

# **PROSPECTUS**

**Conseq Funds SICAV, a.s.**

**1 DEFINITIONS**

Unless otherwise specified, the terms used in this document shall have the following meanings:

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| <b>Auditor</b>                                       | KPMG Česká republika Audit, s.r.o., having its registered office at Pobřežní 648/1a, 186 00, Praha 8, registration number: 49619187, incorporated by entry in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 24185.<br><br>Further information on the company can be found at <a href="https://home.kpmg.com/cz/cs/home.html">https://home.kpmg.com/cz/cs/home.html</a> . |
| <b>Security</b>                                      | also means a book-entry security  |
| <b>CNB</b>   | Czech National Bank, Na Příkopě 28, Praha 1, 115 03, telephone: 224 411 111, email address: podatelna@cnb.cz.<br><br>Further information on the company can be found at <a href="http://www.cnb.cz">www.cnb.cz</a> .  |
| <b>Fund</b>  | Conseq Funds SICAV, a.s.  |
| <b>Investment Shares</b>                             | shares that are not Founders' Shares and are issued to the relevant investment compartment for the purpose of raising funds from investors  |
| <b>Investment Company</b>                            | Conseq Funds investiční společnost, a.s., having its registered office at Rybná 682/14, Praha 1, 110 05, registration number 248 37 202, incorporated by entry in the Commercial Register kept by the Municipal Court in Prague, Section B, File 17126.<br><br>Further information on the company can be found at <a href="https://www.conseq.cz/">https://www.conseq.cz/</a>                                   |
| <b>Government Regulation</b>                         | Government Regulation No 243/2013 on the investments of investment funds and on techniques for the management thereof   |
| <b>SFTR</b>  | Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012  |
| <b>Investment Compartment</b>                        | all investment compartments created under the Fund  |
| <b>Registrar</b>                                     | Conseq Investment Management, a.s. having its registered office at Praha 1, Rybná 682/14, 110 00, registration number 264 42 671, incorporated by entry in the Commercial Code kept by the Municipal Court in Prague, Section B, File 7153.<br><br>Further information on the company can be found at <a href="https://www.conseq.cz/">https://www.conseq.cz/</a>   |
| <b>Statutes</b>                                      | the Fund's statutes, available (i) in paper format at the Investment Company's registered office and in the Collection of Instruments, or (ii) in computerised format via remote access to the Commercial Register ( <a href="http://www.justice.cz">www.justice.cz</a> )   |
| <b>Prospectus</b>                                    | this Prospectus, including annexes and any supplement hereto, unless otherwise stated, available (i) in paper format at the Registrar's registered office, or (ii) in computerised format on the Fund's website   |
| <b>Founders' Shares</b>                              | shares subscribed by the Fund's founders  |
| <b>Capital Market Act</b>                            | Act No 256/2004 on business on the capital market, as amended   |
| <b>Investment Companies and Investment Funds Act</b> | Act No 240/2013 on investment companies and investment funds, as amended  |

| <b>2 INFORMATION ON THE COLLECTIVE INVESTMENT FUND</b> |  |
|--|--|
| <b>Company name</b>                                    | Conseq Funds SICAV, a.s.   |
| <b>Registered office</b>                               | Rybná 682/14 Praha 1, 110 00   |
| <b>Registration number</b>                             | 088 05 105   |
| <b>Date of incorporation</b>                           | 1 January 2020 (date of entry in the Commercial Register)  |
| <b>CNB registration</b>                                | The Fund is entered in the CNB-maintained register of investment funds with legal personality.   |
| <b>Period for which the Fund has been established</b>  | indefinite   |
| <b>Fund type</b>                                       | <p>The Fund is a “standard fund” as defined by Section 94(1) of the Investment Companies and Investment Funds Act and has been organised in accordance with Czech law. It meets the requirements of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.</p> <p>The Fund is neither a master nor a feeder fund. The Fund is not an internally managed investment fund. The Fund has an individual governing body (an executive director), i.e. the Investment Company, which is authorised to manage the Fund.</p>   |
| <b>Historical information on matters of status</b>     | <p>The Fund is a fund newly created to transform the mutual funds:</p> <ul style="list-style-type: none"> <li>– Conseq Polských dluhopisů, otevřený podílový fond, and</li> <li>– Active Invest Progressive, otevřený podílový fond</li> </ul> <p>into Investment Compartments. For more details, see the supplements for the individual investment compartments.</p>  |
| <b>Amount of share capital to be registered</b>        | CZK 100,000 (paid up in full)  |
| <b>Contact information</b>                             | <p>Place where additional information can be obtained, if necessary:</p> <p><u>Czech Republic:</u><br/> Conseq Investment Management, a.s.<br/> Burzovní palác<br/> Praha 1, Rybná 682/14, 110 00<br/> Business days from 9:00 a.m. to 6:00 p.m.<br/> Tel.: 225 988 222, email: <a href="mailto:fondy@conseq.cz">fondy@conseq.cz</a>,<br/> Fund's website: <a href="https://www.conseq.cz/">https://www.conseq.cz/</a></p> <p><u>Slovakia:</u><br/> Tel.: 0800 900 905, email: <a href="mailto:fondy@conseq.sk">fondy@conseq.sk</a>,<br/> Fund's website: <a href="https://www.conseq.sk">https://www.conseq.sk</a></p> <p><u>Poland:</u><br/> Tel.: +48 22 208 99 49, email: <a href="mailto:fundusze@conseq.pl">fundusze@conseq.pl</a><br/> Fund's website: <a href="http://www.conseq.pl">www.conseq.pl</a></p> |
| <b>List of investment compartments</b>                 | Conseq Active Invest Dynamický, podfond Conseq Funds SICAV<br>Conseq Polských dluhopisů, podfond Conseq Funds SICAV  |

| <b>3 GENERAL INFORMATION ON THE MANAGER</b>                         |   |
|---|---|
| <b>Company name</b>   | Conseq Funds investiční společnost, a.s.  |
| <b>Registered office</b>  | Rybná 682/14, Praha 1, 110 05   |
| <b>Registration number</b>  | 248 37 202  |
| <b>Date of incorporation</b>  | 11 May 2011 (date of entry in the Commercial Register)  |
| <b>CNB registration</b>   | The Manager is entered in the CNB-maintained register of investment companies.  |
| <b>Amount of share capital</b>                                      | CZK 4,000,000 (paid up in full)   |
| <b>Operating permit</b>   | The Investment Company was granted an operating permit under a CNB decision of 24 March 2011 issued under number 2011/2976/570, which entered into force on 24 March 2011. That decision also approved the senior officers of the Investment Company. The Investment Company's operating permit was amended by CNB Decision No 2018/030846/CNB/570 of 6 March 2018, which entered into force on 8 March 2018. The original operating permit was revoked and replaced by a new one.  |
| <b>Group</b>  | The Investment Company belongs to the consolidated group of Conseq Investment Management, a.s., having its registered office at Praha 1, Rybná 682/14, Staré Město, 110 00, registration number 264 42 671, incorporated by entry in the Commercial Register kept by the Municipal Court in Prague, Section B, File 7153.   |
| <b>List of senior officers</b>                                      | The Investment Company's senior officers are: <ul style="list-style-type: none"> <li>– Jan Vedral, Chairman of the Board of Directors;</li> <li>– Hana Blovská, Vice-Chairwoman of the Board of Directors;</li> <li>– Lukáš Vácha, member of the Board of Directors.</li> </ul>   |
| <b>Other positions held by the senior officers</b>                  | Outside the Investment Company, the senior officers engage in the following activities that have meaning in relation to the activities of the Investment Company or the Fund: <p>Jan Vedral is the chairman of the board of directors of Conseq Investment Management, a.s., which is the Investment Company's 100% shareholder and the Registrar, and he holds the position of chief investment manager here.</p> <p>Hana Blovská is the vice-chairwoman of the board of directors of Conseq Investment Management, a.s., where she is the director in charge of marketing and sales.</p> <p>Lukáš Vácha is a member of the board of directors of Conseq Investment Management, a.s., where he is the commercial director for institutional and private clients.</p> |
| <b>Objects of business</b>  | The objects of business of the Investment Company, in accordance with its operating permit, are as follows: <ul style="list-style-type: none"> <li>– the management of investment funds or foreign investment funds;</li> <li>– the administration of investment funds or foreign investment funds.</li> </ul>  |
| <b>List of investment funds under management and administration</b> | A list of funds currently managed and administered by the Investment Company can be found in Annex 1 to this Prospectus at <a href="https://www.conseq.cz/fund.asp">https://www.conseq.cz/fund.asp</a> or in the register maintained by the CNB at <a href="https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO_PAGE?p_lang=cz">https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO_PAGE?p_lang=cz</a> .  |

| <b>4 GENERAL INFORMATION ON THE ADMINISTRATOR</b>   |   |
|---|---|
| <b>Administrator</b>  | The manager, i.e. the Investment Company, is responsible for the Fund's administration.   |
| <b>Main activities to be carried out by the Administrator</b>   | <p>In its administration, the Investment Company carries out all activities for the Fund that are part of the administration of an investment fund pursuant to Section 38(1) of the Investment Companies and Investment Funds Act, including but not limited to:</p> <ul style="list-style-type: none"> <li>– keeping accounts and ensuring compliance with tax liabilities;</li> <li>– providing legal services and ensuring compliance;</li> <li>– appraising the value of the Fund's assets and debts and calculating the present value of Investment Shares;</li> <li>– organising the issuance and redemption of Investment Shares;</li> <li>– preparing documents, including but not limited to annual reports, semi-annual reports, the Prospectus and the key information document, and any amendments thereto;</li> <li>– publishing, notifying and providing information and documents to investors and other authorised persons, including the Czech National Bank;</li> <li>– keeping records of investment shares issued by Investment Compartments;</li> <li>– keeping records of the issuance and redemption of investment shares issued by Investment Compartments;</li> <li>– distributing and disbursing monetary consideration in connection with the closure of the Investment Compartments;</li> <li>– processing investor complaints and claims.</li> </ul> |
| These activities may be carried out by the Investment Company fully on its own, or may delegate the performance of any or all such activities to another person as detailed in Article 6 of the Prospectus. |   |

| <b>5 GENERAL INFORMATION ON THE DEPOSITARY</b> |  |
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| <b>Custodian Bank</b>                          | UniCredit Bank Czech Republic and Slovakia, a.s.   |
| <b>Registered office</b>                       | Praha 4 - Michle, Želetavská 1525/1, 140 92  |
| <b>Registration number</b>                     | 649 48 242   |
| <b>CNB registration</b>                        | The Custodian Bank is entered in the CNB-maintained register of investment fund depositaries.  |
| <b>Group</b>                                   | The Custodian Bank is consolidated within a group in accordance with the Accounting Act; the entire group is consolidated by UniCredit S.p.A, established in Milan, Italy, in accordance with International Accounting Standards as adopted by the European Union (EU IFRS). The Custodian Bank's main shareholder is UniCredit Bank Austria AG, Vienna, which holds a 99.96% stake in the Custodian Bank. The parent company of the entire UniCredit group is UniCredit S.p.A, Milan.   |
| <b>Custodian Bank's main activities</b>        | <p>The Custodian Bank's activities are derived from the Investment Companies and Investment Funds Act, and are specified further in the depositary contract. In particular, the Custodian Bank shall:</p> <ul style="list-style-type: none"> <li>– hold in custody fungible investment instruments owned by an Investment Compartment by registering them in an ownership account maintained by the Custodian Bank for the Investment Compartment in the relevant register or opened by the Custodian Bank for the Investment Compartment at the central securities depositary (Centrální</li> </ul> |

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|   | <p>depozitář cenných papírů, a.s.) or a comparable facility under the law of another state;</p> <ul style="list-style-type: none"> <li>– hold physical custody of an Investment Compartment’s assets where the nature thereof so permits;</li> <li>– open and maintain itself, or, under conditions laid down by the Investment Companies and Investment Funds Act, open at another person, monetary accounts in the Fund’s name and inured to the benefit of the Investment Compartment, deposit in those accounts any and all financial resources of the Investment Compartment, and run checks on the movement of financial resources belonging to the Investment Compartment in such accounts;</li> <li>– be responsible for keeping records of the Investment Compartment’s assets, where the nature thereof so permits;</li> <li>– check whether, in accordance with the Investment Companies and Investment Funds Act, the Prospectus and the provisions of the depositary contract: <ul style="list-style-type: none"> <li>• Investment Shares have been issued and redeemed;</li> <li>• the present value of Investment Shares has been calculated;</li> <li>• the Investment Compartment’s assets and debts have been appraised;</li> <li>• consideration from transactions with the Investment Compartment’s assets has been paid in the normal time limits;</li> <li>• yields deriving for the Investment Compartment are used; and</li> <li>• the Investment Compartment’s assets are acquired and transferred.</li> </ul> </li> </ul> |
| <p>The Custodian Bank shall be responsible for the safekeeping of investment instruments held by the Investment Compartment, the custody of the Investment Compartment’s assets and the record-keeping of such assets. Any delegation, by the Custodian Bank, of the performance of these activities to another entity shall not affect the Custodian Bank’s liability. This shall be without prejudice to the Investment Company’s liability for damage incurred in management and administration.</p> |   |

## 6 INFORMATION ON THE DELEGATION OF INDIVIDUAL ACTIVITIES TO ANOTHER ENTITY

- 6.1 The Investment Company has delegated Conseq Investment Management, a.s., having its registered office at Praha 1, Rybná 682/14, 110 00, registration number 264 42 671, to perform individual activities encompassing management of the Fund, such being by managing Fund risks, including the monitoring of compliance with investment limits.
- 6.2 The Investment Company has delegated the Registrar to perform the following activities, including administration of the Fund:
- a) the issuance and redemption of Investment Shares and the keeping of records thereof;
  - b) compliance with certain information obligations;
  - c) the operation of a customer service;
  - d) the handling of investors’ claims and complaints;
  - e) bookkeeping, arrangements for compliance with obligations related to taxes, fees or other similar monetary consideration;
  - f) compliance and internal audit activities;
  - g) the distribution and disbursement of monetary consideration in connection with the closure of the Fund;

- h) appraisals of the value of the Investment Compartment's assets and debts and the calculation of the present value of an Investment Share;
  - i) the keeping of records of Investment Shares and a list of investors; this shall be without prejudice to the possibility for related records to be kept by another authorised person.
- 6.3 The Investment Company has also delegated the Registrar, Partners Financial Services Polska S.A., with its registered office at Al.W. Korfantego 2, 40-004 Katowice, Republic of Poland, KRS: 408513, NIP: 7010331340, registered in the Business Register maintained by the Katowice District Court, and F-Trust SA, registered office at Szkolna 5/13, 61-832 Poznan, Poland Republic, KRS: 0000397407, NIP: 108011502, registered in the Business Register maintained by the Poznań District Court, to perform activities encompassing the promotion and offering of Investment Shares.
- 6.4 The Investment Company may check and, by issuing orders, influence the performance of the aforementioned activities. The Investment Company shall be entitled to terminate with immediate effect contracts on the basis of which another person has been delegated to engage in the said activities. Delegation shall not prejudice the Investment Company's liability to compensate for damage incurred by a breach of its obligations deriving for it, as the manager and administrator of the Fund, from the Prospectus, the Investment Companies and Investment Funds Act and other legislation.
- Another activity within the scope of Fund administration delegated by the Investment Company to third parties on an ad hoc basis is legal and transaction consulting. External legal and other consultants are selected in accordance with the requirements of professional diligence for a particular case.
- 6.5 The Custodian Bank has delegated the custody or other custody of foreign investment instruments according to the type of investment instrument, the country of the issuer and the market in which the investment instrument was purchased: CLEARSTREAM BANKING, 42 Avenue JF Kennedy The Bank of New York Mellon SA / NV, 46 Rue Montoyerstraat, B-1000 Brussels, Belgium, company number 0806.743.159, and banks of the UniCredit banking group (in particular UniCredit Bank Austria AG, 1010 Wien, Schottengasse 6-8, Austria, UniCredit Bank Hungary Zrt., Szabadsag tér 5-6, H-1054 Budapest, Hungary, and Bank Polska Kasa Opieky SA, ul. Grzybowska 53/57, 00-950, Warsaw, Poland). The Custodian Bank has established securities accounts with the above entities and the securities of clients (including the Fund) are kept separately from these securities accounts. For this purpose, the Custodian Bank shall keep in its records the necessary records and documents.

## **7 SHARES**

- 7.1 If the Company shall issue two types of shares, Founders' Shares and Investment Shares.

### Founders' Shares

- 7.2 Founders' Shares shall each constitute an identical share in the Fund's share capital. The capital Fund's share capital that is to be registered shall be divided into 10 Founders' Shares. Rights and obligations associated with Founders' Shares shall be detailed in the Statutes.
- 7.3 Founders' Shares shall be unit shares, i.e. with no nominal value, reading in the shareholder's name, and issued in paper form.
- 7.4 Founders' Shares shall not be admitted to trading on a European regulated market or in a multilateral trading system. The price of Founders' Shares shall not be published via a European regulated market or a multilateral trading system.
- 7.5 No special rights shall attach to Founders' Shares.

### Investment Shares

- 7.6 Investment Shares shall be issued for the relevant investment compartment and shall each constitute an identical share in that investment compartment's fund capital, i.e. the value of the assets included in the relevant investment compartment minus the value of the debts included in that investment compartment.



- 7.7 Investment Shares shall be unit shares, i.e. with no nominal value, reading in the shareholder's name, and issued in book-entry form.
- 7.8 The right to a share in the profit of the relevant investment compartment's earnings and in the liquidation surplus upon closure of that investment compartment shall attach to the Investment Shares.
- 7.9 The right to redeem an Investment Share at the request of the holder thereof to the account of the relevant investment compartment shall attach to Investment Shares. Investment Shares shall be extinguished upon redemption.
- 7.10 Holders of Investment Shares shall have the right to vote at the general meeting when so required by law, the Statutes or a supplement to the Prospectus relating to a particular investment compartment.
- 7.11 Records of Investment Shares shall be kept by the Investment Company separately.

#### General provisions

- 7.12 Other rights attaching to shares shall be set out in the Statutes and in a supplement pertaining to the relevant investment compartment.

### **8 INVESTMENT COMPARTMENTS**

- 8.1 An investment compartment is a part of the Fund's assets and liabilities that is separate from an accounting and asset perspective and that has been created in accordance with the Statutes.
- 8.2 A decision to create an investment compartment shall be taken by the Fund's governing body, which shall also determine the investment compartment's investment strategy and other rules governing the operation of the investment compartment in the Prospectus and its Supplement, and shall arrange for the investment compartment to be entered in the CNB-maintained register.
- 8.3 The Fund shall include assets and debts arising from its investment activities in the investment compartment(s).
- 8.4 Only assets in that investment compartment may be used to comply with or satisfy a creditor or shareholder's claim against the Fund arising from the creation of the investment compartment, the pursuit of its investment strategy, or its closure. Costs relating to a specific investment compartment shall be covered out of the assets of that investment compartment. Costs relating to multiple investment compartments shall be covered out of the assets of those investment compartments in proportion to the volume of fund capital of each investment compartment.
- 8.5 The name of an investment compartment shall contain the distinctive element of the Fund's name and the word "investment compartment" (*podfond*), or otherwise express that it has the characteristics of an investment compartment.
- 8.6 The details of each investment compartment shall be set out in the relevant supplements to this Prospectus.

### **9 ADDITIONAL INFORMATION**

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

- 9.1 The information referred to in this Prospectus or in the key information document shall be continuously updated. The Investment Company shall draw up a key information document for each Investment Compartment. The Investment Company shall monitor whether or not the Prospectus or the key information document needs to be updated. Where the Prospectus or the key information document needs to be revised, the necessary changes shall be subject to approval by the Investment Company's board of directors. Data in the key information document shall be consistent with the information contained in the Prospectus.
- 9.2 Any amendment to the Prospectus shall require the prior consent of the Czech National Bank, otherwise it shall be null and void. The consent of the Czech National Bank to an amendment to the Prospectus shall not be required for a change:



- a) to information directly resulting from changes related to the Investment Company, the Fund, an Investment Compartment or the Custodian Bank;
  - b) necessitated directly by an amendment to legislation;
  - c) to information on performance or on actual or forecast financial results of the Fund or an Investment Compartment which requires regular updating; or
  - d) unrelated to the status or interests of the Investment Compartment's investors.
- 9.3 The current version of the Prospectus and the key information document and changes thereto shall be published on the Investment Company's website at [www.conseq.cz](http://www.conseq.cz).
- 9.4 The date of signature of the current version of the Prospectus and the given name and surname of the member or members of the governing body shall be listed at the end of this Prospectus.
- 9.5 In accordance with Sections 224 and 231 of the Investment Companies and Investment Funds Act, the Investment Company shall provide all investors (i) with a free up-to-date Investment Compartment key information document sufficiently in advance of any investment, and (ii) with the current Prospectus free of charge upon request.

#### Conditions for the closure or transformation of the Fund and/or an Investment Compartment

- 9.6 The CNB shall deregister an Investment Compartment if the Fund has no Custodian Bank for longer than three months or if the Investment Compartment has been registered on the basis of false or incomplete data. The CNB may deregister an Investment Compartment if (a) the average amount of Fund equity over the previous six calendar months is less than EUR 1,250,000; (b) the issuance or redemption of investment shares is suspended and the measures taken to eliminate the causes thereof are considered unsatisfactory by the CNB; or (c) the Fund has only one or no shareholder for a period of longer than six months. The deregistration of one investment compartment shall not prejudice the rights and obligations of the holders of the investment shares of another of the Fund's investment compartments.
- 9.7 The Fund may be closed as a result of the winding-up of the Investment Company, unless the CNB decides to transfer the Fund's management to another manager. Investors shall be informed of such a decision by notification on the Investment Company's website, including the reasons for the decision and the further procedure to be followed by the Investment Company. An Investment Compartment may be closed as a result of the closure of the Fund, unless the CNB decides to transfer the Investment Compartment's management to another manager. In such an eventuality, the Investment Compartment shall be deregistered (see Article 9.6 of the Prospectus).
- 9.8 The Investment Company may, under the conditions laid down by the Investment Companies and Investment Funds Act, decide to merge the funds and/or investment compartments that it manages into a single new investment fund. Investors shall be informed of such a decision by notification on the Investment Company's website, including the reasons for the decision and the further procedure to be followed by the Investment Company.
- 9.9 If an Investment Compartment is closed with liquidation, an investor shall have the right to a share in the liquidation surplus (Article 167 of the Investment Companies and Investment Funds Act). Further details of the procedure for the closure or transformation of the Fund and/or an Investment Compartment are laid down by Investment Companies and Investment Funds Act (Section 361 et seq. of the Investment Companies and Investment Funds Act).

#### Tax regime

- 9.10 The taxation of the Fund and of Investment Compartment investors shall be subject to the Czech Republic's tax regulations, including but not limited to Act No 586/1992 on income tax, as amended. At the time of approval of this Prospectus, a 5% income tax rate applies to the taxation of Fund proceeds. Where legal persons and natural persons are tax residents of the Czech Republic holding shares that are included in their business assets, proceeds from the redemption of their shares shall be subject to the standard tax regime. Where natural persons do not have investment shares included in their business assets, at the time of approval of this Prospectus proceeds from the redemption of investment shares shall be exempt from income tax provided that they have held such investment shares for more than three years. In other cases, such proceeds shall be included in (other) income in a personal income tax return, provided that the aggregate thereof for a taxpayer does not exceed CZK 100,000 in the tax period. Where

proceeds from the redemption of investment shares or from the payment of shares in profit are payable to a recipient who is not a tax resident of the Czech Republic, the Investment Company, in cases stipulated by law, shall deduct, from the proceeds from the redeemed investment shares, an amount securing the income tax payable in accordance with applicable legislation. Therefore, prior to the redemption of investment shares or prior to the payment of shares in the profit, the Investment Company or Registrar may demand a certificate of the recipient's tax residence. The tax regime may differ depending on the investor's domicile.

- 9.11 Attention is drawn to the fact that the aforementioned information on the taxation system in place for the income of individual investors need not apply to each investor, but depends on investors' personal circumstances and applicable tax regulations. Neither the Investment Company nor the Registrar shall have the authority to provide tax consulting, and the Investment Company recommends that all investors in the Fund's investment shares seek professional advice (from a tax adviser) regarding the tax system applicable to them.

#### Annual report and further information for investors

- 9.12 Within four months of the end of the accounting period, the Investment Company shall send the CNB the Fund's annual report and publish it on its website. Furthermore, within two months of the end of the first six months of the accounting period, the Investment Company shall send the CNB an electronic semi-annual report and publish it on its website.
- 9.13 The Fund's annual and semi-annual reports shall also be made available to investors at the Investment Company's registered office, and shall be sent to them at their expense without undue delay on request.
- 9.14 Without undue delay after the end of the relevant period, the Fund shall publish the following on the Investment Company's website:
- a) at least once every two weeks, information on the present value of the individual investment compartments' fund equity and information on the present value per investment share of the individual investment compartments, or the classes thereof;
  - b) for each calendar month, information on the number of investment shares issued and redeemed, and on the amounts for which such investment shares have been issued and redeemed;
  - c) for each calendar month, information on the structure of the individual investment compartments' assets as at the last day of the month.

#### Other information

- 9.15 The supervisory authority shall be the CNB. Address: Na Příkopě 28, Praha 1, 115 03, telephone: 224 411 111, email address: [podatelna@cnb.cz](mailto:podatelna@cnb.cz), [www.cnb.cz](http://www.cnb.cz).
- 9.16 A permit to engage in the activity of an Investment Company and the provision of CNB supervision are no guarantee of a return on investment or of an Investment Compartment's performance, cannot preclude a possible breach of legal obligations or the Prospectus by the Investment Company, the Custodian Bank or any other party, and do not guarantee that any damage caused by such breach will be indemnified.
- 9.17 The Fund's investment strategy may change under the conditions set out in Section 207 of the Investment Companies and Investment Funds Act.
- 9.18 Courts of the Czech Republic shall have the jurisdiction to hear contractual disputes in connection with an investor's investment in the Fund, unless otherwise provided by a mandatory provision of legislation. Governing law for contractual relations connected to an investor's investment in the Fund shall be Czech law, unless otherwise provided in the relevant contract.
- 9.19 The Prospectus may be translated into other languages by the Investment Company. Any such translation of the Prospectus shall contain the same information and carry the same meaning as the Czech version of the Prospectus. In case of discrepancies between the Czech and another language version of the Prospectus, the Czech version shall prevail. This does not apply to the extent (and only to the extent) to which the legislation of the state in which the Fund's shares are distributed requires that the language version on which the dispute (action) is based be decisive in disputes concerning the provisions of the Prospectus in another language version.

9.20 Annex 1 – List of Funds Currently Managed and Administered by the Investment Company – constitutes an integral part of the present Prospectus.

Prague, 19 February 2020



Jan Vedral  
Chairman of the Board of Directors  
Conseq Funds investiční společnost, a.s.  
Executive Director of the Fund

# Annex 1

## TO THIS PROSPECTUS

A list of funds currently managed and administered by the Investment Company can be found in this Annex 1 to the Prospectus at <https://www.conseq.cz/fund.asp> or in the register maintained by the CNB at

[https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO\\_PAGE?p\\_lang=cz](https://apl.cnb.cz/apljerrsdad/JERRS.WEB07.INTRO_PAGE?p_lang=cz)

The Investment Company **Conseq Funds investiční společnost, a.s.**, having its registered office at Rybná 682/14, Praha 1, 110 05, registration number 248 37 202, incorporated by entry in the Commercial Register kept by the Municipal Court in Prague, Section B, File 17126,

currently engages in the management and administration of the following investment funds:

Broker Consulting SICAV, a.s.

Orbit Capital SICAV, a.s.

Conseq Funds SICAV, a.s.

Active Invest Dynamický, otevřený podílový fond

Active Invest Konzervativní, otevřený podílový fond

Active Invest Vyvážený, otevřený podílový fond

Conseq depozitní Plus, otevřený podílový fond

Conseq eko-energetický, otevřený podílový fond

Conseq korporátních dluhopisů, otevřený podílový fond

Conseq nemovitostních fondů, otevřený podílový fond

Conseq Opportunity, otevřený podílový fond kvalifikovaných investorů

Conseq Private Invest dynamické portfolio, otevřený podílový fond

Conseq Private Invest konzervativní portfolio, otevřený podílový fond

Conseq Private Invest vyvážené portfolio, otevřený podílový fond

Conseq realitní, otevřený podílový fond

ENERN TECH III fond fondů, otevřený podílový fond

JET I fond fondů, otevřený podílový fond

JET 2 fond fondů, otevřený podílový fond

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

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

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

| <b>1 DEFINITIONS</b>   |   |
|--|---|
| The terms defined in this Supplement shall have the same meaning as those terms defined in the Prospectus, save as otherwise provided for. |   |
| <b>Foreign Currency</b>  | a currency other than the Base Currency   |
| <b>Valuation Date</b>  | the date on which the Investment Compartment's assets and debts are valued and the present value of an Investment Share is calculated   |
| <b>Publication Day</b>   | 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<br>under standard market conditions, this is no later than the third business day following the Valuation Date  |
| <b>Bond Fund</b>   | 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 |
| <b>Supplement</b>  | this Supplement No 1 to the Prospectus  |
| <b>Fund Capital</b>  | the value of Investment Compartment Assets less the value of debts constituting part of the assets and liabilities of the Investment Compartment  |
| <b>Investment Security</b>   | 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  |
| <b>Investment Period</b>   | 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  |
| <b>Corporate Bond</b>  | 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.   |
| <b>Investment Compartment Assets</b>   | assets constituting part of the assets and liabilities of the Investment Compartment  |
| <b>Investment Compartment</b>  | Conseq Polských dluhopisů, podfond Conseq Funds SICAV   |
| <b>business day</b>  | a business day in the Czech Republic and simultaneously in Poland, save as otherwise expressly provided for   |
| <b>Reputable Rating Agency</b>   | Standard & Poor's, Moody's and Fitch.   |
| <b>Base Currency</b>   | Polish zloty (PLN)  |

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

| <b>2 GENERAL INFORMATION ON THE INVESTMENT COMPARTMENT</b>   |   |
|--|---|
| <b>Name</b>  | Conseq Polských dluhopisů, podfond Conseq Funds SICAV (Conseq Polskich Obligacji, subfundusz Conseq Funds SICAV in Polish).<br><br>The Fund may also use the abbreviated name Conseq Polských dluhopisů, CSQF SICAV (in Czech), Conseq Polskich Obligacji, CSQF SICAV (in Polish) or Conseq Polish Bonds, CSQF SICAV (in English).  |
| <b>Investment Compartment's website</b>  | www.conseq.cz   |
| <b>Historical information on matters of status</b>   | 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 1 January 2020. The transformation took place further to a decision by the Manager that was based on the transformation project. |
| <b>CNB registration</b>  | The Investment Compartment is entered in the CNB-maintained register of investment funds with legal personality.  |
| <b>ISIN of the Investment Shares</b>   | CZ0008044716  |
| <b>Period for which the Investment Compartment has been established</b>  | indefinite  |
| <b>Admittance to a European regulated market</b>   | no  |
| <b>Record-keeping of the Investment Shares</b>   | separate records are maintained by the Registrar  |
| <b>Issue price currency</b>  | CZK   |
| <b>3 FEES AND CHARGES</b>  |   |
| <b>One-off fees charged before or after an investment</b>  |   |
| (this is the maximum that may be charged to an investor before an investment is made or before the proceeds of the investment are paid out): |   |
| Front-end load (surcharge)   | <b>2.50%</b> of the value of the Investment Shares issued   |
| Back-end load (deduction)  | <b>0.00%</b> of the value of the Investment Share purchase price or the present Investment Share value upon acquisition   |
| <b>Charges taken from the Investment Compartment over a year</b>   |   |
| Total expense ratio (TER)  | <b>1.43% p.a.</b> of the average value of the Fund Capital  |
| <b>Charges taken from the Investment Compartment under certain specific conditions</b>   |   |
| Performance fee  | <b>12%</b> of the value above the benchmark performance   |



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| <p>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.</p> <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> |  |
| <b>Front-end load (surcharge)</b>  | <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>   |
| <b>Fee for the management and administration of the Investment Compartment</b>   | <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> |
| <b>Performance fee</b>   | <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> $AMF = 0,12 * \text{MAX} (VKP_{(P)} - VKP_{(P-1)} * (BMK_{(P)} / BMK_{(P-1)}) - \sum (OBJ_{(i)} * BMK_{(P)} / BMK_{(i)}); 0)$ <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>  |

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|                             | <p>VK<sub>(P)</sub> is the Investment Compartment's fund capital value on the last day of the Investment Period, before taking into account the performance fee accrued in the Investment Period.</p> <p>BMK<sub>(i)</sub> is the value of the benchmark in the Investment Period for the i-th valuation day</p> <p>BMK<sub>(P)</sub> is the value of the benchmark on the last day of the Investment Period</p> <p>BMK<sub>(P-1)</sub> is the value of the benchmark on the last day of the preceding Investment Period</p> <p>OBJ<sub>(i)</sub> 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> $OBJ_{(i)} = (PLV_{(i)} - PLO_{T(i)})$ <p>where</p> <p>PLV<sub>(i)</sub> is the value of all issued Investment Shares on the i-th valuation day.</p> <p>PLO<sub>(i)</sub> 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> |
| <b>Value added tax</b>      | <p>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.</p>   |
| <b>Custodian Bank's fee</b> | <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> $DF = PrVK * PPd / 12$ <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>  |

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|  | PPD is the relevant rate of the custodian bank fee laid down by the depositary contract (%).  |
| <b>Registrar's fee</b>   | 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.  |
| <b>Cost of organising the Investment Compartment's activities</b>  | <p>The following costs shall also be covered from Investment Compartment Assets:</p> <ul style="list-style-type: none"> <li>a) the cost of debt;</li> <li>b) costs associated with trades in investment instruments (commissions, fees to market organisers and securities traders);</li> <li>c) fees for the custody and administration of investment instruments;</li> <li>d) fees for the maintenance of investment instrument asset accounts;</li> <li>e) costs associated with repurchase transactions;</li> <li>f) the costs of option, future and other derivative transactions;</li> <li>g) fees to banks for account maintenance and the handling of financial resources;</li> <li>h) interest on credits and loans received by the Investment Compartment;</li> <li>i) costs associated with the management of an Investment Share issue;</li> <li>j) accounting and tax audit costs;</li> <li>k) court, administrative and notary fees;</li> <li>l) taxes;</li> <li>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.</li> </ul> <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> |
| <b>4 RULES GOVERNING THE ACCEPTANCE OF INCENTIVES AND RULES GOVERNING REMUNERATION</b>   |   |
| <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>a) are consistent with due and effective risk management and support such risk management;</li> <li>b) do not encourage risk-taking inconsistent with the risk profile, prospectus or founding documents of the funds under the Investment Company's management;</li> </ul> |   |

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- 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 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](http://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](http://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

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

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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 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.

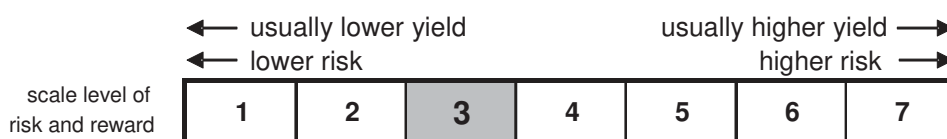
6.20 If the Fund fails to observe the Investment Compartment asset structure above for reasons beyond its control, or because of the exercise of a preferential right to subscribe for investment securities or money market instruments held by the Fund as assets, the Fund, taking into account the interests 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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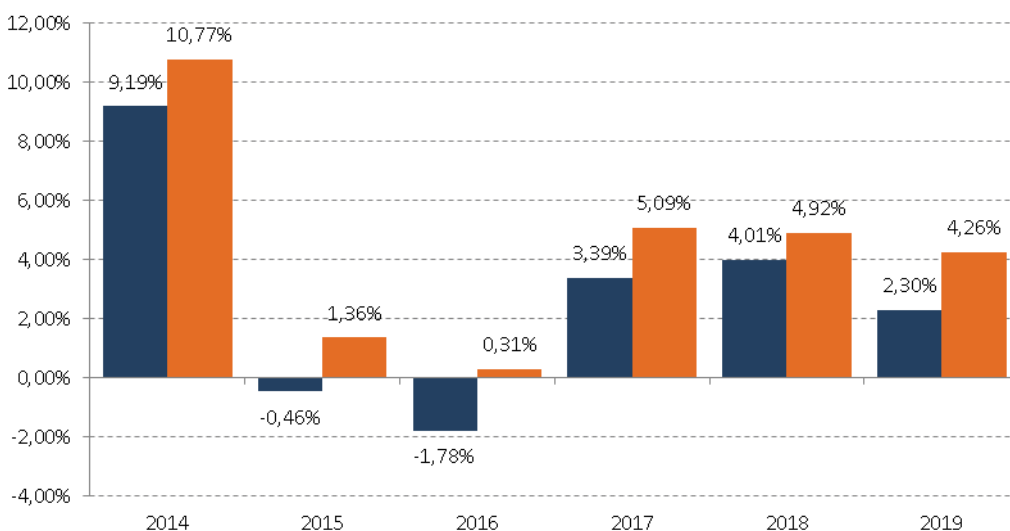
assets, or due to such a decision by the CNB, for example, if the Fund has no Custodian Bank for more than three months, if the Investment Compartment's fund capital fails to reach a threshold equal to EUR 1,250,000 within six months of its inception, or if the Investment Compartment's average fund capital 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;

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

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- d) performance to date is calculated in the Base Currency.

**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.

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- 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 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

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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 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

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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 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.

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- 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 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.



**SUPPLEMENT NO 2  
TO THE FUND PROSPECTUS OF  
Conseq Funds SICAV, a.s.**

**Conseq Active Invest Dynamický, podfond Conseq  
Funds SICAV**

**Conseq Active Invest Dynamický, podfond Conseq Funds SICAV**

| <b>1 DEFINITIONS</b>   |   |
|--|---|
| The terms defined in this Supplement shall have the same meaning as those terms defined in the Prospectus, save as otherwise provided for. |   |
| <b>Equity Fund</b>   | means a collective investment fund which, in keeping with its prospectus, invests primarily in shares, similar securities representing a share in a company or other legal person, or securities replacing them or allowing for the acquisition or transfer thereof. Where the present Prospectus refers to shares, this also means securities pursuant to the preceding sentence.  |
| <b>Bank Deposits</b>   | claims to the payment of financial resources from an account in the Base Currency or a Foreign Currency with a maximum of one year until maturity from the CNB, another central bank, a bank established in the Czech Republic, a foreign bank with a branch situated in the Czech Republic, or another person referred to in Section 72(2) of the Investment Companies and Investment Funds Act  |
| <b>Foreign Currency</b>  | a currency other than the Base Currency   |
| <b>Valuation Date</b>  | the date on which the Investment Compartment's assets and debts are valued and the present value of an Investment Share is calculated   |
| <b>Publication Day</b>   | 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<br>under standard market conditions, this is no later than the third business day following the Valuation Date  |
| <b>Bond Fund</b>   | 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 |
| <b>Supplement</b>  | this Supplement No 2 to the Prospectus  |
| <b>Fund Capital</b>  | the value of Investment Compartment Assets less the value of debts constituting part of the assets and liabilities of the Investment Compartment  |
| <b>Investment Security</b>   | 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  |
| <b>Investment Period</b>   | 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  |
| <b>Investment Compartment Assets</b>   | assets constituting part of the assets and liabilities of the Investment Compartment  |
| <b>Investment Compartment</b>  | Conseq Active Invest Dynamický, podfond Conseq Funds SICAV  |
| <b>business day</b>  | a business day in the Czech Republic and simultaneously in Poland, save as otherwise expressly provided for   |

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|---|--|
| <b>Base Currency</b>  | EUR  |
| <b>2 GENERAL INFORMATION ON THE INVESTMENT COMPARTMENT</b>              |  |
| <b>Name</b>   | Conseq Active Invest Dynamický, podfond Conseq Funds SICAV (Conseq Active Invest Dynamiczny, subfundusz Conseq Funds SICAV in Polish)<br><br>The Fund may also use the abbreviated name Conseq Active Invest Dynamický, CSQF SICAV (in Czech), Conseq Active Invest Dynamiczny, CSQF SICAV (in Polish) or Conseq Active Invest Dynamic, CSQF SICAV (in English).                 |
| <b>Investment Compartment's website</b>                                 | www.conseq.cz  |
| <b>Historical information on matters of status</b>                      | The Investment Compartment was formed by the transformation of the open-end mutual fund Active Invest Progressive, otevřený podílový fond. This mutual fund was formed on 4 October 2014 and was transformed into the Investment Compartment on 1 January 2020. The transformation took place further to a decision by the Manager that was based on the transformation project. |
| <b>CNB registration</b>   | The Investment Compartment is entered in the CNB-maintained register of investment funds with legal personality.   |
| <b>ISIN of the Investment Shares</b>                                    | CZ0008044732 (EUR Class)<br>CZ0008044724 (PLN Class)   |
| <b>Period for which the Investment Compartment has been established</b> | indefinite   |
| <b>Admittance to a European regulated market</b>                        | no   |
| <b>Record-keeping of the Investment Shares</b>                          | separate records are maintained by the Registrar   |
| <b>Issue price currency</b>   | CZK  |

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| <b>3 FEES AND CHARGES</b>  |  |                    |  |
|--|--|--------------------|--|
| <b>One-off fees charged before or after an investment</b>  |  |                    |  |
| (this is the maximum that may be charged to an investor before an investment is made or before the proceeds of the investment are paid out):   |  |                    |  |
|  | <b>PLN Class</b>   | <b>EUR Class</b>   |  |
| Front-end load (surcharge)   | <b>up to 5.00%</b>   | <b>up to 5.00%</b> | of the value of the Investment Shares issued   |
| Back-end load (deduction)  | <b>up to 0.00%</b>   | <b>up to 0.00%</b> | of the value of the Investment Share purchase price or the present Investment Share value upon acquisition |
| <b>Charges taken from the Investment Compartment over a year</b>   |  |                    |  |
| Total expense ratio (TER)  | <b>2.60% p.a.</b>  | <b>2.60% p.a.</b>  | of the average value of the Fund Capital   |
| <b>Charges taken from the Investment Compartment under certain specific conditions</b>   |  |                    |  |
| Performance fee  | <b>12.00%</b>  | <b>12.00%</b>      | of the value above the benchmark performance   |
| <p>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.</p> <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> |  |                    |  |
| <b>Front-end load (surcharge)</b>  | <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 5.00% 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>   |                    |  |
| <b>Fee for the management and administration of the Investment Compartment</b>   | <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 (irrespective of the Investment Share Class) during the accounting period. It may be a maximum of 2.00% 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, the portion shall be 1.50%. 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> |                    |  |

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|                               | <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><b>Performance fee</b></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 (irrespective of the Investment Share Class) exceeds the benchmark performance in the relevant Investment Period (see Article 6.4 of the Supplement). The performance fee shall be paid annually; the amount of each such consideration shall be determined according to the following equation:</p> $AMF = 0,12 * \text{MAX} (VKP_{(P)} - VKP_{(P-1)} * (BMK_{(P)} / BMK_{(P-1)}) - \sum (OBJ_{(i)} * BMK_{(P)} / BMK_{(i)}); 0)$ <p>where</p> <p>AMF is the annual amount of the performance fee for management and administration, derived from the rise in the Fund Capital, expressed in EUR.</p> <p><math>VKP_{(P)}</math> is the Fund Capital value on the last day of the Investment Period, before taking into account the performance fee accrued in the Investment Period.</p> <p><math>VKP_{(P-1)}</math> is the Fund Capital value on the last day of the preceding Investment Period.</p> <p><math>BMK_{(i)}</math> is the value of the benchmark in the Investment Period for the i-th valuation day</p> <p><math>BMK_{(P)}</math> is the value of the benchmark on the last day of the Investment Period</p> <p><math>BMK_{(P-1)}</math> is the value of the benchmark on the last day of the preceding Investment Period</p> <p><math>OBJ_{(i)}</math> 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> $OBJ_{(i)} \text{ is } (PLV_{(i)} - PLO_{T(i)})$ <p>where</p> <p><math>PLV_{(i)}</math> is the value of all issued Investment Shares on the i-th valuation day.</p> <p><math>PLO_{(i)}</math> 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 of the EUR Class per Investment Share on the last day of the Investment Period exceeds the Fund Capital value of the EUR Class per Investment Share on the last day of the preceding period for which the performance fee was last paid.</p> <p>If no Performance Fee has yet been paid out, there shall be a claim to a performance fee only if the Fund Capital value of the EUR Class per Investment Share on the last day of the Investment Period exceeds the Fund Capital value of the EUR Class per Investment Share for which the first</p> |

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|   | <p>Investment Shares were issued.</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 Fund Capital value, for each day; the daily amortised cost of this liability shall be weighted by the probability of satisfying the condition set out in the preceding paragraph.</p>   |
| <b>Value added tax</b>  | <p>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.</p>  |
| <b>Custodian Bank's fee</b>                                       | <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> $DF = PrVK * PPd / 12$ <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> |
| <b>Registrar's fee</b>  | <p>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.</p>  |
| <b>Cost of organising the Investment Compartment's activities</b> | <p>The following costs shall also be covered from Investment Compartment Assets:</p> <ol style="list-style-type: none"> <li>a) the cost of debt;</li> <li>b) costs associated with trades in investment instruments (commissions, fees to market organisers and securities traders);</li> <li>c) fees for the custody and administration of investment instruments;</li> <li>d) fees for the maintenance of investment instrument asset accounts;</li> <li>e) costs associated with repurchase transactions;</li> <li>f) the costs of option, future and other derivative transactions;</li> <li>g) fees to banks for account maintenance and the handling of financial resources;</li> <li>h) interest on credits and loans received by the Investment Compartment;</li> <li>i) costs associated with the management of an Investment Share issue;</li> <li>j) accounting and tax audit costs;</li> <li>k) court, administrative and notary fees;</li> </ol>  |



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|  | <p>l) taxes;</p> <p>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> <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 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](http://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](http://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;

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- 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 aims to perform better than the benchmark pursuant to Article 6.4 by improving the value of the Investment Compartment resources entrusted to it, as measured in EUR. In order to achieve this objective, the Fund shall invest primarily in securities issued by Equity Funds and, to a lesser extent, in other Investment Instruments as specified below.
- 6.2 Investment in the Investment Compartment shall be appropriate for those investors who are willing to assume higher financial risks accompanied by the greater likelihood of a higher rise in the value of their investment in the long term, as expressed in the Base Currency, and who are prepared to maintain their investment for a period of at least 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 or the benchmark. The Fund shall monitor the benchmark, which comprises the global equity index MSCI World (MXWO Index), with a 55.3% weighting, the emerging market equity index MSCI Emerging Markets (MXEF Index), with a 19.3% weighting, the Central and Eastern European equity index CECE Composite EUR (CECEEUR index), with a 10.4% weighting, the euro government bond index Bloomberg Barclays Series-E Euro Govt All 1Y+ (BERPGA Index), with a 5.0% weighting, the global government bond index ML Global Government Bond (W0G1 Index), with an 8.0% weighting, and the index arising as a result of the daily interest derived from the geometric average of the money market rate for 6M EURIBID (EURIBO6M Index) in the given Investment Period, with a 2.0% weighting.

EURIBO6M, BERPGA, W0G1, MXWO, MXEF and CECEEUR are abbreviations used by the Bloomberg information agency for the given rates and indices.

The performance of each component of the benchmark shall be monitored in the Base Currency and shall be multiplied by the factor  $(1-T)$ , where T is determined for each Investment Period as the income tax rate for investment funds pursuant to Act No 586/1992 on income tax, as amended, and expressed as a decimal number applicable on the first day of the Investment Period.

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- 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 Fund's investment strategy shall concentrate on securities issued by Equity Funds. After a certain period of time, the Fund's investments may become focused in the manner set out in the first sentence of this Article if this is deemed to be appropriate for the Investment Compartment pursuant to an evaluation by the Investment Company.
- 6.6 In terms of the methodology for the classification of collective investment funds issued by the Czech Capital Market Association, the Investment Compartment cannot be primarily classified as an equity fund, despite its similarity to such funds (the share of the equity component in the Investment Compartment's assets is set by the present Prospectus at a minimum of 70% instead of the 80% required by the classification). As a result, the Investment Compartment's primary classification is that of a mixed fund. As the Investment Compartment's assets mainly comprise securities issued by investment funds, the Investment Compartment is a fund of funds.
- 6.7 **The Investment Compartment shall invest in the following investment instruments and other financial assets:**
- a) securities issued by Equity Funds;
  - b) shares, securities issued by Bond Funds, Short-term Bond Funds and Money Market Funds, government or corporate bonds, money market instruments and other investment instruments in which a standard fund may invest according to the Investment Companies and Investment Funds Act and the Government Regulation;
  - c) Bank Deposits.
- 6.8 The Investment Compartment may invest in investment instruments and other financial assets only under the terms and conditions and upon compliance with the limits laid down for a standard fund according to the Investment Companies and Investment Funds Act and the Government Regulation.
- 6.9 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.
- 6.10 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.

"Swaps" 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.

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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 corporate bond prices due to the expansion of market driven credit spreads (for example, in response to adverse developments in the issuer's financial management or to generally negative developments on the financial markets), and also to hedge against the risk of a credit event on the part of the issuer, which may lead to non-compliance with liabilities under maturing bonds issued by the issuer.

b. Forwards.

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

6.11 Description of securities financing transactions:

- a) For the purposes of Article 14(1) of the SFTR, the Investment Company declares that the Fund uses securities financing transactions within the meaning of Article 3(11)(a) to (c) of the SFTR; the Investment Compartment does not draw on operations that, by nature, are margin lending transactions or total return swaps.
- b) The Fund may enter into a Repurchase Transaction with a view to the efficient stewardship of the 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

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Repurchase Transactions shall be 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 6.10 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 Repurchase Transactions shall be managed in accordance with guiding principles for the management of such risks at the level of the Investment Company.

**6.12 The investment limits for the Investment Compartment's investments in financial assets are as follows:**

- a) the Fund shall invest a minimum of 70% of Fund capital in securities issued by Equity Funds;



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- b) the Fund may not invest more than 20% of Fund Capital in securities issued by a single collective investment fund. No more than 25% of the value of the fund capital of a single collective investment fund may be acquired as assets of the Investment Compartment;
  - c) securities issued by special funds shall not aggregate more than 30% of the Fund Capital;
  - d) Bank Deposits shall not comprise more than 20% of the Fund Capital. This limit need not be observed, for as long as is strictly necessary, in relation to the Custodian Bank upon the financial settlement of the issuance or redemption of Investment Shares;
  - e) investment securities and money market instruments issued by a single issuer shall not comprise more than 10% of the Fund Capital or, where investment securities and money market instruments are issued by issuers within a holding for which consolidated financial statements are drawn up, 20% of the Fund Capital; however, the sum of these investments shall not exceed 30% of the Fund Capital;
  - f) notwithstanding the limit under (e), the Fund may invest up to 25% of the Fund Capital in bonds issued by a single bank, a single credit union or a single foreign bank established in a Member State and subject to the supervision of that state protecting the interests of bond holders, where financial resources obtained by the issue of such bonds are invested in such types of assets which, until the bond redemption date, cover the issuer's commitments under those bonds, and which may, in case of issuer insolvency, be used as a matter of priority to repay the bond and to pay the yields;
  - g) no more than 10% of the Fund Capital may be invested in investment securities referred to in Section 3(1)(e) or in money market instruments referred to in Section 9 of the Government Regulation;
  - h) where investment securities or money market instruments are not issued or guaranteed by a Member State's central or local government, or are not issued by an international financial organisation of which one or more Member States are members, they may be acquired as assets of the Investment Compartment up to a maximum of 10% of:
    - 1st the total nominal value or total number of shares issued by a single issuer to which no voting rights are attached;
    - 2nd the total nominal value of bonds issued by a single issuer; or
    - 3rd the total nominal value or total number of money market instruments issued by a single issuer;
  - i) the sum of values of investment securities and money market instruments issued by a single issuer, the values of claims to payment from a Bank Deposit in respect of that issuer and the values of exposure to counterparty risk arising from financial derivatives not admitted to trading agreed with that issuer shall not exceed 20% of the Fund Capital; this shall be without prejudice to the limit under (f).
- 6.13 If the structure of the Investment Compartment's assets is inconsistent with the rules above for reasons which occur independently of the will of the Investment Company, the Investment Company shall be responsible for restoring such compliance without undue delay while taking account of the Investment Compartment investors' interests.
- 6.14 The only management techniques shall be Repurchase Transactions and financial derivatives. These techniques may be used only under the terms and conditions and upon compliance with the limits laid down for a standard fund according to the Investment Companies and Investment Funds Act and the Government Regulation.
- 6.15 Items not included in the Investment Compartment's assets cannot be sold on the Investment Compartment's account.
- 6.16 The Fund may borrow on the Investment Compartment's account only if:
- a) the maturity period of the borrowing is no longer than six months; and

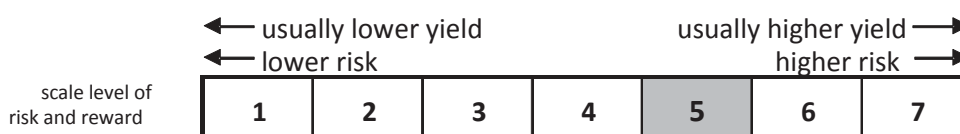


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- b) the sum of the value of all borrowings received by the Fund does not exceed 10% of the adjusted Fund Capital.
- 6.17 Save for the exception referred to below in Article 6.18, the Fund’s assets may not be used to grant a loan, credit or a gift, to secure third-party debt or to cover a debt.
- 6.18 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 the debt under the preceding sentence must be consistent with the Investment Compartment’s overall investment strategy and must not unreasonably increase the risk to the Investment Compartment’s portfolio. Decisions on the provision of such 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 the Investment Compartment’s borrowings pursuant to Article 6.16.

**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;
- 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 significant share of the equity component in the Investment Compartment’s assets and the benchmark composition;
  - ii) the high rate of asset diversification in the Investment Compartment’s portfolio in terms of sector and geographical allocation;
  - iii) the Investment Compartment’s ancillary assets mainly comprise claims to the payment of financial resources from Bank Deposits, liquid bonds and money market instruments.
- e) the Investment Compartment does not offer any guarantee of a return on investments or other capital coverage;

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- 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) operational risks and risks related to the safekeeping of assets;
  - ii) currency risk entailing changes in the Fund Capital, depending on the volume of the Investment Compartment's overall unsecured exposures in currencies other than the Base Currency and exchange rate changes;
  - iii) risks specific to investments in securities issued by open-ended investment funds, including but not limited to the risk of a restriction on or termination of the redemption of such securities.

These risks are explained in Article 7.3 below.

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

Risk of an unstable present Investment Share value

As the Investment Compartment's assets primarily comprise broadly diversified investments in securities issued by Equity Funds, investors must be aware of the fact that, despite maximum efforts at safe management, the Investment Share value may fluctuate in response to developments on financial markets as a result of the market risks assumed, and investors may make a loss if their Investment Shares are sold (redeemed) at an inappropriate time.

Market risk

Market risk depends on the impacts that changes in market variables, such as prices, interest rates and exchange rates, have on the value of the Investment Compartment's assets. Key market risks assumed by the Investment Compartment are the currency and equity risk. The degree of market risk depends on the specific structure of the Investment Compartment's assets. The influence wielded by the market risk may be significant in particular in relation to financial derivatives, where a minor variation in the price of the underlying instrument could trigger a major change in the price of the derivative (the leverage effect). The Investment Company shall mitigate these risks by diversifying the Investment Compartment's assets and by hedging the Investment Compartment's assets denominated in a non-Base Currency against the risk of changes in the Foreign Currency's exchange rate to the Base Currency.

Credit risk

The credit risk may lie in particular in the fact that entities which have debts towards the Investment Compartment (e.g. debtors in respect of investment instruments held by the Investment Compartment, etc.) fail to honour with those debts in a due and timely manner. The Investment Company shall minimise these risks primarily by selecting counterparties and issuers on the basis of their solvency, by setting limits on exposure to individual counterparties and issuers, and by establishing appropriate contractual arrangements. Another element of credit risk is the settlement risk, i.e. the risk that the counterparty will not pay or will not supply investment instruments at the agreed time.

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 towards shareholders. This risk shall be mitigated by Investment Compartment investments in investment instruments which are highly liquid, can be sold at sufficient volumes on a regular basis (these are securities issued by open-ended investment funds), or are traded in sufficient quantities on the relevant markets. Another measure is to retain the required volume of Investment Compartment assets in the form of Bank Deposits.

Risk attaching to the concentration of Investment Compartment investments

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If the Investment Compartment were to concentrate its investments in a particular industry, state, region or asset type, this would induce the systematic risk that developments in the sector in which Investment Compartment investments are concentrated will affect a significant portion of the Investment Compartment's portfolio. This systematic risk is addressed by diversification, i.e. the distribution of investments across multiple industries, states, regions and asset types.

#### Operational risk

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

#### 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 assets, or due to such a decision by the CNB, for example, if the Fund has no Custodian Bank for more than three months or if the Fund Capital fails to reach a threshold of EUR 1,250,000 within six months of its inception. 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.

#### Risk arising from investment in target funds

The Investment Compartment shall invest investors' resources in other (target) investment funds. There is a risk of the inappropriate selection of target funds which, for example, do not return the projected performance or do not manifest other desirable qualities. Another risk is the accumulation of fees, i.e. a situation where the Investment Compartment's overall yield is reduced not only by Investment Compartment asset fees paid to the Investment Company, but also by fees which target funds pay to the investment companies managing them. This is accompanied by the risk of the restriction on or termination of the redemption of target collective investment funds.

#### Repurchase Transaction risk

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

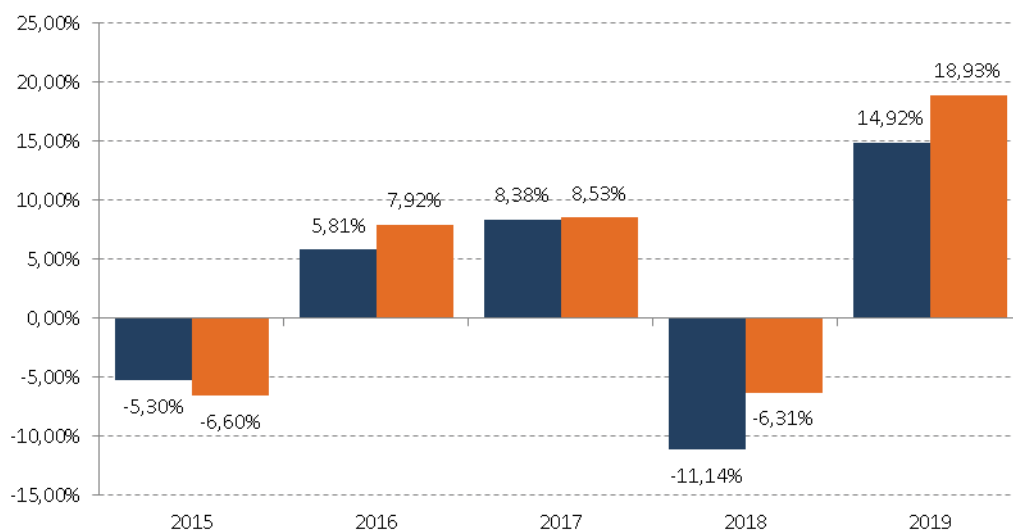
## **8 INFORMATION ON PAST PERFORMANCE**

- 8.1 Information on the Fund's past performance is no indicator of future performance.
- 8.2 Graphs of the Fund's past performance (EUR and PLN classes) are presented below. For the sake of comparison, the graphs show the benchmark tracked by the Fund, as defined in Article

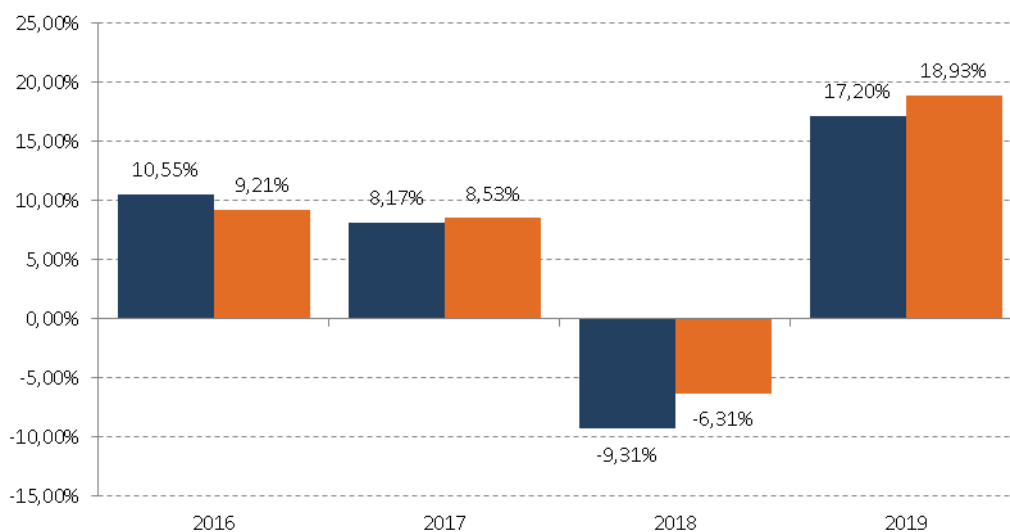
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6.4 of the Supplement. The Investment Compartment's performance does not include any charges associated with the issuance (subscription) or redemption of Investment Shares.

EUR-class performance graph (CZ0008474640), commencing 4 March 2015:



PLN-class performance graph (CZ0008474657), commencing 5 January 2016:



**8.3 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 created in October 2014 (as a mutual fund – see information on matters of status) and the fund's first EUR-class shares, ISIN CZ0008474640, were issued in March 2015; the fund's first PLN-class shares, ISIN CZ0008474657, were issued in January 2016;
- 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 per Investment Share Class (Article 10.7), also broken down by Class. 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 Investment Compartment shall issue PLN Class Investment Shares, attached to which is the right to hedge against the risk of a change in the value of the Investment Compartment's assets and liabilities pertaining to the Investment Shares of such Class against movement in the exchange rate of the Polish zloty (PLN) relative to the Base Currency; the manager shall take decisions with due professional care and with respect for investors' interests when considering whether to hedge the Investment Compartment's assets and liabilities pertaining to PLN Class Investment Shares in part or in full against currency risk. The Investment Compartment shall issue EUR Class Investment Shares, to which the right referred to in the preceding sentence is not attached. Unless otherwise referred to in the Prospectus, the shareholders of both Classes of Investment Shares shall be treated equally and the rules laid down in the Prospectus shall apply to them indiscriminately.
- 10.4 The present value of the PLN Class Investment Shares shall be determined in Polish zloty (PLN) and the present value of EUR Class Investment Shares shall be determined in the Base Currency.

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- 10.5 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.
- 10.6 Investment Shares shall establish the equal rights of investors; any difference in the value of Fund Capital pertaining to each Investment Share Class (Article 10.7) shall not constitute a breach of this principle. 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 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.
- 10.7 The present value of an Investment Share in a given Class shall be determined as a proportion of the Fund Capital value of the Class, as this term is defined below, and the number of Investment Shares of the Class issued, rounded to four decimal places.

The Fund Capital value of a Class shall be determined as the product of the Fund Capital, before specific Class costs and yields are factored in, and the allocation ratio for the given Class of Investment Shares (hereinafter referred to as the "**Class Allocation Ratio**"); the resultant product shall be adjusted for the specific costs and yields of the Class. The Class Allocation Ratio on Day D is determined according to the following equation:

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

where

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

$VK_{T(D-1)}$  is the Fund Capital Value of the Class, including all specific Class costs and yields, determined as at the date preceding Day D, when the Investment Compartment's assets and debts were last appraised prior to Day D (hereinafter referred to as "**Day D-1**");

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

$PLV_{(D-1)}$  is the value of redeemed Investment Shares in the Class from Day D-1 until Day D;

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

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

$PLO_{(D-1)}$  is the value of all redeemed Investment Shares from Day D-1 until Day D.

Specific Class costs and yields encompass all costs and yields related solely to the Class in question. For PLN Class Investment Shares, this primarily means costs and yields derived from hedging against the risk of a change in the value of the Investment Compartment's assets and liabilities pertaining to Investment Shares of that Class in relation to movements in the exchange rate of the Polish zloty (PLN) to the Base Currency.

Investors of the same Class shall share in the Fund Capital value of the Class at a ratio of the number of Investment Shares they hold in that Class to the total number of Investment Shares issued in that Class.

- 10.8 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



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be determined no later than the third business day in the Czech Republic following the date for which it is determined.

- 10.9 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 10.8. The present Investment Share value shall be valid for applications for the issuance or redemption of Investment Shares in the relevant Class submitted no later than on the date as at which the present value is determined.
- 10.10 The Fund's Investment Shares in the relevant Class, on the date on which the Investment Company commences the issuance thereof, shall be issued for PLN 1 per Investment Share in the PLN Class and EUR 0.10 per Investment Share in the EUR Class. Where Investment Shares are issued for the first time, the time limits referred to in Articles 10.8, 10.9 and 10.15 shall be extended by one business day.
- 10.11 The Investment Company shall issue an Investment Share for an amount equal to the present value of an Investment Share in the relevant Class prevailing as at the Record Date. This shall be without prejudice to Article 10.10.
- 10.12 For the issuance of an Investment Share, every Record Date shall be decisive.
- 10.13 The minimum amount for which Investment Shares may be issued is not indicated. Minimum amounts for the submission of an application for the issuance of Investment Shares may be specified in a contract concluded between a party interested in the issuance of Investment Shares and the Investment Company, Registrar or Subregistrar.
- 10.14 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 in accordance with Article 10.5 (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, the Registrar or the Subregistrar to cover the selling price of Investment Shares. In a contract concluded between an applicant for the issuance of Investment Shares and the Investment Company, the Registrar or the Subregistrar, more detailed rules may be established for the determination of 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, including the currency thereof (depending on the Class of Investment Shares) and for the determination of the front-end load and the manner of payment thereof to the Investment Company, the Registrar or the Subregistrar. The amount of the front-end load paid to the Investment Company, the Registrar or the Subregistrar may be a maximum of 5.00% of the present Investment Share value per Investment Share.
- 10.15 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, present value and selling price thereof no later than midday on the third 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 price in this period is credited to the Investment Company'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 maintained by the Registrar. The

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Subregistrar shall credit the corresponding number of Investment Shares to the investor's asset account maintained in the related records in accordance with Article 10.5 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.

- 10.16 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 Company's account. The Investment Company, the Registrar or, directly, the applicant or the Subregistrar shall transfer an amount to the Investment Company's account corresponding to the selling price of the Investment Shares issued.
- 10.17 To maintain the stability of the Investment Company and its credibility, the Investment Company reserves the right to decide which applications from applicants seeking the acquisition of Investment Shares to accept.
- 10.18 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.
- 10.19 The Investment Company shall redeem Investment Shares at the present Investment Share value as per the relevant Class prevailing on the Record Date as at which the application for the redemption of Investment Shares is submitted. This shall be without prejudice to Article 10.10.
- 10.20 No minimum amount for which an individual redemption of Investment Shares may be made shall be set. Minimum amounts for the submission of an application for the issuance of Investment Shares may be specified in a contract concluded between a Fund investor and the Investment Company, Registrar or Subregistrar.
- 10.21 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 midday on the third business day following the Record Date, and shall arrange, via the Registrar, for the cancellation of the redeemed Investment Shares in the records in accordance with Article 10.5 typically as at the third business day, but no later than the fourteenth calendar 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 from the investor's asset account maintained in the related records in accordance with Article 10.5 as at the same day on which the Investment Shares are cleared from the Subregistrar's asset account. The Investment Company, itself or via the Registrar, shall financially settle the redemption of Investment Shares on the date on which the Investment Shares are cancelled; to this end, financial settlement means 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.
- 10.22 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,

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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 Fund 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.

- 10.23 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 (depending on the Class of Investment Shares).
- 10.24 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.
- 10.25 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.
- 10.26 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 Prospectus, Investment Shares are publicly offered or issued, besides the Czech Republic, in Poland and Slovakia.
- 10.27 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.