

ADDENDUM 1
TO THE FUND PROSPECTUS OF
Conseq Funds SICAV, a.s.

**Conseq Polských dluhopisů, podfond Conseq Funds
SICAV**

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1 DEFINITIONS	
The terms defined in this Supplement shall have the same meaning as those terms defined in the Prospectus, save as otherwise provided for.	
Foreign Currency	a currency other than the Base Currency
Valuation Date	the date on which the Investment Compartment's assets and debts are valued and the present value of an Investment Share is calculated
Publication Day	the date on which shareholders are notified, via the Fund's website, of the present value of an Investment Share as at the Valuation Date under standard market conditions, this is no later than the third business day following the Valuation Date
Bond Fund	a collective investment fund which, in keeping with its prospectus, invests at least 80% of its Fund Capital in money market instruments, bonds or similar securities representing a right to payment of an amount due, or securities replacing them or allowing for the acquisition or transfer thereof, the investment strategy whereof does not meet the definition of a Short-term Bond Fund. Where the present Supplement refers to money market instruments or bonds, this also means securities pursuant to the preceding sentence
Supplement	this Supplement No 1 to the Prospectus
Fund Capital	the value of Investment Compartment Assets less the value of debts constituting part of the assets and liabilities of the Investment Compartment
Investment Security	a share or bond; for the purposes of the Supplement, a security issued by an investment fund, other than a security referred to in Section 3(1)(c) of the Government Regulation, shall not constitute an investment security
Investment Period	the time frame commencing on each 1 January and 1 July, or on the date of establishment of the Investment Compartment and ending on 30 June or 31 December of the same year, or on the date of closure of the Investment Compartment
Corporate Bond	a fungible security to which the right to repayment of the amount due and the obligation of the issuer to satisfy that right are attached, the issuer of which is a person distinct from an international organisation, state, central bank, regional or local government unit or other person exercising powers predominantly in the field of public administration.
Investment Compartment Assets	assets constituting part of the assets and liabilities of the Investment Compartment
Investment Compartment	Conseq Polských dluhopisů, podfond Conseq Funds SICAV
business day	a business day in the Czech Republic and simultaneously in Poland, save as otherwise expressly provided for
Reputable Rating Agency	Standard & Poor's, Moody's and Fitch.
Base Currency	Polish zloty (PLN)

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2 GENERAL INFORMATION ON THE INVESTMENT COMPARTMENT	
Name	Conseq Polských dluhopisů, podfond Conseq Funds SICAV
Investment Compartment's website	www.conseq.cz
Historical information on matters of status	The Investment Compartment was formed by the transformation of the open-end mutual fund Conseq Polských dluhopisů, otevřený podílový fond. This mutual fund was formed on 8 August 2013 and was transformed into the Investment Compartment on [●]. The transformation took place further to a decision by the Manager that was based on the transformation project.
CNB registration	The Investment Compartment is entered in the CNB-maintained register of investment funds with legal personality.
ISIN of the Investment Shares	[●]
Period for which the Investment Compartment has been established	indefinite
Admittance to a European regulated market	no
Record-keeping of the Investment Shares	separate records are maintained by the Registrar
Issue price currency	CZK
3 FEES AND CHARGES	
One-off fees charged before or after an investment	
(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):	
Front-end load (surcharge)	2.50% of the value of the Investment Shares issued
Back-end load (deduction)	0.00% of the value of the Investment Share purchase price or the present Investment Share value upon acquisition
Charges taken from the Investment Compartment over a year	
Total expense ratio (TER)	1.50% p.a. of the average value of the Fund Capital
Charges taken from the Investment Compartment under certain specific conditions	
Performance fee	12% of the value above the benchmark performance
The total expense ratio (TER) of the Investment Compartment is equal to the ratio of total operating costs of the Investment Compartment to the average monthly value of the Fund Capital in the relevant year and may change every year.	

! This Supplement must not be offered without the Fund Prospectus of Conseq Funds SICAV, a.s.!

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<p>The Investment Compartment's assets shall be used to cover the fee payable to the Investment Company, the Custodian Bank's fee, and the costs referred to in Article 3. Investors shall pay a front-end load (surcharge), a back-end load (deduction) or an Investment Share record-keeping fee directly, provided that the contract concluded between an investor and the Investment Company, the Registrar or the Subregistrar specifies a fee for keeping Investment Shares in the records of the Registrar or the Subregistrar. Fees and charges paid from the Fund's assets shall ensure the management of its assets and may reduce the returns on the funds invested.</p>	
<p>Front-end load (surcharge)</p>	<p>A front-end load shall be charged by the Investment Company or the Registrar to an investor for arranging the purchase of Investment Shares. The amount of the front-end load, which shall accrue to the Investment Company or the Registrar, shall be no more than 2.50% of the value of the Investment Shares issued. The specific amount of the front-end load charged by the Investment Company or the Registrar shall be published in the price lists of the Registrar, available at the Investment Company's registered office.</p>
<p>Fee for the management and administration of the Investment Compartment</p>	<p>The Investment Company shall be entitled to a fee, payable from the Investment Compartment's assets, for the management and administration of the Investment Compartment. The fee shall be set as a portion of the average Fund Capital value during the accounting period. It may be a maximum of 1.50% and the specific amount shall be determined by the Investment Company's board of directors. Unless otherwise determined by the Investment Company's board of directors, that portion shall be 1%. Information on the current amount of the fee for the management of the Investment Compartment's assets may be obtained by shareholders from the Registrar. The average Fund Capital value for the accounting period shall be calculated as the simple arithmetic average of the Fund Capital values on each day for which a present Investment Share value is determined. The management and administration fee shall be paid monthly in arrears and the amount of each monthly payment shall be determined by the equation:</p> $MF = PrVK * PP / 12$ <p>where</p> <p>MF = the monthly amount of the management and administration fee</p> <p>PrVK = the arithmetic average of the Fund Capital values on each day for which a present Investment Share value is determined, calculated for the relevant month</p> <p>PP = the relevant rate of such fee determined by the Investment Company's board of directors and expressed as a percentage p.a.</p>
<p>Performance fee</p>	<p>The Investment Company shall also be entitled to a performance fee for the management of the Investment Compartment's assets at 12% of the amount by which the yield of the Investment Compartment's portfolio exceeds the benchmark performance in the relevant Investment Period (see Article 6.4 of the Supplement). The performance fee is paid semi-annually; the amount of each such consideration is determined according to the following equation:</p> $AMF = 0,12 * MAX (VKP_{(P)} - VKP_{(P-1)} * (BMK_{(P)} / BMK_{(P-1)}) - \sum (OBJ_{(i)} * BMK_{(P)} / BMK_{(i)}); 0)$ <p>where</p> <p>AMF is the semi-annual amount of the performance fee for management of the Investment Compartment's assets, derived from the rise in the Investment Compartment's fund capital, as expressed in the Base Currency.</p> <p>VKP_(P) is the Investment Compartment's fund capital value on the last day of the Investment Period, before taking into account the performance fee accrued</p>

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	<p>in the Investment Period.</p> <p>$BMK_{(i)}$ is the value of the benchmark in the Investment Period for the i-th valuation day</p> <p>$BMK_{(P)}$ is the value of the benchmark on the last day of the Investment Period</p> <p>$BMK_{(P-1)}$ is the value of the benchmark on the last day of the preceding Investment Period</p> <p>$OBJ_{(i)}$ is the value of all issued Investment Shares less the value of all Investment Shares redeemed on the i-th valuation day. The calculation shall be made according to the following equation.</p> <p>$OBJ_{(i)} = (PLV_{(i)} - PLO_{T(i)})$</p> <p>where</p> <p>$PLV_{(i)}$ is the value of all issued Investment Shares on the i-th valuation day.</p> <p>$PLO_{(i)}$ is the value of all redeemed Investment Shares on the i-th valuation day.</p> <p>There shall be a claim to a performance fee only if the fund capital value per Investment Share on the last day of the Investment Period exceeds the fund capital value per Investment Share on the last day of the preceding period for which the performance fee was last paid.</p> <p>A future debt of the Investment Compartment in the form of a performance fee payable to the Investment Company after expiry of the Investment Period shall be determined, for the purposes of calculating the Investment Compartment's fund capital value, for each valuation day; the daily amortised cost of this debt shall be weighted by the probability of satisfying the condition set out in the preceding paragraph.</p>
Value added tax	The amounts of the management and administration fee indicated in this Supplement shall not include value added tax, where such activity is subject to this tax.
Custodian Bank's fee	<p>The Custodian Bank shall be entitled to a fee, payable from the Investment Compartment's assets, for acting as the custodian bank. The custodian bank fee shall be set as a portion of the average Fund Capital value during the accounting period. It may be a maximum of 0.10% and the specific amount shall be determined in the depositary contract. The custodian bank fee shall be paid monthly in arrears and the amount of each monthly payment shall be determined on the basis of the Fund Capital value on each day for which a present Investment Share value is determined according to the equation:</p> <p>$DF = PrVK * PPd / 12$</p> <p>where</p> <p>DF is the monthly amount of the custodian bank fee.</p> <p>PrVK is the arithmetic average of the Fund Capital values on each day for which a present Investment Share value is determined, calculated for the relevant month.</p> <p>PPD is the relevant rate of the custodian bank fee laid down by the depositary contract (%).</p>

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Registrar's fee	The Registrar shall be entitled to a Registrar's fee, comprising a portion of the Investment Company's fee, which shall be paid from the Investment Compartment's assets, for acting as the registrar.
Cost of organising the Investment Compartment's activities	<p>The following costs shall also be covered from Investment Compartment Assets:</p> <ul style="list-style-type: none"> 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 the maintenance of 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 Investment Compartment; i) costs associated with the management of an Investment Share issue; j) accounting and tax audit costs; k) court, administrative and notary fees; l) taxes; m) other costs not explicitly specified in subparagraphs (a) to (l), which the Fund, Investment Company or Registrar, acting with due diligence, necessarily and efficiently incurs in connection with the management and administration of the Investment Compartment. <p>All other expenses and costs related to the management and administration of the Investment Compartment which are not specified in Article 3 of the Supplement shall be covered from the assets of the Fund or the Investment Company.</p>

4 RULES GOVERNING THE ACCEPTANCE OF INCENTIVES AND RULES GOVERNING REMUNERATION

The Investment Company or the Registrar may receive fees from the issuers of investment instruments constituting part of the Fund's assets or their authorised persons (administrators, distributors, etc.) for services in the administration of subscriptions, repurchases, sales and purchases of investment instruments and in the keeping of the relevant records, or for the management of investment funds (hereinafter referred to as "incentives"). The Investment Company or the Registrar shall be entitled to keep such incentives provided that the acceptance thereof is not in contravention of their obligations to act in a qualified, honourable and fair manner and in the best interest of the Fund and its investors. More information shall be provided to investors via the Registrar.

The Investment Company has adopted principles 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 principles of remuneration:

- a) are consistent with due and effective risk management and support such risk management;
- b) do not encourage risk-taking inconsistent with the risk profile, prospectus or founding documents of the funds under the Investment Company's management;
- c) do not interfere with the observance of the Investment Company's obligation to act in the best interest of the funds;
- d) are consistent with the business strategy, objectives, values and interests of the Investment

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Company, the funds under its management, and their investors; and

e) include measures to avoid conflicts of interest.

Detailed information on the current principles of remuneration, 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, shall be available on the website at www.conseq.cz; copies of the current principles of remuneration in paper form shall be provided to investors free of charge by the Investment Company on request.

5 AUTHORISATION OF INVESTMENT SHARE HOLDERS AND INFORMATION PUBLISHED

5.1 The right to redeem Investment Shares at the request of the holder thereof to the account of the Investment Compartment shall attach to Investment Shares. Investment Shares shall be extinguished upon redemption.

5.2 The right to vote at the general meeting shall not attach to Investment Shares. Where the law requires that votes be cast at the general meeting by share type, a holder of an Investment Share to which no voting right is attached shall be entitled to vote at the general meeting.

5.3 The following information shall be published on the Investment Company's website available at www.conseq.cz:

- a) the current version of the Prospectus, the Supplement and any amendments thereto;
- b) the annual reports and half-yearly reports of the Fund and the Investment Compartment;
- c) information on the present value of Fund Capital and an Investment Share;
- d) information on the number of Investment Shares issued and redeemed, and on the amounts for which such Investment Shares have been issued and redeemed;
- e) for each calendar month, information on the structure of the Investment Compartment's assets as at the last day of the month;
- f) information as to whether any of the investors has gained a specific advantage or a right to a specific advantage;
- g) information on the provisions of the depositary contract facilitating the transfer or further use of the Investment Compartment's assets by the Custodian Bank;
- h) information on new measures adopted to manage any insufficient Investment Compartment liquidity;
- i) information on changes to the extent of leverage, guarantees provided in connection with leveraging, and any and all changes relating to authorisation to make further use of the financial collateral provided or other comparable security given under another country's law;
- j) information on the extent of leverage by the Investment Compartment.

Investors may also obtain the documents referred to in under (a) and (b) in paper form by making contact via the contact details provided in Article 2 of the Prospectus – Contact Information.

6 INVESTMENT STRATEGY

6.1 The Fund's objective shall be to enhance the value of the Investment Compartment's resources, measured in the Base Currency, to an extent that outperforms the benchmark, i.e. Bloomberg Barclays Series-E Poland Govt All 1Y+ (BEPDGA Index), which is calculated and published by Bloomberg and constitutes an index of all Polish government bonds with maturity of one year or more, weighted by market capitalisation. To achieve the objective, the Fund shall invest

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primarily in a diversified set of liquid bonds or similar securities representing the right to payment of the outstanding amount (hereinafter referred to as “**bonds**”).

- 6.2 Investment in the Investment Compartment shall be suitable for investors who wish to enrich their investment portfolio with investments having a primary focus on Polish government bonds. The Investment Shares shall be suitable for investors who have certain experience of investing in securities and who are prepared to take a risk arising from the concentration of investments in the same kind of investment instruments on which the investment strategy is focused (bonds). The Investment Compartment shall be suitable for investors who are prepared to maintain their investment for at least three to five years.
- 6.3 **No returns on any part of an investment in the Investment Compartment or yields from any such investment are assured or guaranteed. The Investment Compartment is not an assured or 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 the composition of any index. The Fund tracks the benchmark referred to in Article 6.1 of the Supplement.
- 6.5 The Investment Compartment’s investment strategy shall not be systematically focused on a particular economic sector, a particular geographical area, or a particular part of the financial market. The investment strategy shall concentrate on bonds denominated in the Base Currency. After a certain period of time, the investments may become focused in the manner set out in the first sentence of this Article if this is deemed to be appropriate for the Investment Compartment pursuant to an evaluation by the Investment Company.
- 6.6 The Investment Compartment’s investment method shall be consistent with the definition of bond funds within the meaning of the European Fund Classification issued by the European Fund and Asset Management Association (EFAMA) and within the meaning of the Fund Classification Methodology issued by the Czech Capital Market Association (AKAT CR). The Investment Compartment shall focus on investments in short-, medium- and long-term fixed-income securities listed or traded on regulated markets in Poland, or on any market of OECD member countries, and denominated in the Base Currency. The Investment Compartment may also invest, less extensively, in short-, medium- and long-term fixed-income securities listed or traded on regulated markets in Poland or any market of OECD member countries, but denominated in other currencies. Securities denominated in other currencies shall not exceed 30% of Investment Compartment Assets.
- 6.7 **The Investment Compartment shall invest in the following investment instruments and financial assets:**
- a) bonds and money market instruments admitted to trading:
 - 1. on a European regulated market or in the multilateral trading system 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 (hereinafter referred to as a “**Member State**”); or
 - 2. on a market analogous to a regulated market established in a non-Member State, or shall trade in them 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 any of the markets referred to in subparagraph (a), and if the application for admission to trading on any of the markets referred to in subparagraph (a) is submitted so that these bonds are admitted to trading within one year from the date on which the issuance thereof is completed;

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- 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 which 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 on a market referred to in subparagraph (a), point 2;
 3. they are issued or guaranteed by a person who 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 comply with 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. the money market instrument is not subject to 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 an expert assessment by the Investment Company, correspond to a level of risk under which the Investment Compartment is classified and to the Investment Compartment’s investment objective, and, with respect to 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 an aggregate 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 (hereinafter referred to as “**deposits**”) with a maximum of one year to maturity.

6.8 The Investment Compartment may invest in financial derivatives admitted to trading on the markets referred to in Article 6.7(a), if their underlying value constitutes an asset which, according to the Supplement, can be acquired for Investment Compartment Assets, or an interest rate, exchange rate, currency or financial index which is sufficiently diversified, sufficiently representative and publicly available. The Investment Compartment may invest in financial derivatives that are not admitted to trading on the markets referred to in Article 6.7(a), if they meet the following conditions:

- a) the underlying asset of such derivatives comprises instruments which may, according to this Article, constitute the underlying value of financial derivatives admitted to trading on markets referred to in Article 6.7(a);

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- b) those derivatives are negotiated with an admissible counterparty who is subject to the oversight of the CNB, an oversight body of another Member State, or an oversight body of another state;
- c) those derivatives are valued every working day in a reliable and verifiable manner and the Fund has the opportunity, on its own initiative, to assign, serve notice on, or otherwise terminate them at any time for the amount which may be achieved between contractual partners and under conditions which are not significantly imbalanced for either of the parties, or may enter into a new derivative for that amount which offsets the underlying assets of that derivative by means of the procedure laid down in Section 37 of the Government Regulation.

The Investment Compartment shall invest in derivative financial instruments that are traded, for example, on the France Futures and Options Exchange (MATIF), Deutsche Terminbörse (DTB), New York Mercantile Exchange, or Tokyo International Financial Futures Exchange (Tiffe).

- 6.9 In particular, swaps (including credit default swaps), futures, forwards and options may be acquired as assets of the Investment Compartment. Investment shall be permitted only in those financial derivatives consistent with the Investment Compartment's investment policy and risk profile. The most commonly used types of financial derivatives in the management of the Investment Compartment shall be:

a. Swaps.

"Swap" generally means 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 future settlement. It shall be used by the Fund to hedge the Investment Compartment'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 a 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 Investment Compartment's currency with settlement in the future, i.e. a currency swap.

An interest rate swap usually involves the exchange of 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 Investment Compartment's assets. Depending on estimated developments in interest, the Investment Company may therefore – without selling the Investment Compartment's assets – avoid the risk of interest rate fluctuations, thereby preventing interest rate losses. Therefore, 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 normally 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

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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 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 Investment Compartment. 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 Investment Compartment's currency. In this case, the economic impact of the transaction is reflected within the Investment Compartment to the effect that the Investment Compartment will not share in the proceeds resulting from the favourable movement in the foreign currency compared to the currency of the Investment Compartment.

In the management of the Investment Compartment'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.

- 6.10 The Fund may use financial derivatives only to mitigate the risk attaching to the Investment Compartment's investing activity, to reduce the Investment Compartment's costs, or to generate additional income for the Investment Compartment. The Investment Compartment shall 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 Investment Compartment's account. The Investment Compartment's total exposure to financial derivatives, calculated by any of the methods referred to in Section 44 of the Government Regulation, shall not exceed the limits imposed therein.
- 6.11 The Fund may engage in Repurchase Transactions to mitigate the risk attaching to the Investment Compartment's investing activity, to reduce the Investment Compartment's costs, or to generate additional income for the Investment Compartment. A Repurchase Transaction may be negotiated only with an admissible counterparty subject to the oversight of the oversight body of the state in which it is established. Repurchase Transactions may apply only to investment securities and to money market instruments which, according to the Prospectus, may be acquired as assets of the Investment Compartment. Repurchase Transactions may be negotiated only upon fulfilment of other conditions laid down in the Government Regulation.
- 6.12 The types, limits, and method of use and requirements regarding the qualitative criteria of financial derivatives and Repurchase Transactions which can be used for the efficient management of the Investment Compartment's assets, the procedure for mitigating the degree of risk associated with the use of financial derivatives and the measurement of risk, and requirements regarding the qualitative criteria of an investment security or money market instrument containing a derivative shall be governed by the Government Regulation.
- 6.13 Description of securities financing transactions:

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- 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 Investment Compartment does not draw on operations that, by nature, are margin lending transactions or total return swaps.
- b) The Investment Compartment may enter into a Repurchase Transaction with a view to the efficient stewardship of the Investment Compartment portfolio. The maximum proportion of assets under management allocatable 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 are treated as collateral received. Upon receipt of credit against collateral in the form of a security, the security provided is usually of higher fair value than the credit received. Conversely, upon the provision of credit against collateral, the fair value of the collateral received is required to be higher than the value of the credit granted.
- c) Assets received as collateral shall meet the terms and conditions laid down in Articles 6.7, 6.9 and 6.11 of the Prospectus. The subject of Repurchase Transactions shall mainly comprise government 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 redeemable with a maturity consistent with the investment policy/investment profile. Assets received as collateral shall be kept safe at the Custodian Bank, where the nature thereof so allows, or at a third party to whom safekeeping is delegated by the Custodian Bank.
- d) Collateral received shall be fair-valued daily. If the fair value of collateral received is lower than the value of the credit granted, the counterparty shall 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 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 must not be a company associated with the manager. The manager shall materially verify 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 of a non-pecuniary nature, 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) Any and all interest income received in connection with Repurchase Transactions shall accrue to the Investment Compartment; any and all interest expense linked to Repurchase Transactions shall be charged to the Investment Compartment. Transaction costs associated with Repurchase Transactions shall constitute an Investment Compartment expense in accordance with Article 3 of the Supplement. In its Repurchase Transactions, the Fund shall not rely on any third parties (e.g. agent lenders).
- h) 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 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 is managed in particular by the judicious selection of collateral. In particular, an emphasis is 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

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Repurchase Transactions shall be managed in accordance with guiding principles for the management of such risks at the level of the Investment Company.

- 6.14 The Investment Compartment may acquire bonds or securities issued by another collective investment fund, even if not fully paid.
- 6.15 Investment instruments in which the Investment Compartment invests shall comply with the qualitative criteria established by the Government Regulation.
- 6.16 The investment limits for the Investment Compartment'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 Investment Compartment Assets, unless otherwise specified.
 - b) Notwithstanding the limit under subparagraph (a), the Fund may invest:
 - up to 10% of Investment Compartment Assets in bonds and money market instruments issued by a single issuer and up to 20% of Investment Compartment Assets in bonds and money market instruments issued by issuers within a group for which consolidated financial statements are drawn up; however, the sum of these investments shall not exceed 40% of Investment Compartment Assets;
 - up to 35% of Investment Compartment Assets in bonds and money market instruments issued by a single issuer where those securities have been issued or guaranteed by a state, a local government unit of a Member State or an international organisation of which one or more Member States are members;
 - up to 25% of Investment Compartment Assets in bonds issued by a single bank established in a Member State which is subject to the oversight of that state safeguarding the interests of bond holders, if the cash funds 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 pay the bond and to pay the yield; the sum of such investments, however, shall not exceed 80% of Investment Compartment Assets.

Investments under the second and third indent above shall not be included in the limit of 40% under the first indent above.

- c) The counterparty risk deriving from financial derivatives, corresponding to the sum of positive fair values of those derivatives and from standard fund management techniques, shall not exceed the following for any one contracting party:
 - 10% of Investment Compartment Assets where the contracting party is a person referred to in Section 72(2) of the Investment Companies and Investment Funds Act; or
 - 5% of Investment Compartment Assets if the contracting party is a person other than a person referred to in the preceding indent.
- d) Deposits with a single person meeting the conditions referred to in Article 6.7(g) shall not constitute more than 20% of Investment Compartment Assets. The sum of deposits at banks and foreign banks shall not exceed 20% of Investment Compartment Assets.
- 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 6.7(a) shall not exceed 20% of Investment Compartment Assets. This shall be without prejudice to the limits referred to in the second and third indent of subparagraph (b).
- f) The limits referred to in subparagraphs (a) to (e) and (n) 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

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counterparty risk deriving from financial derivatives not admitted to trading on the markets referred to in Article 6.7(a) shall not exceed 35% of Investment Compartment Assets.

- g) The Investment Compartment may invest up to 10% of Investment Compartment Assets in securities issued by a single standard fund or by a single special fund. Investments by the Fund in securities issued by collective investment funds shall not exceed 10% of Investment Compartment Assets. No more than 25% of the asset value of a single collective investment fund may be acquired as Fund assets.
- h) The Investment Compartment shall not acquire assets constituting more than 10% of the total nominal value of bonds issued by a single issuer or more than 10% of the total nominal value or the total number of money market instruments issued by a single issuer.
- i) The minimum proportion of bonds and money market instruments shall be at least 90% of Investment Compartment Assets.
- j) The maximum proportion of bonds and money market instruments issued or guaranteed by the Republic of Poland shall be 100% of Investment Compartment Assets if, at any one moment, the Fund has assets comprising bonds and money market instruments from at least six different issues; securities from any one issue shall not account for more than 30% of Investment Compartment Assets.
- k) The proportion of Corporate Bonds shall be less than 70% of Investment Compartment Assets.
- l) The open position in currencies other than the Base Currency shall be less than 10% of Investment Compartment Assets. Investment in instruments denominated in currencies other than the Base Currency shall be less than 30% of Investment Compartment Assets.
- m) Bonds issued by issuers which have been assigned a rating falling within a non-investment grade (a rating of BB-/Ba3 or worse) by the majority of Reputable Rating Agencies which have evaluated the issuer may account for no more than 10% of Investment Compartment Assets.
- n) The proportion of securities referred to in Article 6.7(d) shall not exceed 10% of Investment Compartment Assets.

6.17 The limits referred to in Article 6.16(h) need not be observed:

- a) on the acquisition of securities as Investment Compartment 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 which has one or more Member States as members.

6.18 The limit referred to in Article 6.16(d) need not be observed in relation to the Custodian Bank on the issuance or redemption of Investment Shares. Deposits exceeding the set limit due to the crediting of an amount corresponding to the selling price of issued Investment Shares shall be invested without undue delay after being credited to the Investment Compartment's account. Deposits exceeding the set limit due to the collection of cash funds to ensure the financial settlement of the redemption of Investment Shares shall be sent to the account of the Investment Company or the Registrar within the prescribed period.

6.19 The Fund need not comply with the above Investment Compartment asset structure upon the exercise of a preferential right to subscribe for investment securities and money market instruments held in its assets now or in the future.

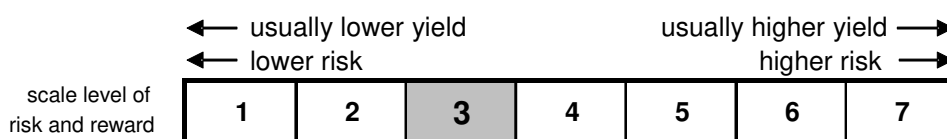
6.20 If the Fund fails to observe the Investment Compartment asset structure above for reasons beyond its control, or because of the exercise of a preferential right to subscribe for investment securities or money market instruments held by the Fund as assets, the Fund, taking into account the interests of its investors, shall ensure the compliance of its asset structure with the rules above without undue delay.

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- 6.21 The Fund shall not enter into contracts on the sale of assets which are not held as assets of the Investment Compartment.
- 6.22 With the exception referred to in Article 6.25 below, the Fund shall not grant loans, credit or donations from the assets of the Investment Compartment, and shall not use such assets to secure a third party's liability or to satisfy a liability unrelated to the management of the Investment Compartment's assets. This shall be without prejudice to the above provisions concerning the definition of investment instruments in which the Investment Compartment invests, and the rules governing the spread and restriction of risks associated with the Investment Compartment's investing activities.
- 6.23 Instead of the issuer's rating, for the purposes of assessing the quality of investment instruments under the 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 (hereinafter referred to as the "Guarantor") shall be applied if the Guarantor's rating is better than the issuer's rating.
- 6.24 The Investment Compartment may accept credit or a loan with a maturity of no longer than six months. The sum of all credit and loans shall not exceed 10% of Investment Compartment Assets. This shall be without prejudice to the limit under the final sentence of Article 6.10.
- 6.25 The Fund may use the Investment Compartment's assets to provide security for the debt of another person or to cover a debt unrelated to the Investment Compartment's management. The provision of security or coverage of a debt shall be consistent with the Investment Compartment's overall investment strategy and shall not unreasonably increase the risk to the Investment Compartment's portfolio. Decisions on the provision of security or coverage of a debt shall be taken by the Investment Company's board of directors. The Fund may use the Investment Compartment's assets to secure or cover debt arising from borrowings received on the Investment Compartment's account pursuant to Article 6.24.

7 RISK PROFILE

- 7.1 **The value of an investment in the Investment Compartment 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. In view of the potential for unpredictable fluctuations on 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 Investment Compartment'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 are used in calculating the synthetic indicator, may not be a reliable indication of the future risk profile of the Investment Compartment;
- b) the Investment Compartment's risk and reward category is not guaranteed to remain unchanged and the categorisation of the Investment Compartment may shift over time;
- c) the lowest category does not mean a risk-free investment;

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- d) the Investment Compartment has been classified on the scale of the category highlighted above, based on historical volatility calculated according to methodology developed by competent authorities working within the Committee of European Securities Regulators, for the following reasons:
- i) the majority proportion of creditworthy Polish government bonds;
 - ii) the Investment Compartment's open positions in currencies other than the Base Currency are largely hedged;
 - iii) the Investment Compartment's supplementary assets consist primarily of bank deposits, liquid bonds, money market instruments and securities issued by collective investment funds.
- e) the Investment Compartment does not offer any guarantee of a return on investments or other capital coverage;
- f) the synthetic indicator shown in the scale above does not adequately capture the following risks of substantial importance for investments in the Investment Compartment:
- i) the liquidity risk, where a significant level of the Fund's investment is made in Polish government bonds, which are by their nature sufficiently liquid, yet which may under certain circumstances have a relatively low level of liquidity, so as to have an impact on the level of liquidity risk of the Investment Compartment as a whole;
 - ii) operational risks and risks related to safekeeping of assets;
 - iii) currency risk entailing changes in the Fund Capital, depending on the volume of the Investment Compartment's open exposures in currencies other than the Base Currency and exchange rate changes.

These risks are explained in Article 7.3 below.

7.3 Description of significant risks arising from investment in the Investment Compartment:

The risk of the unstable present value of an Investment Share as a result of the composition of the assets or the method for the management of the Investment Compartment's assets. In view of the fact that the Investment Compartment's assets consist mainly of bonds, investors must be aware that, despite best efforts at the safe management and diversification of the Investment Compartment's assets, fluctuations in the bond market may also prompt fluctuations in the value of an Investment Share. At the same time, especially early in the Investment Compartment's existence, the Investment Compartment's individual assets shall account for a significant proportion of the Investment Compartment's total assets, and thus unfavourable developments in the price of an individual asset may have a significant impact on developments in the price of an Investment Share.

The market risk arising from the impact of changes in the overall market developments on the prices and values of the different types of the Investment Compartment's assets. Developments in exchange rates, interest rates, credit spreads, and, where appropriate, other market indicators, always affect the value of assets in general. The extent of this effect depends on the exposure of the Investment Compartment's assets to such risks (e.g. a change in the market value of a bond triggered by an interest rate change, etc.).

The credit risk, whereby the issuer or counterparty fails to comply with its liabilities. The credit risk may lie in particular in the fact that entities which have payment liabilities towards the Investment Compartment (e.g. debtors in respect of investment instruments, etc.) fail to comply with their liabilities. The Investment Company minimises these risks primarily by selecting counterparties achieving a certain rating, by setting volume limits on claims against individual counterparties, and by establishing appropriate contractual arrangements. One element of credit risk is the risk of settlement failure, i.e. the risk that the counterparty will not pay or will not supply investment instruments at the agreed time.

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The settlement risk associated with the fact that a transaction is not settled as expected because the counterparty fails to pay or deliver investment instruments within the prescribed time limit. This risk is represented, in particular, by the counterparty's failure at the moment of settlement of the transaction. These risks are minimised primarily by selecting credible counterparties and by settling transactions in investment instruments in the context of reliable settlement systems.

Liquidity risk. This risk lies in the fact that a particular Investment Compartment asset is not monetised in a timely manner and for a reasonable price, and that as a result the Investment Compartment will not be able to meet obligations deriving from a request for the redemption of Investment Shares, or that the redemption of Investment Shares may be suspended. For these reasons, investors bear the risk of a suspension in the issuance and redemption of Investment Shares. The risk is limited by the Investment Compartment's investing activity in investment instruments that are liquid, and in particular are traded on the relevant markets in a sufficient volume, and by maintaining the necessary amount of the Investment Compartment's assets in the form of deposits payable within one year (Article 6.7(g)).

The currency risk, whereby the value of an investment may be affected by an exchange rate change. The currency risk is a subset of the market risks described above.

The risk associated with different types of financial derivatives that the Investment Compartment intends to acquire. The risks associated with financial types of derivatives are essentially market risks, either currency or interest rate risks, depending on the underlying asset of the derivative, and the credit risk of the counterparty. For derivatives, it is necessary to draw attention to the implications of leverage, which generally means that even a slight change in the price of the underlying instrument from which the derivative is derived results in a relatively large change in the price of the derivative.

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 Investment Compartment's assets or securities issued by the Investment Compartment. The Investment Compartment's assets are placed in the safekeeping or, where excluded by the nature of the items, in other custody with a Custodian Bank that is a reputable financial institution. Nevertheless, there may be a risk that, as a result of the insolvency, negligence or wilful misconduct of that person, such assets may be lost. This applies mutatis mutandis to the keeping of records of investment instruments (Investment Shares) issued by the Registrar or a person keeping related records.

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

The Investment Compartment may invest up to 100% of Investment Compartment Assets in bonds and money market instruments issued or guaranteed by the Republic of Poland. Investments under the preceding sentence shall comply with the conditions laid down in Article 6.16(j) of the Prospectus, i.e. in the use of that limit the Investment Compartment must have assets comprising bonds and money market instruments from at least six different issues; securities from any one issue shall not account for more than 30% of Investment Compartment Assets.

Operational risk. This risk consists of loss arising from inadequate or failed internal processes, the human factor, or from external events. This risk is limited by maintaining an adequate management and control system at the Investment Company.

Risk of Investment Compartment closure. The Investment Compartment may be closed, for example, on the basis of such a decision by the Investment Company, due to the merger of the Investment Compartment, the winding-up of the Investment Company with liquidation of

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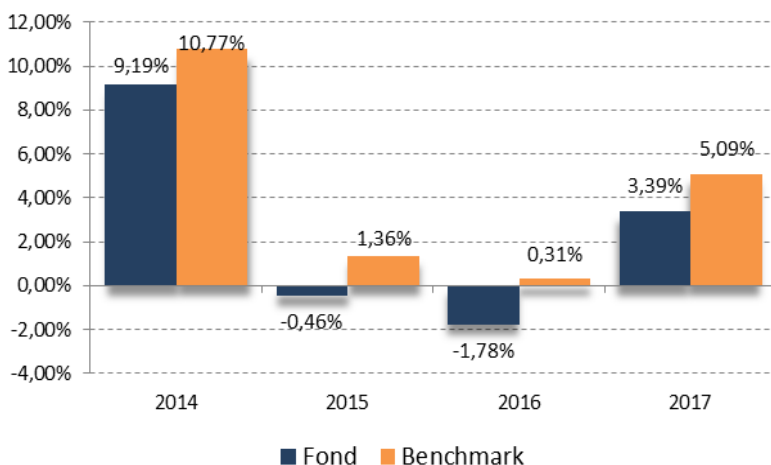
assets, or due to such a decision by the CNB, for example, if the Fund has no Custodian Bank for more than three months, if the Investment Compartment's fund capital fails to reach a threshold equal to EUR 1,250,000 within six months of its inception, or if the Investment Compartment's average fund capital in the last six months fails to reach an amount equal to EUR 1,250,000. This may result in a situation where investors do not hold an investment in the Investment Compartment for the full duration of the intended investment horizon. Investors are hereby warned that no guarantee exists or is given regarding the possibility for an investor to remain in the Investment Compartment.

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 the Investment Compartment's receivable need not be repaid, with the investment instrument used for hedging then passing to the Investment Compartment's assets. In such an eventuality, the Investment Compartment would be exposed to risks associated with the holding of such an investment instrument, in particular market risk.

8 INFORMATION ON PAST PERFORMANCE

8.1 Information on the Fund's past performance is no indicator 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 6.4 of the Supplement). The Investment Compartment's performance does not include any charges associated with the issuance (subscription) or redemption of Investment Shares.



Important notice:

- information on the Investment Compartment's past performance has only limited usefulness as an indicator of future performance;
- the performance shown does not include any charges associated with the issuance or redemption of Investment Shares;
- the Investment Compartment was established in 2013 (as a mutual fund – see the information on matters of status) and the first securities were issued by the Fund in February 2014;
- performance to date is calculated in the Base Currency.

! This Supplement must not be offered without the Fund Prospectus of Conseq Funds SICAV, a.s.!

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9 ASSET MANAGEMENT PRINCIPLES, PROFIT SHARING AND PAYMENT OF YIELDS

- 9.1 The Investment Compartment's accounting period shall be the calendar year.
- 9.2 Assets and debts from the Investment Compartment's investment shall be 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 Investment Company's board of directors shall be responsible for the approval of the Investment Compartment's financial statements, decisions on the distribution of profit or other yields from Investment Compartment assets and decisions on the coverage of any loss incurred in the financial management of the Investment Compartment.
- 9.4 The Investment Compartment's assets and debts shall be appraised as at every day which is a business day in the Czech Republic (hereinafter referred to as the "**Record Date**"). If 30 June or 31 December is not a Record Date, the Investment Compartment's assets shall also be appraised as at that date. The appraisal of the Investment Compartment's assets and debts shall be the responsibility of the Registrar. In justified cases, assets and debts may be appraised at longer intervals of not less than once every two weeks. In justified cases, the Investment Company's board of directors shall decide on a change in the frequency of the appraisal of the Investment Compartment's assets and debts in line with the preceding sentence. Such a decision shall be published in a manner facilitating remote access sufficiently in advance of a change in the frequency of remuneration.
- 9.5 The Investment Company shall keep account of the balance and movement of assets, debts and other liabilities, costs and revenues, and the profit and loss on Investment Compartment assets separately from the Investment Company's own accounts and the accounts of the Fund and other funds under management and to the extent required to determine the value of Fund Capital. The Investment Company, in accordance with accounting methods under legislation governing accounting, shall ensure that accounts on the subject of accounting are kept in ledgers separately for the Investment Compartment in such a manner that it is able to compile financial statements for the Investment Compartment. The Investment Compartment's financial statements shall be audited.
- 9.6 The Fund shall not indulge in profit sharing (the pay-out of dividends) and shall not share yields from the financial management of the Investment Compartment. The Investment Compartment's profit and yields shall be reinvested and reflected in the increased value of Investment Shares.

10 INFORMATION ON THE ISSUANCE AND REDEMPTION OF THE INVESTMENT COMPARTMENT'S INVESTMENT SHARES

- 10.1 The Investment Shares are book-entry securities.
- 10.2 The Investment Shares have no nominal value.
- 10.3 The present value of the Fund's shares shall be indicated in the Base Currency, i.e. Polish Zloty (PLN).
- 10.4 The Registrar shall keep records of Investment Shares in a separate register in holders' accounts or clients' accounts. If the Registrar keeps Investment 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.
- 10.5 Investment Shares shall establish the equal rights of investors. Investors shall be entitled to have their Investment Shares redeemed by the Investment Company, which is required to redeem such Investment Shares under the conditions laid down in the Investment Companies

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and Investment Funds Act and in the Prospectus. The Investment Company shall redeem Investment Shares on the Investment Compartment's account. Investors shall not be entitled to request the distribution of the Investment Compartment's assets or the closure of the Investment Compartment.

- 10.6 The present Investment Share value shall be determined as a proportion of the Fund Capital value and the number of Investment Shares issued, rounded to four decimal places.
- 10.7 The present Investment Share value shall be determined as at each Record Date. If 30 June or 31 December is not a Record Date, the present Investment Share value shall also be determined as at that date. In other justified cases, the present Investment Share value may be determined at longer intervals of not less than once every two weeks. The present value shall be determined on the business day in the Czech Republic following the date for which it is determined.
- 10.8 The present value of Investment Shares in each Class shall be published on the Investment Company's website (Article 5.3). The present Investment Share value shall be published no later than on the third business day in the Czech Republic following the date as at which the value was determined pursuant to Article 10.7. The present value shall be valid for an application for the issuance or redemption of Investment Shares submitted no later than on the day as at which the present value is determined.
- 10.9 The Investment Company shall issue an Investment Share for an amount equal to the present value of an Investment Share prevailing as at the Record Date.
- 10.10 For the issuance of an Investment Share, every Record Date shall be decisive.
- 10.11 The minimum amount for which Investment Shares may be issued shall be PLN 2,000 for the initial purchase of shares and PLN 500 for each subsequent purchase of Investment Shares. The Investment Company or the Registrar may decide to accept an application for the issuance of Investment Shares at a lower amount.
- 10.12 Applications for the issuance of Investment Shares shall be submitted to the Investment Company directly, via the Registrar or, for investors whose asset account is maintained by a person keeping related records (hereinafter referred to as a "**Subregistrar**"), via the Subregistrar. The Subregistrar shall purchase and redeem Investment Shares via the Registrar on behalf of investors whose asset accounts the Subregistrar maintains in the related records. Applicants shall remit an amount to the Investment Company, Registrar or Subregistrar to cover the selling price of Investment Shares or shall make the undertaking to pay the selling price of Investment Shares. In a contract concluded between an applicant for the issuance of shares and the Investment Company, Registrar or Subregistrar, more detailed rules may be established for determining the deadlines for the submission of applications for the issuance of Investment Shares, for the remittance of the amount from which the selling price of Investment Shares is to be paid, and for the determination of the front-end load and the manner of payment thereof to the Investment Company, Registrar or Subregistrar. The amount of the front-end load paid to the Investment Company, the Registrar or the Subregistrar may be a maximum of 2.5% of the present Investment Share value per Investment Share.
- 10.13 Applications for the issuance of Investment Shares shall be served by investors or the Subregistrar on the Investment Company or the Registrar not later than midday on the Record Date. The Investment Company or Registrar shall have discretion on whether to accept an application for the issuance of Investment Shares delivered later on the same day. Applications for the issuance of Investment Shares submitted at any time in the period from the previous Record Date to the present Record Date (while respecting the periods referred to in the preceding sentences) shall be deemed to have been submitted on the Record Date. The Investment Company shall confirm to the Registrar, for the purposes of informing the applicant for the issuance of Investment Shares, or the Subregistrar, the number of shares, the present value and the selling price no later than the second business day following the Record Date. The applicant or the Subregistrar shall pay the selling price to the Investment Company directly or via the Registrar no later than on the third business day after the Record Date. If the selling

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price in this period is credited to the Investment Compartment's account, as at the same day the Investment Company shall issue the Investment Shares via the Registrar. As at the date of issuance, the Registrar shall credit the corresponding number of Investment Shares to the investor's asset account or to the Subregistrar's asset account. The Subregistrar shall credit the corresponding number of Investment Shares to the investor's asset account maintained in the related records as at the same day on which the Investment Shares are credited to the Subregistrar's asset account in the separate records kept by the Registrar. Rights attaching to an Investment Share shall be established on the date of issuance thereof.

- 10.14 The selling price of issued Investment 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 Investment Compartment's account. The Investment Company, the Registrar or, directly, the applicant or the Subregistrar shall transfer an amount to the Investment Compartment's account corresponding to the selling price of the Investment Shares issued.
- 10.15 To maintain the stability of the Investment Compartment and its credibility, the Investment Company reserves the right to decide which applications from applicants seeking the acquisition of Investment Shares to accept.
- 10.16 Each investor shall be entitled to the redemption of Investment Shares by the Investment Company at a selected financial amount or number of Investment Shares. The Investment Company shall set special deadlines for the submission of applications for the redemption of Investment Shares; such deadlines shall be each Record Date and shall be published on the Investment Company's website.
- 10.17 The Investment Company shall redeem Investment Shares at the present Investment Share value prevailing on the Record Date as at which the application for the redemption of Investment Shares is submitted.
- 10.18 The minimum amount for which an individual redemption of Investment Shares may be made shall be PLN 500. The Investment Company or the Registrar may decide to accept an application for the redemption of Investment Shares at a lower amount. If the redemption of Investment Shares were to result in a decrease in the volume of Investment Shares held by an investor to a level below PLN 2,000, the investor shall apply for the redemption of Investment Shares to the full extent of the shares held by the investor. The Investment Company or the Registrar may decide to accept an application for the redemption of Investment Shares which does not comply with the rule under the preceding sentence.
- 10.19 Applications for the redemption of Investment Shares may be submitted to the Investment Company directly, via the Registrar or, for investors whose asset account is maintained by the Subregistrar, via the Subregistrar. Applications shall be served by investors or the Subregistrar on the Investment Company or the Registrar not later than midday on the Record Date. The Investment Company or the Registrar shall have discretion on whether to accept an application for the redemption of Investment Shares delivered later on the same day. Applications for the redemption of Investment Shares submitted at any time in the period from the previous Record Date to the present Record Date (while respecting the periods referred to in the preceding sentences) shall be deemed to have been submitted on the Record Date. The Investment Company shall confirm to the Registrar, for the purposes of informing the investor or the Subregistrar, the number of Investment Shares to be redeemed, the present value thereof and the amount for the redemption thereof no later than the second business day following the Record Date, and shall arrange, via the Registrar, for the cancellation of the redeemed Investment Shares on the third business day following the Record Date. As at that date, the Registrar shall clear the corresponding number of Investment Shares from the investor's asset account or from the Subregistrar's asset account. The Subregistrar shall clear the corresponding number of Investment Shares to the shareholder's asset account maintained in the related records on the same day on which the Investment Shares are cleared from the Subregistrar's asset account in the separate records kept by the Registrar. The Investment Company, itself or through the Registrar, shall financially settle the redemption of Investment

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Shares on the third business day following the Record Date; to this end, financial settlement shall mean the dispatch of the corresponding monetary amount to the account of the investor or the Subregistrar. The time limits referred to in this Article shall apply unless the redemption of Investment Shares is suspended.

- 10.20 To redeem Investment Shares at a selected financial amount, the corresponding full number of Investment Shares, calculated as a ratio of the required amount to the Investment Share price, rounded to the nearest integer, in accordance with mathematical rules, shall be removed from the asset account of the investor or the Subregistrar maintained by the Registrar; a maximum of all Investment Shares held in the asset account of an investor or the Subregistrar may be redeemed. The difference between the price of the number of Investment Shares being redeemed, thus identified, and the amount required shall be paid to the investor together with the amount for the Investment Shares redeemed, or, where applicable, the amount paid shall be lower, by that difference, than the amount sought by the investor.
- 10.21 Upon payment of the amount for redeemed Investment Shares, the amount paid shall be transferred by bank wire transfer in accordance with the contract between the investor and the Investment Company or the 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 Investment Shares, including the currency.
- 10.22 The Investment Company may suspend the issuance or redemption of Investment Shares for up to three months where this is necessary to protect the rights or legally protected interests of investors. The Investment Company may suspend the issuance or redemption of Investment 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 on the capital markets, in case of problems with the liquidity of the Investment Compartment's assets, if high purchases or redemptions of Investment Shares could jeopardise assets in the Investment Compartment, or in other justified cases.
- 10.23 The Investment Company's board of directors shall decide on the suspension of the issuance or redemption of Investment 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 Investment Shares is suspended. The Investment Company shall deliver the record on the suspension of the issuance or redemption of Investment 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 Investment Shares, the reasons, the moment of suspension and the period for which the issuance or redemption of Investment Shares is suspended. If the suspension of the issuance or redemption of Investment Shares threatens the interests of investors, the CNB shall revoke the decision. The Investment Company shall publish, on its website, information that the CNB has cancelled the suspension of the issuance or redemption of Investment Shares. Upon resumption of the issuance and redemption of Investment Shares, the Investment Company shall issue or redeem Investment Shares, the issuance or redemption of which was suspended, and in respect of which there has been no payment of consideration for redemption or issuance, such being for an amount equal to the present value determined as at the date of application, or shall decide to disregard applications for issuance or redemption in respect of which there has been no payment of consideration for redemption or issuance, and shall call on investors who have submitted such an application to resubmit their application if they remain interested. Investors shall not be entitled to default interest for the period of suspension of the issuance or redemption of Investment Shares, unless the Investment Company, as at the date of suspension of the issuance or redemption of Investment 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 Investment Shares. In such an eventuality, the Investment Company shall pay default interest from its assets.
- 10.24 At the time of publication of this version of the Prospectus, Investment Shares are issued and redeemed at the Registrar's registered office. At the time of publication of this version of the

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Prospectus, Investment Shares are publicly offered or issued, besides the Czech Republic, in Poland.

- 10.25 Investors shall not pay any fees to the person responsible for the records of Investment Shares, unless the contract concluded between an investor and the Investment Company, the Registrar or the Subregistrar specifies a fee for keeping Investment Shares in the records of the Registrar or the Subregistrar.