited to Act No 586/1992 on income tax, as amended. At the time of approval of this Prospectus, a 5% income tax rate applies to the taxation of Fund proceeds. Where legal persons and natural persons are tax residents of the Czech Republic holding shares that are included in their business assets, proceeds from the redemption of their shares shall be subject to the standard tax regime. Where natural persons do not have shares included in their business assets, at the time of approval of this Prospectus proceeds from the redemption of their shares shall be exempt from income tax provided that they have held such shares for more than three years. In other cases, such proceeds shall be included in (other) income in a personal income tax return unless the aggregate thereof for a taxpayer does not exceed CZK 100,000 in the tax period. Where proceeds from the redemption of shares or from the payment of shares in profit are payable to a recipient who is not a tax resident of the Czech Republic, the Investment Company, in cases stipulated by law, shall deduct, from the proceeds from the redeemed shares, an amount securing the income tax payable in accordance with applicable legislation. Therefore, prior to the redemption of shares or prior to the payment of shares in the profit, the Investment Company or Registrar may demand a certificate of the tax residence of the recipient.
- 12.15 Attention is drawn to the fact that the aforementioned information on the taxation system in place for the income of individual shareholders need not apply to each investor but depends on investors' personal circumstances and applicable tax regulations. Neither the Investment Company nor the Registrar has the authority to provide tax consulting, and the Investment Company recommends that all investors in Fund shares seek professional advice (from a tax adviser) regarding the tax system applicable to them.
- 12.16 Within four months of the end of the accounting period, the Investment Company shall send the CNB the Fund's annual report and publish it on its website. Furthermore, within two months of the end of the first six months of the accounting period, the Investment Company shall send the CNB an electronic semi-annual report and publish it on its website.

12.17 The Fund's annual and semi-annual reports are also made available to shareholders at the Investment Company's registered office and will be sent to them at their expense without undue delay on request.

12.18 Without undue delay after the end of the relevant period, the Fund publishes the following on the Investment Company's website:

- a) daily, in the manner laid down in Article 10.10, information about the Fund Capital Value and information about the present Class share value;
- b) for each calendar month, information about the number of shares issued and redeemed, and the amounts for which such shares were issued and redeemed;
- c) for each calendar month, information about the structure of the Fund's assets as of the last day of the month.

#### Other information

12.19 The oversight body is the CNB. Address: Na Příkopě 28, Praha 1, 115 03, telephone: 224 411 111, email address: podatelna@cnb.cz, www.cnb.cz.

12.20 A permit to engage in the activity of an Investment Company and the provision of CNB oversight is no guarantee of a return on investment or of the Fund's performance, cannot preclude a possible breach of legal obligations or the Prospectus by the Investment Company, the Depositary or any other party, and do not guarantee that any damage caused by such breach will be indemnified.

12.21 The Fund's investment strategy may change under the conditions set out in Section 207 of the Investment Companies and Investment Funds Act.

12.22 Courts of the Czech Republic have the jurisdiction to hear disputes arising from a contract in connection with an investor's investment in the Fund, unless otherwise provided by a mandatory provision of legislation. Governing law for contractual relations connected to an investor's investment in the Fund is Czech law, unless otherwise provided in the relevant contract.

12.23 The Prospectus may be translated into other languages by the Investment Company. Any such translation of the Prospectus shall contain the same information and carry the same meaning as the Czech version of the Prospectus. In case of discrepancies between the Czech and another language version of the Prospectus, the Czech version shall prevail. This does not apply to the extent (and only to the extent) to which the legislation of the state in which the Fund's shares are distributed requires that the language version on which the dispute (action) is based be decisive in disputes concerning the provisions of the Prospectus in another language version.

Prague, 20. 1. 2022

Jan Vedra

Chairman of the Board of Directors

Conseq Funds investiční společnost, a.s.