

**AGREEMENT  
FOR THE  
PROVISION OF  
PORTFOLIO  
MANAGEMENT  
SERVICES**

X Global Markets Ltd



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*õThe contractual agreement based on which X Global Markets Ltd provides portfolio management services to clientsõ*

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## 1. LEGAL INFORMATION

X Global Markets Ltd (“the Company”) is incorporated in the Republic of Cyprus with Certificate of Incorporation No. HE 291958. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (“CySEC”), with license No. 171/12 and operates under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law of 2007 (Law 144(I)/2007), as subsequently amended from time to time (“the Law”).

The Company’s address is 162 Fragklinou Rousvelt Street, 3045 - Limassol, Cyprus. The Client acknowledges that the Company’s official language is the English language.

## 2. GLOSSARY

2.1. In this Agreement, except where the context otherwise provides, the following words shall have the following meaning:

“Agreement” means this agreement as this may, from time to time be varied, amended or replaced by mutual agreement.

“Appendix” means the Appendices of this agreement as these may, from time to time be varied, amended, replaced or expanded by mutual agreement.

“Authorized Representative / Attorney” means the person described in clause 18 below.

“Directive” means the Directive DI144-2007-02 of the Cyprus Securities and Exchange Commission for the professional competence of Investment Firms and the natural persons employed by them.

“Financial Instrument(s)” means the Financial Instrument(s) as this/these is/are defined by the Law as this may, from time to time be amended, replaced, expanded or re-enacted.

“Investments” means any investment in Financial Instrument(s). The list of Financial Instruments with respect to which the Company is allowed to provide its services is publicly available at <https://cysec.gov.cy/en-GB/entities/investment-firms/cypriot/37567/>.

“Investment Advice” means the provision of personal recommendation to a Client, either after his/her request, or on the initiative of the Company, in relation to one or more transactions related to financial instruments; for the purposes of this definition, a personal recommendation is given the meaning assigned to it in article 2 of the Law.

“Law” means the Investment Services and Activities and Regulated Markets Law of 2007 as this may, from time to time be amended, replaced, expanded or re-enacted and includes, where the context so justifies, any secondary legislation enacted in furtherance thereof.

“Market(s)” means any market (both regulated and over the counter markets) where the Financial Instrument(s) is/are traded or admitted to trade.

“Member State” means a country member of the EU.

“Net Asset Value” (“NAV”) means the market value of the portfolio of investments (“the Portfolio”) which shall be calculated on a daily basis taking into consideration the bid and the ask price (as these are defined in the Company’s “Terms and Conditions for trading CFDs”), as the case may be, for the market valuation of each investment in financial instrument(s) at the exact time the NAV is calculated. For the purpose of all relevant calculations, the closing bid and/or ask price, as the case may be, will be taken (in the currency in which it is defined for such investment) quoted on an exchange, over-the-counter or any other suitable market or quotation source (“Markets”), on such day/point in time or, if such day is not a trading day on the Markets or no bid/ask price is quoted on the Markets on such day, on the last preceding trading day on the Markets when a closing bid/ask price was quoted; provided, however, that the Company may substitute the Markets for purposes of this definition with reference to any other market or trading system on which such financial instrument is traded or any other benchmark quotations of such financial instrument as long as any such other market or benchmark is or reflects the most liquid market for trading in such financial instrument. If a particular financial instrument is quoted on more than one Market, the Company shall in its sole discretion choose the most appropriate exchange for the purposes of calculating the NAV.

“Parties” mean the two Parties to the Agreement i.e. the Company and the Client.

“Securities” means any Financial Instruments as these are defined in the Law as this may, from time to time be amended, replaced, expanded or re-enacted.

“Services” means the service of Portfolio Management as this is defined by the Law as this may, from time to time be amended, replaced, expanded or re-enacted.

- 2.2. In this agreement the headings of the clauses shall be used solely for ease of reference and shall not be construed as part of the Agreement.
- 2.3. Save where the context otherwise provides, the neuter gender shall include the masculine and the female gender and vice versa.
- 2.4. Reference to any agreement (including without limitation the Agreement) or to any other document, shall be deemed to include references to them as these may from time to time be amended, renewed or replaced and to all agreements and documents which are declared to be supplementary to them or are attached thereto.

### 3. SERVICES

- 3.1. The Client hereby appoints the Company as portfolio manager (i.e. investment manager) on a discretionary basis of such moneys, fixed income and fixed income related investments, equity and equity related investments and other financial instruments transferred to or held by the Company under this Agreement from time to time, which, together with all investments and re-investments made and the proceeds of those moneys and investments and all earnings and profits, less all withdrawals, are referred to collectively as “the Portfolio”. The Client may have one or more portfolios of investments depending upon the said Client’s objectives and strategy. Each portfolio of investments shall be treated as a separate, standalone portfolio (with its own NAV) OR as a sub-portfolio of another portfolio of investments for the purpose of NAV, performance, asset management and other fee(s) calculation (thus the value of all sub-portfolios will be added

for calculating the value of the Portfolio), as agreed between the Company and the Client in the Compensation Acknowledgment.

- 3.2. The Company hereby accepts its appointment as investment manager of the Portfolio on a discretionary basis, upon the terms of this Agreement.
- 3.3. The Company agrees to provide the Client and the Client wishes to be provided with the Service of portfolio management on a discretionary basis where such portfolio(s) include one or more financial instruments.
- 3.4. For the purposes of being provided with the Services, the Client agrees and undertakes to provide the Company with the moneys, the securities and/or the collateral that may be agreed between the Client and the Company. Should the provision of securities and/or collateral by the Client be agreed between the Parties the Company is entitled to treat the provision of such as a prerequisite for the commencement of the Services.

#### 4. CATEGORIZATION OF THE CLIENT

- 4.1. The Company has already categorized the Client according to the Law as part of the account opening process during which the Client has acknowledged the provisions of the Collective Agreement and the Client acknowledges that the business relationship created hereby shall be conducted on the basis of such categorization.

#### 5. APPROPRIATENESS AND SUITABILITY

- 5.1. The Company performs Suitability and Appropriateness Tests prior to the provision of Services related to Portfolio Management. The Company may also request the tests be re-performed in the event of substantial change to the information provided by the Client and/or for any other reason.
- 5.2. The Company's Portfolio Management Services are available only to, and may only be used by Persons (a) who have sufficient experience and knowledge in financial matters to be capable of evaluating the merits and risks of using the Company's Portfolio Management Services and (b) who have done so without relying on any information contained on, or in the Company's Website(s) and/or otherwise provided by the Company in relation thereto.
- 5.3. In particular, where the Company provides Portfolio Management Services to the Client, the Company will only do this having ascertained that the relevant services and/or products are suitable and appropriate for the Client's needs. This assessment will take into account the Client's knowledge and experience of the type of relevant service and/or product, as well as the Client's investment objectives and the level of risk suitable to the Client's portfolio, based on the information provided by the Client in the Client's Profile. If the Client is a company, the company can designate the directors or the ultimate beneficial owner(s) as the person(s) to be assessed for knowledge and experience.
- 5.4. In accordance with the foregoing, the Client hereby represents, warrants and covenants, without prejudice to any other representations, warranties and/or covenants made under this Agreement (a) that the Client has sufficient knowledge and experience in financial matters to be capable of evaluating the merits and risks of trading in financial instruments; (b) that the Client has done so without relying on any information

contained on or Website(s) and/or otherwise provided by the Company in relation thereto; (c) that the Client acts as Principal and sole beneficial owner (but not as trustee) in entering into this Agreement; (d) that, regardless of any subsequent determination to the contrary, trading in financial instruments (and in such other investments as the Company may from time to time agree with the Client) is suitable for the Client and that the Client is aware of all risks involved with such transactions; (e) that the Client is willing and financially able to sustain a total loss of funds resulting from any such transactions in financial instruments; and (f) that the Client has read and fully understood ALL the legal documentation provided on the Company's website under the Legal Section and especially the Company's Risk Notice; and, (g) ) that all of the information regarding the Client's knowledge and experience in financial matters provided by the Client to the Company for the purposes of, or in the context of, opening an account in regard to the provision of Portfolio Management Services is correct and current in all respects.

5.5. Without prejudice to any of the foregoing, the Company shall not be responsible for verifying and/or checking whether the Client has sufficient knowledge and/or experience in financial matters to be capable of evaluating the merits and risks of trading in Financial Instruments, nor shall the Company be responsible for any damages and/or losses incurred by the Client as a result of insufficient knowledge and/or experience.

5.6. IF THE CLIENT IS NOT CONSIDERED SUITABLE, THE CLIENT IS HIGHLY ADVISED NOT TO SEEK AND/OR SOLICIT THE USE OF THE COMPANY'S PORTFOLIO MANAGEMENT SERVICES.

## 6. CLIENT REPRESENTATIONS

6. 1. The Client warrants, declares and represents to the Company, that:

- (1) The Financial Instruments and other assets, including cash amounts, which the Client may deliver from time to time to the Company belong exclusively to the Client and are owned by him free from any right of lien, charge, pledge or any other encumbrance or claim by any third party, unless the Client has otherwise disclosed to the Company in writing,
- (2) In case of a legal person, that it is duly and lawfully registered, and has the power and authority to enter into the Agreement,
- (3) The Financial Instruments and other property assets including cash amounts which the Client may deliver from time to time to the Company are not connected directly or indirectly to any illegal acts or criminal activities,
- (4) Without prejudice to the rights of the Company as set out herein, neither the Client nor any of his Authorized Representative / Attorney shall have any dealings in relation to or trade in any of the Financial Instruments or cash or any other property assets which he has delivered to or acquired through the Company,
- (5) The Client is acting in his personal capacity and not as an Authorized Representative / Attorney or trustee of any third party, unless he has presented to the satisfaction of the Company, documents or power of attorney permitting him to act as an Authorized Representative / Attorney or trustee of any third party,

- (6) The Financial Instruments or other document which he may deliver to the Company are genuine, valid, free of any defect and they shall have the legal effect which they purport to have,
- (7) The person signing this Agreement on behalf of the Client is duly authorized to do so,
- (8) The signing, delivery and performance of the Agreement by the Client do not and will not contravene or constitute a default under, or cause to be exceeded, any of the following, namely:
  - (a) any law by which the Client or any of its assets is bound or affected;
  - (b) rights of any third parties in respect of the Client or the Financial Instruments;
  - (c) any agreement to which the Client is a party or by which any of its assets are bound.

6.2. The above representations and warranties will be deemed valid for all transactions entered into hereunder.

## 7. OBLIGATIONS OF THE COMPANY

- 7.1. The Company shall have full discretion and authority, without obtaining the Client's prior approval, to manage the investment and trading of the Portfolio in order to achieve the objectives in accordance with the guidelines and with the chosen Portfolio strategy as set out and agreed from time to time between the Company and Client, and shall use its reasonable efforts to increase the value of the Portfolio. In furtherance thereof, the Client hereby designates and appoints the Company as its agent and attorney, with full power and authority and without further approval of the Client (except as expressly provided herein or as may be required by law) to take all reasonable and necessary actions in connection with its obligations and rights as set forth herein. The powers vested herein are continuing powers and shall remain in full force and effect until the termination of the Agreement.
- 7.2. Except as otherwise may be agreed in writing and except as specified with respect to the Portfolio, or under the law, there are no prohibited categories of investments/financial instruments, no restrictions on the size of holdings, no diversification or concentration limits and no sector or liquidity restrictions; the Company has full discretion on the management of the Portfolio.
- 7.3. The Company is authorized to place orders with brokers or dealers or other persons, including the Company or any associate or affiliate or subsidiary of the Company, for the purchase, sale, or otherwise disposal of any Investments or other property held or to be held in the Portfolio.
- 7.4. The Company will keep the Portfolio under review, manage the Portfolio in such a manner so as to uphold the Client's best interests and will enter into such transactions in relation to the Portfolio as it thinks necessary or advisable with a view to fulfilling the objectives in accordance with the guidelines agreed between the Company and the Client. These guidelines may be amended at any time during the duration of the Agreement and any such action does not affect any other terms of the Agreement.

- 7.5. The Client hereby agrees and confirms that nothing in the Agreement will limit the freedom of the Company to provide other investment and ancillary services to any other person or entity or act as investment adviser or manager for any third party.
- 7.6. The Company is authorized to exercise or sell or to allow the lapse of rights arising in relation to the Portfolio Investments taking into account the best interests of the Portfolio. Upon making the investment decision in respect to such rights, the Company shall give all instructions, and ensure that all necessary steps are taken to ensure the effective exercise of such rights in consonance with the investment decision.
- 7.7. The Client hereby accepts that:
- (a) The Company or any associate or affiliate or subsidiary of the Company may act as principal in any transactions for disposal of Investments in the Portfolio or in the acquisition of Investments for the Portfolio and such transaction may be entered into on behalf of the Client at such prices as may be decided by the Company taking into account the normal rate or price differential receivable in the ordinary course of business for such transactions;
  - (b) The Company may subscribe or apply for Investments on behalf of the Client upon any issue notwithstanding that the Company or any associate or affiliate or subsidiary of the Company is participating in some other capacity in the preparation or underwriting of such issue or offer or otherwise acting in connection with it; and
  - (c) The Company may acquire Investments for the Portfolio issued by any associate or affiliate or subsidiary of the Company and enter into contractual commitments with any associate or affiliate or subsidiary of the Company.

The above constitutes assent of the Client to the above actions and no further notification to the Client need be given in the future by the Company in relation thereto.

## 8. TERMINATION BY BOTH PARTIES

- 8.1. Termination of the Agreement shall be without prejudice to the completion of transactions already initiated or to the Company's rights to compensation for any monies hereunder, including, but not limited to, any fees, costs or expenses.
- 8.2. Transactions in progress shall be dealt with in accordance with the Client's instructions or, in the absence of such instructions, having regard to the best interests of the Portfolio. Any monies due to the Company hereunder as a result of termination shall be paid when the Portfolio is liquidated or when the assets held in the Portfolio are transferred to a third-party or to the Client.
- 8.3. Notwithstanding any statement to the contrary, any redemption by the Client hereunder shall be subject to the Company retaining sufficient assets to comply with prior commitments and being reimbursed for any costs incurred in arranging any withdrawal from the bank account and any fees due to him by the Client.



## 9. TERMINATION BY THE COMPANY

9.1. The Parties shall be entitled to terminate the Agreement as provided under clauses above.

9.2. Further, the Company may terminate the Agreement immediately without giving notice in case of:

- (1) death of the Client,
- (2) filing of a petition or issue of judgment or order for winding up or liquidation or bankruptcy of the Client,
- (3) in case the Client comes into an agreement or arrangement with its creditors,
- (4) the Client being guilty of malicious conduct or gross negligence or fraud or of using fraudulent means in relation to the execution of this Agreement,
- (5) failure or refusal of the Client to fulfill or comply fully with any of its obligations under the Agreement,
- (6) revocation of the Power of Attorney referred to in clause 18 below.

9.3. It is further provided that in case of such termination of the Agreement, any lawful rights or obligations which have arisen during or before the termination of the Agreement shall not be affected and the Client shall be obliged to pay to the Company, inter alia:

- (1) any outstanding fee of the Company and any other amount payable to the Company,
- (2) any additional expenses which the Company incurs or shall incur as a result of the termination of the Agreement, and
- (3) any losses arising during the arrangement or the settlement of the outstanding obligations.

9.4. Upon termination of the Agreement, the Company shall arrange, as soon as possible, for the delivery to the Client or to his order of any funds or Investments or Financial Instruments of the Client which are in the Company's possession, provided that the Company shall retain all rights it may have for the payment of any outstanding obligations of the Client including, without any limitation, the payment of any sum which the Client owes to the Company under the Agreement. The Company shall be entitled to sell such Investments/Financial Instruments to cover any outstanding obligations of the Client.

## 10. ACKNOWLEDGMENT OF RISK

10.1. The Client acknowledges and accepts the following:

1. The Financial Instruments or funds of the Client may be held by a third party on behalf of the Company and in such cases the Client may not be fully protected against the insolvency of the third party or in case of any act or omission of any such third party.
2. The funds or Financial Instruments of the Client may be held in an omnibus account by a third party and in such cases the Client may not be fully protected against the insolvency of the third party or in case of any act or omission of any such third party.

3. The Client has read, understood and accepted the Risk Notice for Trading CFDs which is available on the Company's website under the Legal Section.
4. The accounts that contain Financial Instruments or funds belonging to the Client may be subject to the law of a jurisdiction other than that of an EU member state and the rights of the Client relating to those Financial Instruments or funds may differ accordingly although the Company will take all reasonable legal steps to ensure that such Financial Instruments or funds will be subject to similar legal arrangements as those implemented within EU.
5. A depository may have a security interest or lien over, or right of set-off in relation to Financial Instruments or funds belonging to the Client.
6. The value of any investment in Financial Instruments may fluctuate either upwards or downwards.
7. The existence of substantial risk of incurring losses and damages as a result of the purchase or sale of any Financial Instrument.
8. When a Financial Instrument is denominated in a currency other than the currency of the trading account through which investments in such instruments are made, any changes in the exchange rates may have a negative effect on the value of the Portfolio.
9. Any Financial Instrument in foreign markets may entail risks different than the ordinary risks in the market at the Client's country of residence.
10. Investments might be based on unrated securities, which bear significant credit and exchange rate risk. While the Company may attempt to put in place actual or synthetic hedging arrangements to address such risks, there can be no assurances that such hedging arrangements shall be available or that the hedging will be effective or even made at all.
11. Notwithstanding that the Company will at all times act in good faith to carry out its obligations under the Agreement, some of the Investments contemplated herein may be volatile and illiquid and there is no guarantee of a positive return on the Investment and/or a guarantee that a return of or repatriation of part or all of the invested amounts in a convertible currency will be possible.
12. There is a possibility that the value of the Portfolio might negatively change due to a change in interest rates.
13. There are significant risks in using derivative instruments. In general terms, a derivative instrument is one whose value depends on (or is derived from) the value of an underlying asset, interest rate or index. CFDs, options, futures, options on futures and interest rate swaps or other interest rate-related transactions are examples of derivatives. Derivative instruments involve risks different from the direct investment in underlying securities. These risks include imperfect correlation between the value of the instrument and the underlying assets; risks of default by the other party to certain transactions; risks that the transactions

may result in losses that partially or completely offset gains in portfolio positions; risks that the transactions may not be liquid etc.

14. Fixed income securities are subject to credit risk. Credit risk is the possibility that an issuer will fail to make timely payments of interest or principal. Some issuers may not make payments on debt securities held in the Portfolio, causing a loss. Or, an issuer may suffer adverse changes in its financial condition that could lower the credit quality of a security, leading to greater volatility in the price of the security held in the Portfolio. A change in the quality rating of a bond or other security can also affect the security's liquidity and make it more difficult for the Company to sell the security. The lower quality fixed income securities in which the Company may invest are more susceptible to these problems than higher quality obligations.
15. Fixed income securities are subject to prepayment risk. The issuers of fixed income securities held in the Portfolio may not be able to prepay principal due on the securities, particularly during periods of declining interest rates. The Company may not be able to reinvest that principal at attractive rates, reducing income to the Portfolio. On the other hand, rising interest rates may cause prepayments to occur at slower than expected rates. This effectively lengthens the maturities of the affected securities, making them more sensitive to interest rate changes and the value of securities held in the Portfolio more volatile.
16. The Company may invest in fixed income securities that are not rated as "investment grade" and not insured by any government, municipality or agency.
17. The Company may invest in the sovereign debt securities of developing countries, which are generally lower quality debt securities. Sovereign debt securities are subject to significant risk that under some political, diplomatic, social or economic circumstances, some developing countries that issue lower- quality debt securities may be unable or unwilling to make principal or interest repayments as they become due.
18. The Company may invest in non-investment-grade or "junk" bonds, which involve significant risk of default or price changes due to changes in the credit quality of the issuer because they are generally unsecured and may be subordinated to other creditors' claims. The value of junk bonds often fluctuates in response to company, political or economic developments and decline significantly over short periods of time or during periods of general or regional economic difficulty. During those times, junk bonds could become difficult to value or sell at a fair price. Credit ratings on junk bonds, if any, do not necessarily reflect their actual market risk.
19. The Company may engage in frequent and active trading of financial instruments in the Portfolio to achieve the Client's investment objectives. If the Company does trade in this way, the Portfolio may incur increased transaction costs, which can lower the actual return on investment. Active trading may also increase short-term capital gains and losses, which may affect the taxes the Client has to pay.
20. There are special risk characteristics of convertible securities. Convertible securities, which are securities that may be converted into stock or other equity

interests, are subject to the market risk of stocks, and, like other debt securities, are also subject to interest rate risk and the credit risk of their issuers.

10.2. The nature and extent of the risks mentioned above vary from country to country and depend on the Financial Instrument(s) on which the investment(s) shall be effected. In general, the risk factors are affected inter alia by:

- (1) The type of the intended Investment.
- (2) The manner in which the specific investment is effected or the specific Financial Instrument is offered or negotiated or sold.
- (3) The needs and profile of the investor.
- (4) The market in which the Financial Instruments are negotiated and whether such market is regulated or not.
- (5) The clearing and settlement system applicable to the relevant market.
- (6) The place of registration or business, the capitalization and the main business of the issuer.
- (7) The complexity of the transaction.
- (8) Whether the transaction is connected with margin payment or the granting of credit or deposit of collateral or whether it is a leveraged transaction.
- (9) The counter-party risk.

10.3. The Client acknowledges and accepts that there may be other risks apart from those mentioned above.

## 11. LIABILITY OF THE COMPANY

11.1. The Client hereby expressly declares that he is familiar with all the transactions undertaken in the framework of the Agreement and that he requires neither information nor advice, that he has familiarized himself with all risk and taxation issues connected therewith and are directly or indirectly associated with the management of the Portfolio by the Company. He shall therefore not hold the Company any third party, associates, affiliates or subsidiaries responsible or liable for any unfavourable circumstances nor for any losses or damages incurred by or arising as a consequence of any transaction undertaken in the context of the Agreement.

11.2. No liability on the part of the Company or associates, affiliates or subsidiaries shall exist as a result of losses sustained or damage caused by a change of law, regulation or interpretation or the inconsistent or capricious application of any law or regulation by any relevant authority.

11.3. No liability on the part of the Company or associates, affiliates or subsidiaries shall exist where the Company acts in accordance with reasonable commercial practice for portfolio managers operating in the conditions of the market in which the investment is made.

11.4. The Company's associates, affiliates or subsidiaries shall not be liable to the Client for any act or omission in connection with the performance of the Company's services hereunder, other than as a result of its wilful misconduct or fraud.

11.5. Notwithstanding any term or provision of the Agreement to the contrary, the Client's sole recourse against the Company, its associates, affiliates or subsidiaries under the Agreement is for:

- (1) Payment of all cash and all sale proceeds of non-cash assets in the Portfolio freely available to the Company in the Company's jurisdiction less any amounts due to the Company pursuant to this Agreement or otherwise; or
- (2) Delivery of the assets held in the Portfolio, to the degree such delivery may be practicable by the Company; and
- (3) The Client acknowledges that its recourse is limited strictly to items (1) and (2) above and the Client specifically renounces any right to any payment under the Agreement from any assets of the Company or its associates or affiliates or subsidiaries other than those specifically identified above.

## 12. LAWS AND REGULATIONS

12.1. All transactions for the account of the Client shall be subject to the laws governing the constitution and operation, the rules, regulations, orders, circulars and customs of the Cyprus Stock Exchange, or any other Stock Exchange where the Company shall conduct transactions on behalf of the Client, the Cyprus Securities and Exchange Commission, the Market(s) and those governing the operation of Investment Firms, as such rules, regulations, orders, circulars and customs shall be amended or altered from time to time. The Company shall be entitled to take or abstain from taking any measures necessary in order to comply with these rules, regulations, orders, circulars and customs in force from time to time. Any such measures taken and all rules, regulations, orders, circulars and customs in force or applicable shall be binding on the Client.

## 13. BREACH OF OBLIGATIONS OF THE CLIENT

13.1. All property assets, including any kind of Financial Instruments or funds which come, by any means, to the possession of the Company for account of the Client or the management of which the Company undertakes on behalf of the Client, shall be subject to the Company's rights of lien or set off. The Company shall therefore be entitled to refuse to deliver any of them to the Client or to any other person to the order of the Client until the Client carries out his obligations towards the Company. For this purpose, all other separate transactions between the Client and the Company shall be deemed to be governed by these terms. The Company shall not be liable for any losses caused to the Client or to any third party by the exercise of the right of lien or set off or by any other lawful action which may be taken by the Company, for the settlement of its claims against the Client, including any future or contingent claims.

13.2. The Parties agree that in case the Company carries out a transaction or incurs an expense, or tax or other cost on behalf of the Client which is not covered by the equity of the Client's account with the Company, the latter shall immediately pay the difference between the equity and the cost of the transaction. In addition and without any limitation to the obligation of the Client to pay such difference, the Parties mutually acknowledge that the Company shall have the following rights:

- (1) To sell or in any other way liquidate any Financial Instruments or other assets of the Client which are in the possession or control of the Company for any

reason and to cover, with the proceeds a part of or the total of the difference. In case the assets or Financial Instruments which are in the possession or control of the Company are more than one, the Company shall be free to choose the priority of liquidation at will.

(2) To withhold any amounts in cash or other assets or Financial Instruments managed or possessed by it in any manner or otherwise exercise a right of lien.

(3) To set-off, without the consent of the Client, any amount held for the account or to the credit of the Client against any obligations of the Client to the Company or to combine any accounts of the Client held with the Company.

(4) The equity of the Client's account with the Company may include an amount of credit facility and/or additional margin provided by the Company to the Client, if the Client and the Company have agreed for the provision of such credit facilities and/or margin to the Client by the Company. The Parties shall sign an additional separate document for this purpose whose provisions shall apply specifically to the relevant service. The provisions of the Agreement shall apply to the extent that they do not conflict with the provisions of such document.

- 13.3. The Client shall bear any cost incurred by the Company for the management and any liquidation of the assets or the Financial Instruments of the Client as well as for all legal and other expenses.
- 13.4. If the Client owes any amount to the Company, regardless of whether it is in arrears, the Company may require the Client to deliver to the Company as security for the amounts owed, any assets or Financial Instruments which the Company shall deem necessary, the value of which should be equal to such percentage of the amount owed to the Company as the Company shall specify, in each case. To this extent, the Client shall be obligated to sign any requisite document and take all necessary action for the granting of any such security in favor of the Company.
- 13.5. The Company may refuse to proceed with its obligations under the Agreement, for as long as it maintains any claims against the Client, whether these are due, future or contingent and regardless of whether these arise from the same transaction from which the above mentioned obligations of the Company arise.
- 13.6. The Company shall be entitled to charge interest on each debt of the Client which has become in any way due and payable, at such rate as it may decide from time to time based on the Company's internal policy, currently at 5% per month.
- 13.7. The Client shall fully reimburse the Company as soon as he is required to do so for any loss sustained in any way, which is due to acts or omissions of the Client or his Authorized Representatives or Attorneys.
- 13.8. Save in cases of gross negligence, wilful neglect or fraud on the part of the Company or its employees, the Client shall indemnify and keep the Company and or its directors and or its employees and or its representatives harmless and free from any claim by third parties and or for any loss, liability, costs or expenses which the Company may incur in respect of any act or omission of the Company in respect to the provision of the

Services or as a result of any act or omission on behalf of the Client and or its Authorized Representatives or Attorneys.

13.9. The Company shall have no liability for any loss caused by misrepresentation of facts or by error of judgment or any act done or omitted to be done by the Company whenever and howsoever caused, save to the extent that such misrepresentation or act or omission is directly due to the wilful neglect or fraud on the part of the Company and or its directors and or its employees and or its representatives.

13.10. The Company shall have no liability for any loss of opportunity as a result of which the value of the Financial Instruments of the Client would have otherwise been able to increase or for any decrease in the value of the Financial Instruments of the Client, howsoever caused, save to the extent that such loss or decrease is directly caused by the wilful neglect or fraud on the part of the Company or its directors or its employees or its representatives.

## 14. FOREIGN EXCHANGE

14.1. Any conversion required to be effected from one currency to another for the execution of any order or for effecting any transaction by the Company in accordance with or in relation to the Agreement, may be done by the Company in such manner and at such time as it may deem appropriate at its absolute discretion. The Client acknowledges and agrees that he shall undertake all risks arising from any such conversion and in particular, without prejudice to the generality of the above, the risk of loss which may be created as a result of the fluctuation in the exchange rates.

14.2. Without prejudice to the generality of the above clause, in case the Client does not fulfill his obligations arising from the Agreement, the Company shall have the right to debit any account of the Client held with the Company, with any amount connected with the execution of the Client's order in the currency of the relative transaction or at the Company's absolute discretion, with the respective amount in a currency in which the Client holds his account with the Company, at the spot rate of exchange as this shall be finally determined by the Company.

## 15. PERFORMANCE REPORTING AND SERVICE FEES

15.1. The Company shall be entitled to receive fees in respect of the Services provided by it as this shall be specified by the Company from time to time depending on the type of transactions and in accordance with the Company's pricing policy in force from time to time. The present amount and the method of payment of the Company's fees as well as any commissions, taxes or other expenses shall be determined in a separate agreement titled Compensation Acknowledgment, which will be signed by the Client. Any amendment of the Compensation Acknowledgment effected by the Company in accordance with this clause shall be notified to the Client in advance. The Compensation Acknowledgment may be amended at any time during the duration of this Agreement and any such action does not affect any other terms of this Agreement.

15.2. The Company may elect to disclose the essential terms of the arrangements relating to the fees, commissions or non-monetary benefits in summary form. Further details, however, may be disclosed at the request of the Client.

- 15.3. The Company shall submit a monthly statement to the Client via email, with respect to the fees relevant to each monthly period (on a calendar month basis, within two weeks following the end of each month) as agreed between the Client and the Company, showing the calculation of the fees and other expenses, costs or withholding taxes and the Company is authorized to withdraw the amount of any fees and other expenses, costs or taxes withheld from the Portfolio of Investments. The Client shall in addition pay any value added or other tax on the amount of the Company's fee, if such value added or other tax is applicable (the Company shall be invoicing the client on a monthly basis and such invoice will be submitted to the Client through email whilst debits will be made to the Client's trading account as described below). Within a separate semiannual statement, the performance of the Portfolio for the relevant semiannual period will be presented using Time Weighted Rate of Return (TWRR) as method of calculation coupled with a comparison with the relevant predetermined benchmark which will be stated in the Investment Policy Statement signed between the Parties.
- 15.4. In addition to the fees of the Company, the Client shall pay to the Company immediately upon its demand all out of pocket expenses which the latter has incurred during the provision of the Services, any Value Added Tax, any other tax, duties and levies, any fees payable to any third parties taking part in the provision of the Services (as agreed between the Parties in advance) or the execution of the orders and any other expenses incurred or which are payable in relation to the provision of the Services or the execution of the orders.
- 15.3. The Client hereby authorizes the Company to debit immediately his trading account(s) with the Company with the payable amounts as provided in this clause. In case the Client does not maintain an account with the Company or there is no available balance in his account, the Company shall be entitled to debit any amount due in a temporary account and charge interest in case of delayed payment as stated in this Agreement. It is provided that for the whole duration of the Agreement and for as long as there are any acts outstanding, that are based on, or are in relation to the Agreement, and until the full repayment of all amounts owed to the Company, the Company shall have in priority against any third party, a general preferential lien on all and every amount of money, Financial Instruments, as well as on any assets of any nature belonging to the Client, which at any time may come under the possession, custody or control of the Company, as an assurance or guaranty for any money payable and or liabilities which are owed today or it is possible that they will be owed in the future from the Client to the Company in any form.

## 16. PROVISION OF INFORMATION TO THE CLIENT

- 16.1. The Company shall provides to the Client all the information required according to the classification of the Client in full conformity with the provisions of applicable legislation. Such information includes but is not limited to all relevant fees, commissions, expenses, withheld taxes, value added tax, performance measurement, performance comparison using applicable, publicly available benchmark(s) etc. The information shall be provided in electronic means, via email and/or through the Company's internal mailing system, trading platform(s) and website.



## 17. ASSIGNMENT OF DUTIES - REPRESENTATIVES

- 17.1. The Company shall have the right to appoint representatives to execute any administrative or other services so as to enable the Company to execute its obligations under the Agreement. The Company shall act in good faith and shall exercise due care in selecting and using the representatives.
- 17.2. The Company shall have the right to assign any of its duties under the Agreement to a third party, associate, affiliate or subsidiary and may provide information in relation to the Client to any such associate, affiliate or subsidiary upon request. However the liability of the Company to the Client in respect of all matters assigned to the associate, affiliate or subsidiary shall not be affected.
- 17.3. Any such associate, affiliate, subsidiary or representative assuming the obligations set out above shall meet the requirements of the Law.

## 18. POWER OF ATTORNEY AND OTHER DOCUMENTS

- 18.1. The Client shall sign any document which in the opinion of the Company is fair and necessary for the provision of the Services by the Company under the Agreement, including without limitation, powers of attorney for trading in financial instruments on his behalf. Any such power of attorney shall constitute an integral part of the Agreement along with the Investment Policy Statement and the Compensation Acknowledgment.

## 19. AUTHORISED REPRESENTATIVE - ATTORNEY

- 19.1. In case the Client wishes a third person to manage any issues related to the Agreement he must inform the Company in writing of the name of the said person (hereinafter called the "Authorized Representative/Attorney"). The Client acknowledges that the Company shall have dealings with this person only upon production by the latter of a power of attorney granted by the Client, satisfactory to the Company at its absolute discretion.
- 19.2. The Company may specify from time to time, the form, the content, adequacy and completeness of the authorization of any person to act as above. It is further provided that where the Client is a legal person, the term "Authorized Representative / Attorney" shall include the person duly authorized by relevant resolution of the appropriate body of the legal person or by a Power of Attorney, to act on behalf of such legal person.
- 19.3. Any instruction given by any such duly Authorized Representative/Attorney, shall be deemed to have been given by the Client and the Client acknowledges and accepts any such order as if given by him and shall be fully responsible for all consequences resulting from the fact that the Company has acted pursuant to such order.
- 19.4. In case the Client as the person in whose name the Financial Instruments are registered is acting as authorized representative of a third person whether such person has been indicated to the Company or not, the Company shall consider the Client as being the Company's only Client and that he is acting for himself on the basis of the Agreement.

Such third person shall not be considered as a Client of the Company whether directly or indirectly, under any circumstances and the Company shall bear no responsibility towards such person.

## 19. INVESTOR COMPENSATION FUND

20.1. Clients signing this Agreement, subject to eligibility criteria of “covered clients”, shall be protected by relevant provisions of applicable legislation in relation to the Investor Compensation Fund. Clients are directed to the Legal Section of the Company’s website for more information.

## 21. CONFLICT OF INTEREST

21.1. The conflict of interest policy adopted by the Company in relation to the Services to be undertaken for the Client is set out in a separate document which the Company has circulated to the Client. The Company may amend its conflict of interest policy at any time during the duration of this Agreement subject to the absolute discretion of the Company and any such amendment shall not otherwise affect the provisions of this Agreement.

21.2. Notwithstanding the provisions of the above clause, the Company declares that it shall take all possible measures in order to prevent or solve any conflict of interest between itself and persons associated with itself and its clients on the one hand, or among its clients inter se on the other hand. The Company, however, draws the attention of the Client and the Client concurs to the following possible events of conflict of interest:

1. The Company or any associated company or any company which is a member of the group of companies to which the Company belongs, when and if applicable, may:
  - (a) be an issuer of Financial Instruments in which the Client wishes to effect a transaction, (b) enter into a contract with the Client in order to execute his order,
  - (b) act for own account or for another Client as purchaser or seller and may have an interest in Financial Instruments of the issuer in which the Client wishes to effect a transaction,
  - (c) act as adviser, investment manager, underwriter, market maker, creditor, issuing manager, or may have a commercial or other interest with any issuer or third party,
  - (d) pay a fee to any third persons who introduced the Client to it or acted in any manner beneficial to the Company or so that the Client’s orders are placed with the Company,
  - (e) be entitled to receive any amount in the form of commission or otherwise from any third person in relation to any Financial Instrument or investment product or Services.
2. The Company may execute differing orders for the account of different Clients.

## 22. AMENDMENT OF AGREEMENT

- 22.1. The Agreement, including its Appendices if any, may only be amended by a subsequent agreement in writing between the Parties OR unilaterally by the Company in order to incorporate the provisions of amended applicable legislation (in such case, the circulation of the relevant change/amendment to the Client via email shall suffice).

## 23. LIABILITY FOR CUSTODY OF ASSETS

- 23.1. The Client agrees and acknowledges that the Company shall not be liable to the Client or any other person for any loss or other harm to any property in the account of the Client, whether held in the custody of a custodian or any other person, including, but not limited to, any harm to any property in the account held in the custody of a custodian resulting from insolvency or any acts of the agents or employees of the custodian and whether or not the full amount of such loss is covered by any insurance which may be carried by the custodian. The Company will, on request of the Client, endeavor to pursue on behalf of the Client all appropriate legal remedies against such custodian to recover any property, like securities or any sums due or compensation in lieu thereof but, subject thereto, will not accept or have any liability for any such failure to account. The costs and expenses incurred by the Company in connection with the pursuit of such remedies shall be payable by the Client upon demand.

## 24. NON-EXCLUSIVITY OF SERVICES

- 24.1. The Client agrees and acknowledges that the Company may perform investment services for various clients including investment companies. The Client agrees that the Company may take action with respect to any of its other clients which may differ action taken with respect to the account of the Client, so long as it is the Company's policy, to the extent practical, to allocate investment opportunities to the account of the Client over a period of time on a fair and equitable basis relative to other clients. Nothing in the Agreement shall be deemed to limit or restrict the Company or any of its members, directors, managers, agents or employees from buying, selling or trading in any securities, financial instruments or other assets for their own accounts, and the Client acknowledges that the Company, its members, managers, agents and employees, and other clients of the Company, may at any time acquire, increase, decrease or dispose of positions in Investments which are at the same time being acquired, held or disposed of for the Portfolio/account of the Client. The Company will not have any obligation to initiate the purchase or sale, or to recommend for purchase or sale, for the account of the Client any financial instrument or other asset which the Company, its members, directors, managers, agents or employees may purchase, hold or sell for their own accounts or for the accounts of any other clients of the Company.

## 25. CONFIDENTIALITY

- 25.1. The Parties shall have a duty of confidentiality with respect to their relationship hereunder during the term of this Agreement as well as after its termination. Such confidentiality shall cover all communication, documentation or other information exchanged during the course of such relationship.

- 25.2. The Company shall have the right, without giving prior notice to the Client, to disclose such details of the transactions of the Client or such other details as the Company may consider necessary in order to comply with applicable law, the requirements of any third person or other appropriate or regulating authority having the right to demand such disclosure or to comply with any obligation of the Company to proceed to the said disclosure to any third person.
- 25.3. The Company and the Client agree to comply with the Processing of Personal Data (Protection of Individual) Law of 2001 and to process personal information in accordance with such Law.

## 26. NOTICES

- 26.1. Subject to any specific provision to the contrary in this Agreement, any notice, orders, instructions, authorizations, requests or other communication which shall be given to the Company by the Client under the Agreement, shall be in writing and shall be dispatched to the address of the Company as this is set out above or to any other address which may be designated from time to time to the Client for this purpose and shall be valid when it is actually received by the Company provided this does not conflict and is not contrary to any term of the Agreement.
- 26.2. Subject to any specific provision to the contrary, any written notice or other communication of documents by the Company to the Client under the Agreement, shall be given by hand or dispatched by mail, fax or electronic mail (or in any other manner the Company shall determine and notify the Client accordingly) to the mail address or fax number referred or to the electronic mail address referred to in the Client's File (as provided by the Client to the Company during the Client Acceptance/Account Opening Process) and shall be deemed to have been given in case of communication by mail when delivered to the said address or as the case may be, seven (7) days after it has been mailed in an envelope addressed to the Client at the said mail address or in case of communication by fax or electronic mail when such has been sent.

## 27. FORCE MAJEURE

- 27.1. The Company shall not be deemed to have failed to respond to its obligations and shall have no liability for any loss or damage which the Client may incur as a result of any total or partial failure, discontinuance or delay in the execution of the duties or obligations of the Company under the Agreement or of any other person who acts as an intermediary or participates in the execution of the orders, caused by any act of God, fire, war, political upheaval, labour dispute, strike, governmental action, or any stock exchange or credit institution, discontinuance or suspension of the operation of the stock exchange market or any other Market(s), failure of communication for any reason with market makers/counter-parties/Liquidity Providers, non-operation of any electronic transaction/trading system, any other defect in or failure of transmission to communication facilities of any nature between the Company and the Client or any other party, suspension of the right of the Company to provide partly or fully any Services in Cyprus or in any other country or for any other reason beyond the Company's control.

## 28. APPLICABLE LAW AND JURISDICTION

28.1. The Agreement and any transaction of the Client and the Company shall be governed by and construed in accordance with the Laws of the Republic of Cyprus and the Parties shall submit to the non- exclusive jurisdiction of the Cyprus Court(s).

## 29. ASSIGNMENT AND REPRESENTATIONS BY THE COMPANY

29.1. The Agreement shall be personal to the Client and the Client shall not be entitled to assign or transfer any of his rights or obligations under the Agreement.

29.2. The Company may at any time assign or transfer any of its rights or obligations under the Agreement as provided hereinabove.

29.3. The Client acknowledges that no representation has been made to him by or on behalf of the Company which in any way induced or persuaded the Client to enter into the Agreement.

## 30. FORBEARANCE, PARTIAL INVALIDITY AND OTHER TERMS

30.1. Negligence, tolerance or forbearance on the part of any Party with respect to its rights under this Agreement shall in no way be deemed a silent or other waiver or abandonment of rights.

30.2. If any provision of this Agreement shall be rendered invalid, illegal or non-enforceable it shall be deemed to be deleted to the extent necessary to rectify such invalidity, illegality or non-enforceability and all other provisions of the Agreement shall remain valid and enforceable.

30.3. Where the Client shall be more than one person, the obligations of the Client under this Agreement shall be joint and several and any reference to the Client in this Agreement shall be interpreted as reference to any one or more of these persons. Any warning or notice given to any of such persons which constitute the Client shall be deemed to have been given to all the persons constituting the Client. Any order given by any of these persons which constitute the Client shall be deemed to have been given by and on behalf of all the persons which constitute the Client.

30.4. Any stamp duties payable with respect to the Agreement or any other documents required for the execution of transactions under the Agreement shall be borne by the Client.

33.3. The Client solemnly declares that:

- (1) he has carefully read and has fully understood the whole content of this Agreement with which he absolutely and unreservedly agrees and that he accepts that he shall be fully bound by its terms; and,
- (2) he has received a copy of the Agreement prior to the date of its signing and that he has had the opportunity to receive advice from a lawyer of his choice.

## 31. INDUCEMENTS

According to Article 24(9) of MiFID II, the Company is only permitted to pay, or be paid, an inducement (namely, a fee, commission or non-monetary benefit) in connection with the provision of an investment service or ancillary service where the relevant payment:

- is designed to enhance the quality of the relevant service to a client of the Company; and,
- does not impair compliance with the Company's duty to act honestly, fairly and professionally in accordance with the best interests of its clients;

In addition, the Company must clearly disclose to the client, the existence, nature and amount of the inducement or, where the amount cannot be ascertained, its method of calculation. This disclosure must be made in a manner that is comprehensive, accurate and understandable to the client and must be made prior to the provision of the relevant investment/ancillary service. Where applicable, the Company must inform the client on mechanisms for transferring to the client an inducement received in relation to the provision of an investment/ancillary service.

In full conformity with the requirements of applicable legislation, the Company hereby transparently discloses (1) the existence of the following Consultancy Agreement with Diab Consultancy Services, (2) the nature of such agreement and (3) the method of calculation of the fees paid to Diab Consultancy Services as the exact amount cannot be ascertained in advance. This disclosure is being made in a manner that is comprehensive, accurate and understandable and is hereby made prior to the provision of the investment service of portfolio management, as applicable legislation requires. To this end, all relevant information is clearly presented below and you hereby acknowledge that by signing this agreement (i.e. the Agreement for the provision of portfolio management services) the inducement is paid from the Company to Diab Consultancy Services for services rendered with respect to your managed account(s) with the Company.

### Information relevant to the inducement

X Global Markets Ltd has signed a Consultancy Agreement with Diab Consultancy Services ("DCS" or "Service Provider"), a Norwegian Sole Proprietorship with Registration Number 919 781 440, with its holder's registered address at Olaf Bulls Vei 82, 0765 – Oslo, Norway based on which DCS agrees to provide daily guidance, advisory and support with the aim of assisting the Company in enhancing the quality of the investment service of portfolio management which is licensed to provide to clients by the Cyprus Securities and Exchange Commission.

Specifically, DCS will be readily available to provide telephone and/or email support to the Company, when such support is required, and/or participate in meetings and/or conferences, where such participation is imposed by the circumstances, in order to ensure that the Company properly and adequately takes into account all relevant risk factors and other constraints included in the agreed Investment Policy Statement and relevant Portfolio Management Agreement during

the investment decision making process relevant to the investment service of portfolio management offered to its clients.

#### Section Fees of the Consultancy Agreement

The fees pertaining to this Consultancy Agreement are performance based, have been structured in such manner in order to fully align the interests of all parties, secure the Company's obligation to act in the best interests of its clients and are presented in detail in the relevant agreement. Such fees are payable on a quarterly or monthly basis (as the case may be) on presentation of the invoices to the Company.

The Company understands and acknowledges that such fees include only the aforementioned services stated and explicitly excludes the following:

- (1) The provision of any additional advisory and/or support services in relation to upcoming legislation (i.e. changing and/or new legislation); that is, the Service Provider is responsible for providing its services only after considering the provisions/requirements of prevailing (i.e. current) applicable legislation; and,
- (2) The preparation of detailed written reports, apart from short email replies, in relation to the topics stated under the section Statement of Work which may be required by the Company from time to time; and,
- (3) The provision of additional advisory/support and/or risk management advisory/support and/or the preparation of written reports and/or the submission of emails in relation to topics/areas that fall outside the scope of services as included herein.

Any travel and other out-of-pocket costs required to carry out the functions set out in this agreement will be borne by the Company. The Service Provider will agree with the Company what these costs will be prior to realizing them.

The Company fully understands, acknowledges and accepts the content and meaning of the subject section (*Fees*), and expressly agrees to renegotiate the fees with the Service Provider when such necessity arises (i.e. in case there is a material change in the Company's regulatory environment, such as the introduction of new legislation and/or a material change in the Company's business model or in the products/services offered by the Company, such as the provision of additional investment and/or ancillary services) and, at a minimum, on a yearly basis at anniversary.

Any services offered within a given month/quarter, which fall outside the scope of this engagement, would be charged extra in accordance with terms agreed between the parties.

#### Detailed description of fee schedule

The Company agrees to pay the following to the Service Provider during the first twelve (12) months from the day of commencement of the Consultancy Agreement:

- 50% - 50% sharing of asset management fees AND performance fees charged to all clients' accounts managed by the Company under the portfolio management service AND for which advisory/consultation is received by the Service Provider under the terms of the Consultancy Agreement, in case the absolute figures presented in the Budget Table that is included in the Consultancy Agreement are not entirely achieved within the said quarter (due to the fact the % sharing increases based on accumulated assets under management [for which the Service Provider provides its services under the Consultancy Agreement], the Service Provider cannot be penalized for the inability of the Company in accumulating such assets). Absolute figures refer to the third column (performance + asset management fees) of the said table.

As aforementioned, the Company agrees to pay a higher % to the Service Provider as both assets under management and performance/asset management fees increase (based on the aforementioned specific "budget table" that is stated in the Consultancy Agreement). This is due to the fact that costs related to the services that the Service provider agrees to provide under the Consultancy Agreement increase significantly as the number of clients (and thus the total assets under management) for which the services are offered also increases. Having said that, the following will be paid to the Service Provider:

- 60% - 40% sharing of asset management fees and performance fees in case such absolute figures are achieved within the said quarter (minimum figures as presented in the Budget Table, on the upside a deviation of + 5% from those figures qualifies the Service Provider for the 60-40 sharing). As above, absolute figures refer to the third column of the in the Budget Table. However, for the 60-40 to apply, there shouldn't be material adverse deviation (i.e. more than - 10%) from the figure stated in the second column of the in the Budget Table.
- 70% - 30% sharing of asset management fees and performance fees in case absolute figures are achieved within the said quarter with a deviation of > + 5% from those figures. As above, absolute figures refer to the third column of the Budget Table that is included in the Consultancy Agreement. However, for the 70-30 to apply, there shouldn't be material adverse deviation (i.e. more than - 10%) from the figure stated in the second column of the Budget Table (Accumulated Assets Under Management).

The fees that will be charged by the Company to its clients (i.e. charged to managed accounts for which services are provided by the Service Provider under the Consultancy Agreement) shall be:

- a. Management Fee: 2% annualized (charged every month or quarter, on a proportional basis, as the case may be – provisions of the Compensation Acknowledgement signed with each client fully apply)
- b. Performance Fee: 25% (charged every month or quarter, on a proportional basis, as the case may be – provisions of the Compensation Acknowledgement signed with each client fully apply)
- c. Both fees charged under high watermark provisions

It is explicitly stated that the above fees are fixed irrespective of the existence of the Consultancy Agreement with the Service Provider (i.e. the fees have not been "marked up"; in effect, the inducement is paid by the Company and NOT by the Client).



Calculation of the fee paid to the Service Provider:

Based on the terms of the Consultancy Agreement, the Company may pay up to 70% of the asset management and performance fees to the Service Provider.

Example (assuming monthly payment of fees and monthly high watermark):

*You have a portfolio of € 100,000.*

*In the **first month** you make a profit of €2,000 (after the deduction of all roll-over fees and commissions), which increases the value of the managed account at the end of the quarter to € 102,000.*

*Asset Management Fee to be charged:  $[(100000+102000)/2]*0.02/12 = 168.33$  Euro (of which 117.83 EUR is paid to the Service Provider) + VAT currently @ 19% = 200.31 EUR.*

*Performance Fee to be charged:  $25\% * [102000-168.33 -100000] = 457.92$  EUR (of which 320.54 EUR is paid to the Service Provider) + VAT currently @ 19% = 544.92 EUR.*

Ending Equity for the Client following the deduction of fees:  $102,000 -200.31 -544.92 = 101,254.77$  EUR.

Initial High Watermark: 101,254.77 EUR.

*In the **second month**, a loss of €500 is incurred, bringing the total value of the account to € 100,754.77 (after the deduction of all roll-over fees and commissions).*

*Asset Management Fee to be charged: Zero (zero for the Service Provider also)*

*Performance Fee to be charged: No performance fee is charged, since there is no positive result (zero fees for the Service Provider also).*

Ending Equity for the Client, following the deduction of fees is equal to: 100,754.77 EUR.

High Watermark: Kept at previous value of 101,254.77 EUR.

*In the **third month**, a profit is made of € 1,000, and the value of the portfolio has increased to €101,754.77 (after the deduction of all roll-over fees and commissions). Now the high-water mark principle applies: because the value of the portfolio exceeds the historical highest watermark, asset management and performance fees are charged.*

*Asset Management Fee to be charged:  $[(100754.77 +101754.77)/2]*0.02/12 = 168.76$  Euro (of which 118.13 EUR is paid to the Service Provider) + VAT currently @ 19% = 200.82 EUR.*

*Performance Fee to be charged:  $25\% * [101754.77-168.76-101254.77] = 82.81$  EUR (of which 57.97 EUR is paid to the Service Provider) + VAT @ 19% = 98.54 EUR.*

Ending Equity for the Client following the deduction of fees:  $101,754.77 - 200.82 - 98.54 = 101,455.4$  EUR.

New High Watermark: 101,455.4 EUR.

**Client's Full Name:** \_\_\_\_\_

**Client's Signature:** \_\_\_\_\_

**On behalf of the Company**

**Full Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Date:**