



Č L A N Z A G R E B A Č K E B U R Z E

CREDOS d.o.o., investicijsko društvo
Nemčičeva 7, HR-10000 Zagreb
OIB: 21667415955
T +385 (0)1 2363 431, +385 (0)1 2363 524
T +385 (0)1 6396 676, F +385 (0)1 2363 433
www.credos.hr, credos@credos.hr

Information on investment and ancillary services of an investment firm Credos Ltd. and financial instruments available in the market and the risks of investing in the same

Zagreb, 24/1/2019

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1 LEGAL BASIS

Capital Market Act (Official Gazette No. 65/18 hereinafter: CMA), and the Ordinance on organizational requirements for providing investment services and conducting investment activities and ancillary services, policies, receipts and criteria for significant investment firms (Official Gazette No. 89/18 hereinafter: Rules on organizational requirements), and other legal acts that regulate the rights and obligations of participants in the capital market in Croatia. Adoption of the CMA was condition on further process of adjustment of Croatia's legislation to EU legislation in connection with the provision of investment services and performance of investment activities in financial instruments, as well as in connection with the offering, listing and trading of financial instruments on regulated markets.

Legal regulation of the capital markets with the entry into force of the Companies Act has aligned in line with the new EU acquis and European standards in the field of investment services and activities.

The provisions of the CMA are primarily a function of a better protection of the Clients of investment firms with alignment requires that investment firms and regulated markets must meet when providing investment services and investment activities, as well as defining the conduct of business rules for investment firms when providing investment services.

Credos Ltd., as investment Company which is authorized to provide investment and ancillary services and perform investment activities, is mandatory - in accordance with the provisions of the CMA - their Clients and potential Clients to provide all necessary information about these services and activities to all Clients and potential Clients could reasonably understand the nature and risks of such investment services, as well as specific types of financial instruments offered to them and to each one of them could make a sound investment decision.

2 INFORMATION ABOUT THE COMPANY AND ITS SERVICES

2.1 MEMBERSHIP AND AUTHORIZATION

Credos Ltd. the investment Company (hereinafter the Company), headquartered in Zagreb, Nemčićeva 7, the Company web site as follows: www.credos.hr

The Company is authorized and registered for the provision of investment services and performance of investment activities and ancillary services in accordance with the approval CLASS: UP / I-451-04 / 09-02 / 21 of the Croatian Agency for Supervision of Financial Institutions (hereinafter: Agency) based in Zagreb, Franje Račkog 6. The website of the Agency as follows: <http://www.hanfa.hr>

Investment services and activities that the Company is authorized to provide or perform are the following:

- reception and transmission of orders in relation to one or more financial instruments,
- execution of orders on behalf of Clients,
- portfolio management and
- investment advisory.

Ancillary services that the Company is authorized to provide are:

- services of offering or sale of financial instruments without a firm commitment basis,
- safekeeping and administration of financial instruments on behalf of Clients, including custody and related services such as cash management, or collateral,
- advisory on capital structure, business strategy and related issues as well as consulting and related services against the merger and acquisition of share units in companies,
- foreign exchange services if they are related in providing investment services,
- investment research and financial analysis and recommendations relating to transactions with financial instruments,
- investment services and activities and ancillary services in Article 5 of the Capital Market Act relating to the underlying assets derived from Article 3, paragraph 1, item 2 of subparagraph d., Lines 2, 3, 4 and 7 of the market capital, when these investment services and activities expanded with the investment or ancillary services.

The Company is a member of:

1. Zagreb Stock Exchange Ltd (ZSE) www.zse.hr , Ivana Lucica 2A Zagreb



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2. Central Depository Company Ltd (CDA) www.skdd.hr, Heinzlova 62a, Zagreb

3. Investor Protection Fund managed by the CDA

2.2 RELATIONS AND COMMUNICATION WITH CLIENTS

The Client Communication with the Company, receiving documents and other information from the Company takes place in the Croatian language, and at the specific request of the Client in English. If the Client asks for communication with the Company in English language, the subject contract will be completed in four bilingual copies. In case of disagreement between Croatian and English texts of the Agreement, advantage in interpretation of the provisions of the agreement will have provisions in the Croatian language.

The Client may, unless otherwise specifically agreed, send all instructions, orders and notifications, and exercise all other forms of communication with the Company in connection with the investment services or activities or ancillary services that may have been agreed and stipulated in the contract concluded between the Client and the Company (hereinafter referred to as the Contract), to relevant address and/or contacts in the Company:

CREDOS Ltd.

NEMČIĆEVA 7, 10000 Zagreb

Phone: +385 (0) 1 6393 676, 6396 671, 6396 672, 6396 673; Fax: +385 (0) 1 6396 680

E-mail: credos@credos.hr

Internet website as follows: www.credos.hr

The Company may, unless otherwise agreed, send and give to the Client all the certificates, notices, reports, calls and exercise all other forms of communication in connection with the investment services or activities, or with extra services arranged between the Client and the Company at the address or phone numbers that the Client has submitted.

When exercising any form of communication with the Client, the Company may record or in any other way note overall or just individual communication, and about the fact of taping or recording the Client does not have to be warned prior to the start of each recording.

Way of communication between the Client and the Company when giving and receiving the order or instructions is regulated by the contract.

The Client shall immediately notify the Company about the changes of address and other information relevant to the notification, as well as for the execution of the Company's obligations when providing investment and ancillary services or investment activities.

The Company will notify the Client of all the services it has provided, including costs associated with the transactions and services undertaken on behalf of the Client.

Working hours of the Company are from 8.30-16.30h and 14.00h-22.00h during which the broker is available on call for transactions on foreign stock exchanges they are traded during that time span.

2.3 PROTECTION OF THE ASSETS OF CLIENTS

In accordance with the provisions of the Companies Act, the Client assets - financial instruments and funds - are kept separately from the Company's assets in separate accounts.

These assets are not owned by the Company, are not included in the assets of the Company and the liquidation or bankruptcy estate, nor can they be subject to execution in respect of claims against the Company. The Company maintains its records and accounts in a way that allows the delay at any time to distinguish assets held for one Client from the assets of other Clients and assets of the Company.

The Company in its internal continuous controls ensure adequate transfer of assets to Clients in a way that always, when possible, each instruction for transfer of property, and financial assets and financial instruments of the Client to a third party, are carried out by two persons with appropriate authorization, one of which inputs instruction and the other is approved or confirmed.

The Company reports the Client about the execution of Clients the same business day, when possible, or no later than the following working day after the execution of the transaction to the Client in a way, or one of the agreed methods of communication with the Client.

No matter of received reports of the Company, Client may at any time request from the Company any information on the status, turnover, individual account, portfolio or account issued belonging to the Client's account with the Company, that the data is updated immediately after the execution of the trading for the Client.

In the case of the Client trading in foreign markets, it is possible to update the Client's account at the end of working day or no later than the following working day, to different time zones of the trading place, or for varying the clearing and settlement of transactions in foreign markets than the domestic system. The Company will immediately or as soon as possible, in the period from 8.30 a.m.-16.30 a.m. every working day provide the Client requested information.

By signing the brokerage contract with the Company Client among other things confirms:

- a) the Company has submitted all the necessary information pursuant to the Act, Rules and Regulations of organizational requirements, all information received are understood and accepted, the Company has given all true information about itself, and the Client accepts that the Company has estimated appropriate and all suitable assigned services and financial instruments with respect to those services with which the Client can do business with the Company.
- b) A statement of the Company that the Company by signing the Agreement confirms to have introduced the Client with all the risks of investing in the capital market in accordance with the Rules and Regulations on the organisational requirements, and declares that the Client will be treated in accordance with the classification set out in the Treaty.
- c) that he understood the assigned classification of the Client, and he accepts the Order Execution Policy and General Terms and Conditions Company

ADDITIONAL INFORMATION ON THE PROTECTION OF ASSETS OF CLIENTS:

The Company keeps funds and financial instruments of the Clients on the aggregate or joint custody Company accounts with commercial banks, and on the aggregate business accounts for the Clients opened with a third party, and the aggregated or custody accounts with the Custodian are separate accounts and assets of the Company or third hand, a separate assets of each Client recorded in the internal application, and records of the Company, that the Company is required to accurately and promptly conduct for each Client.

In the case of the debt of the Client, the Company is obliged to provide debt settlement of the Client who has a debt in a way that does not use the resources of other Clients for debt settlement. The Company may receive the consent of the Client to liquidate its funds to settle the debts of other Clients, to ensure all Clients the safe disposal of their free agents. The Company assumes the obligation to provide information to all Clients in case that the Company cannot provide Clients access to their funds.

The Company cannot enable the disposal, payment or trading with Clients assets which the Company holds for the Client, without the express consent of the Client for the use of his assets. If the Client wants that, his assets can be used for the use and lending to other Clients or to the Company. The usage of the Client's funds is governed by the Ordinance on the conditions of the usage of financial instruments, which are available to the Clients and interested Clients upon request.

The Client is not bound in any situation to the Company or other Clients to the disposal of his assets. The Client's financial instruments which the Company holds on the ownership position registered with the Company on the Client's account with the Central Depository Agency (hereinafter: the CDA) or in the custody account of the Company which opens with the CDA or Custodian. The clarification on the protection of Client's property also apply to the Clients who have with the Company contract on financial instruments entered into force. Potential conflict of interest is regulated by the Management policy of conflict of interest and preventing misuse of privileged information in a way that it separated the functions of providing services to a Client (a person cannot receive the Client's order and make payment) which ensures multiple control system.

2.4 MANAGING CONFLICT OF INTEREST

The management of conflict of interest in the Company is regulated by the rules to prevent conflicts of interest that document at the request of the Client the Company will make available to the Client.

Summary of rules preventing conflicts of interest:

If the Company is in business with Clients and finds a conflict of interest, the Company will inform the Client about the conflict of interest, and receive the Client's instruction on conflict of interest.

If the Client's orders are in a conflict of interest with the Company's orders, the Company will inform the Client about it.

The Company will while giving recommendations to buy or sell a financial instrument to the Client reveal its position in a given financial instrument, if any.

The Company will use its control functions to operate in situations of conflict of interest in a way that will make steps to protect each Client of the Company and to prevent to the management of conflicts of interest the harmful effects of the same, if applicable.

The Company will in situations of conflict of interest where it cannot eliminate the harmful effects of conflicts of interest, eliminate potential harmfulness in a way that it will not receive and implement trading with the Client that because of the conflict of interest cannot be implemented without damaging or the Client who is in conflict of interest or other Clients of the Company. The Company will discuss relevant situation in writing the Client.

2.5. AVAILABILITY OF INTERNAL ACTS AND DELIVERY OF INFORMATION OF THEIR AMENDMENTS

Documents: all information, List of fee charged and the internal regulations of the Company shall be given to the Client when signing the contract and other internal regulations, or information with which the Company is obliged to meet the Client, are available when signing the contract with the Company at the Company's place and on the Company's website.

The Company believes that the Clients are informed of any modification of those documents if each revised document is published on the Company's website www.credos.hr , on the page E TRADE.

3 CLASSIFICATION OF CLIENTS

The Company is - with regard to knowledge, experience, financial situation and investing goals of the Client - required to classify the Clients into categories of small and professional investors. The Company can still classify individual professional investors to the eligible counterparty, unless they meet the requirements prescribed by the provisions of the CMA.

3.1 SMALL INVESTORS

The Company will automatically classify and treat as small investors all natural and legal persons and entities who cannot be considered professional clients or eligible counterparty.

3.2 PROFESSIONAL INVESTORS

Clients who are considered professional investors

Professional investors are considered to be Clients who possess the experience, knowledge and expertise of independent investment decisions and properly assess risks that are associated with it.

Entities that are considered professional Clients in providing investment and ancillary services in relation to all financial instruments are as follows:

- The subjects that are acting in financial markets and which are subjected to authorization and/or supervision of the competent regulatory authority:
 - Investment firms,
 - Credit institutions,
 - Other financial institutions with the approval to operate issued by the competent authority in accordance with the legislation governing their work;
 - Insurance companies,
 - Undertakings for joint investment and their management companies (investment funds),
 - Management of pension funds and pension funds,
 - Pension insurance companies,
 - Dealers in goods and commodity derivatives,
 - Local companies and
 - Other institutional investors whose main activity is not covered by relevant section, and subject to approval or control the operation of the financial market.
- Legal persons compared to the previous financial year for which the latest available audited financial statements or unaudited financial reports submitted regularly to the relevant supervisory authorities if there is no obligation of audit in accordance with applicable regulations, and meet at least two of the following conditions:
 - Total assets amount to at least 150 million,
 - Net income in the amount of at least 300 million and
 - Capital amounting to at least 15 million.
- National and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, International Monetary Fund, European Central Bank, European Investment Bank and similar international organizations.
- Other institutional investors whose main activity is to invest in financial instruments, which are not subject to approval or supervision of work in the financial market by the competent authority, including entities established for the purpose of securitization of assets.

The above mentioned entities and legal persons the Company will automatically be classified and treated as professional investors, if they meet the requirements that are specific for that categorization.

Clients who may be treated as professional investors

In addition to Clients who are considered professional investors, the Company may treat as professional investors and other Clients, natural and legal persons, if they so request and if they meet the necessary criteria and procedures.

The request of the Client - a small investor to be treated as a professional investor - can be general or in relation to a particular investment service or transaction, or ancillary service or type of transaction or product. Such application must be delivered to the Company in the prescribed form titled Application for a change of categorization of small investors - which, for the purposes of classification of the Client, considered assessment of the Client's knowledge, experience and

expertise - depending on the type of transaction or service and the ability to make their own investment decisions and understanding the risk involved.

As part of the stated requirement the Client must meet with at least two of the three criteria in order to be able to qualify for the treatment of professional investor:

- The Client has on the relevant capital market performed an average of 10 transactions in excess of 200,000.00 kunas per each transaction in each quarter in the last year;
- size of the Client's financial instrument portfolio exceeds 4 million kunas and
- The Client works or has worked in the financial sector for at least one year on jobs that require knowledge of the planned transactions or services.

If the small investor is treated as a professional investor, for him it may result with the renunciation of higher levels of protection resulting from the conduct of business rules and the possible loss of the level of protection and the rights of the Client.

3.3 ELIGIBLE COUNTERPARTY

Eligible counterparty is subcategory of professional investors. Eligible counterparty is:

- investment firms,
- credit institutions,
- insurance companies,
- management companies of open-end investment funds with a public offering and open-end investment funds with a public offering,
- companies for the management of pension funds and pension funds,
- other financial institutions which are subject to obtaining work permits or whose business is regulated by Croatian regulations,
- other financial institutions which are subject to obtaining work permits or whose business is governed by the regulations of the European Union or Member States,
- a person whose regular business includes trading for its own account in commodities and / or commodity derivatives unless they are included in the group whose core activity is the provision of other investment services in accordance with the CMA,
- local associations,
- national governments and public bodies that manage with public debt and central banks and
- supranational organizations.

The Company may provide to eligible counterparty with these investment services and perform investment activities:

- reception and transmission of orders in relation to one or more financial instruments,
- execution of orders on behalf of the Client,
- trading for own account and
- ancillary services that are directly associated with these transactions.

When providing investment and ancillary services and performing investment activities mentioned in the previous point the Company is not obliged to comply with the obligations relating to:

- the conduct of business rules;
- reporting to the Client about the services that has been provided for him (including costs associated with the transactions and services carried out on behalf of the Client);
- the maintenance of records that includes documents regulating mutual rights and obligations between the Client and the Company;
- the classification of Clients into small or professional investors;
- the measures and procedures that allow the timely and proper execution of orders on behalf of the Client in relation to the orders of other Clients, as defined in Order Execution Policy;
- to accurately and promptly recording data on the execution of orders on behalf of the Client;
- to accurately and promptly allocate orders executed on behalf of the Client;
- for immediate execution of comparable order for the Client's account according to the time of acceptance of the order from the Company,
- for immediate execution of comparable orders for the Client's account according to the time of acceptance of the order of the Company, unless it does not prevent the prevailing market conditions or unless the interests of the Client does not require different treatment;

- to promptly notify the Client of any significant problems related to the proper execution of order on behalf of the Client as soon as the Company has learned about them;
- the prohibition of misuse of information related with the still unexecuted Client's order (on his behalf) and take all reasonable actions to prevent misuse of such information by relevant persons of the Company;

When the Company is responsible for the supervision and organization of settlement of executed order on behalf of the Client, it shall take all reasonable steps to enable all financial instruments or Client's funds received in settlement of the said order to be executed timely and properly supplied to the appropriate account of the Client to perform the order at the best conditions for the Client, as defined in Order Execution Policy.

3.4 CHANGE OF CLIENT CLASSIFICATION

The Company can on its own initiative or at the request of the Client:

- the Client, who is considered as a professional investor, treat as a small investor and
- the Client, who can be classified as a eligible counterparty, the Company may treat as a professional or small investor, at the request of the Client;
- the Client, who is considered as small investors treat as a professional investor, under condition that the Client fulfills the required conditions.

Changing, the transition from professional to a small investor, or from a eligible counterparty to a professional or small investors is regulated by the Request for a change of categorization of the professional investor or eligible counterparty. Relevant change may be related to one or more investment / ancillary services or transactions, or to one or more types of product or transaction.

Changing the categorization of the Client who from small investors becomes professional investor is regulated by the Request for a change of categorization of small investors. Relevant change may be related to all investment / ancillary services or transactions, or to one or more types of product or transaction which the Company provides to the Client.

Changing the Client's categorization from professional investor to the eligible counterparty is regulated in written form at the initiative of the Client or the Company's initiative. The above changes may be referred to the services and activities from point 3.3. of relevant document.

A professional investor is obliged to inform the Company of any change that could affect his status. Under the above mentioned notice sent by the Client, or if the Company determines that the Client no longer fulfills the conditions prescribed for professional investors, the Company is obliged to classify him and treat him as a small investor, and inform him of relevant classification.

The Company asserts and warns the Client that classification as a small investor implies a higher level of protection compared to professional investors, which is particularly evident in the following manner:

- The Company is required, before providing a small investor for the first time with the service, form a written contract governing their mutual rights and obligations;
- The Company is obliged, before signing a contract with a small investor, inform small investors on contractual terms and give general information such as a Company name, address and business address of the, as well as information that enables the Clients to successfully communicate with the Company, languages on which the Client can communicate with the Company and receive documents and other information that the Company sends to him, the methods of communication that can be used between the Company and the Client to send and receive order, the statement that the Company is authorized to appropriate jobs, as well as the name and contact address of the relevant the body which issued the authorization for the same jobs, extent, frequency and time of reporting the Client about the services the Company provided to the Client in accordance with the provisions of the CMA, a description of the policy management of conflicts of interest that may be in the form of a summary and similar forms;
- The Company is required to give, send or distribute to the Clients accurate, clear and understandable information - including advertising communication - in a way that is likely that a small investor will receive them;
- The Company is obliged to inform small investors on financial instruments;
- When the Company is authorized to hold financial instruments or funds of the Client, its obligations - where appropriate - is to provide small investor with information related to the protection of financial instruments and funds of the Client,
- In carrying out the order of the small investor, the Company is required to determine the achievement of the best possible result in relation to the total cost of the transaction, or if a single financial instrument can be

realized in several markets, the Company will determine where the market achieves best execution and send in accordance with the Client the order for execution on the same market;

- The Company shall inform the small investor about prices and costs, which specifically includes the total price to be paid by the Client for a financial instrument or investment or ancillary service, including all related fees, commissions, fees and costs, as well as all charges payable by the; in cases where any part of the total price of the preceding paragraph should be paid in foreign currency or the amount is represented in foreign currency, the Client's attention must be paid to the currency that is included with the current exchange rates and costs; Company is obliged to note that there is a possibility of other costs, such as taxes or other charges related to the transaction in relation to a financial instrument or investment service which may arise for the Client, which cannot be paid to the Company or are not imposed by the Company.

Furthermore, the Company reserves the right to make a decision on accepting the Client's request to change the categorization from small to professional investors, where the Client wants to give up a higher level of protection resulting from the conduct of business rules and which small investor enjoys in relation to professional investor. The Client may at any time request higher level of protection resulting from the rules of professional conduct.

4 FINANCIAL INSTRUMENTS

Financial instruments are:

- transferable securities,
- money-market instruments,
- units in joint investment, e.g. share units in open-end investment funds and
- derivatives.

According to the CMA, the financial instruments can be classified into simple and complex financial instruments. Simple financial instruments include:

- share units listed for trading on a regulated market or equivalent market of a third country,
- bonds or other forms of securitized debt, excluding those bonds or other forms of securitized debt which are embedded derivatives of different types of bonds,
- money-market instruments,
- share units or units in certain investment funds with a public offering.

Financial instruments that do not belong to the above categories shall be considered as complex financial instruments, unless otherwise is provided by the CMA.

4.1 TRANSFERABLE SECURITIES

Transferable securities are those types of securities that are transferable in the capital market, such as stocks or other securities of the same significance which represent a share unit in capital or membership rights in the Company as well as certificates of deposit stocks, bonds or other forms of securitized debt, including certificates of deposit securities and any other securities giving the right to acquire or sell any such transferable securities or on the basis of which it can be carried out cash payments, which is determined based on transferable securities, currencies, interest rates or yields, commodities, indices or other physical quantities.

4.1.1 SHARES

Share units are equity securities issued by a joint stock company. They indicate the part of the share capital of the Company, and with them holders of membership are expressed and related rights and obligations. They can be addressed on the bearer or on the name. The share units have no maturity day.

By the rights they provide, share units may be ordinary and preference.

- **Ordinary shares** are shares which give the holder:

- The right to vote at the general meeting of shareholders,
- The right to a portion of the Company's profit (dividend) and
- The right to payment after liquidation or bankruptcy estate of the Company.

- **Preferred shares** are shares which give their holder a preferential rights, such as the right to a dividend in advance ratio set monetary amount or a percentage of the nominal value of the shares, the right of priority in payment of dividends, payment of the liquidation or bankruptcy estate and other rights in accordance with the law and statute.

- Preferred shares may be cumulative and participatory:

- Cumulative preferential share gives their holder the shares, in accordance with the decision on issuance of shares, the right to charge cumulated unpaid dividends before payment of dividends to holders of common shares;

- Participatory preferred share gives their holder of the shares, in accordance with the decision on issuance of shares, right except for the right to collect certain dividends and dividend belonging to holders of common shares.

A joint stock company may issue shares with a nominal amount and shares without par value.

- **Shares with a nominal value** are shares marked with the amount of their nominal value in relation to the nominal share capital of the joint stock company. The nominal value of the share is not an indicator of the actual market value of the shares. The real value of the shares is determined by the principle of supply and demand in the capital market and is worth amount which someone is willing to pay you for her at the moment of sales. The nominal value of the share cannot be less than 10 kunas. Nominal amounts of shares in excess of the nominal amount must be amounts that are multiples of 10 kunas.
- **Shares without nominal value** are stocks on which are not specified the amount of the nominal value in relation to the nominal share capital of the joint stock company. Term which occurs is the Company's capital per share. Equity is determined by the number of shares.

Stock investing risks

The degree of risk when investing in stocks depends on the rights of the holder of the shares, and on the quality (solvency) of the issuer, but also on the general situation on the capital market.

In addition to all the above general risks, risks that are particularly associated with the shares are:

- **Credit risk** - in case of bankruptcy and liquidation of joint stock company owners of ordinary shares will be last in the distribution of the remaining assets (only after the settlement of the estate all other creditors). Consequently, the value of the shares of the Company can be significantly reduced or completely lost, which can result in complete loss of investment for investors.
- **Market risk** - the stock price or market value of the shares which is formed in the stock market depending on supply and demand can fluctuate significantly, particularly in the short term, since the quoted price can be influenced by a number of domestic and international factors such as the operating results of the joint stock company, expectations with future business and the general economic and political conditions. The market value of the shares is not determined once and for all, but is constantly changing and always newly defined.
- **Liquidity risk** - shares are typically traded on organized markets (exchanges), and their price is formed on the basis of supply and demand. If the supply and / or demand for specific stocks significantly reduce or completely disappear (it generally occurs during market disruptions, crisis etc.), marketability of these shares also decreases sufficiently quickly and possibly with significant loss of value, and in extreme cases shares can become fully non-marketable. In general, the shares listed in the lower stock quotes are less liquid than stocks listed on more stock quotes.
- **The risk of non-payment of dividends** - the risk that a joint stock company will not pay a dividend depending on decision of the general assembly of a joint stock company, as well as the business of the joint stock company. The higher the potential return on investment is, the higher is the risk that assumes the investor. The occurrence of one and / or more of these risks could cause big losses for investors, even the loss of the entire investment.

4.1.2 BONDS

Bonds are long-term debt securities issued by states, local governments, banks and companies to finance long-term investments. By issuing bonds, the issuer of the same agrees to the owner or holder of bonds to pay certain amount of money (interest and principal) in the manner and according to the conditions under which one has been.

The bonds will be divided according to their many features, but most often in the following manner:

- **According to the issuer:**
 - State - the issuer is the country, namely the Ministry of Finance and State Treasury,

- Municipal - the issuer is a unit of local government or self-government and
- Corporate - the issuer is a company.
- **According to the interest rate:**
 - Bonds without interest payment (coupon)
 - Bonds with a fixed interest rate (coupon) - the interest rate does not change from issue to maturity day and
 - Bonds with a variable interest rate (coupon) - the interest rate is changed, e.g. it is adjusting to the market interest rate with regular intervals (monthly, quarterly, semi-annual and annual).
- **According to the repayment of principal:**
 - Bonds with bullet repayment of the principal - the issuer of the principal is repaid at its maturity day and
 - Bonds with amortizing repayment of principal.

Bonds may also be issued in different currencies, can be different deposit deadlines (usually 3-10 years), can be unsecured or secured (e.g. warranty), which makes them very flexible financing instrument for issuers. The bonds are normally traded on organized markets, but also directly between individual market participants (e.g. OTC trading).

Risks of investing in bonds

Risks associated with bonds include:

- **Credit risk** - the likelihood that the issuer of the bond will not be able to settle its outstanding liabilities based on issued bonds. Relevant risk performance in the event of insolvency, e.g. in the case of bankruptcy of the issuer. Therefore, the investor must assess the creditworthiness of the issuer and adjust their expectations of yield. In general, with the poorer credit worthiness of the issuer, the required yield will be higher and vice versa. Thus, the bonds of the highest credit rating, and the most security (and lowest yields) are typically government bonds; followed by municipal bonds, and then corporate.
- **Interest rate risk** - the probability of changes in market interest rates relative to the interest rate on the bond. Changes in market interest rates are inversely proportional to the change in the price of bonds. For example, if the market interest rate increases more than the interest rate on the bond, the bond price will decrease and vice versa. What interest rate on bonds more and more deviates from the market interest rates, the impact on the price of the bond will be more pronounced. Relevant risk is most pronounced with bonds without interest payment, a little less pronounced for bonds with a fixed interest rate, and at least pronounced for bonds with variable interest rates. Bonds with longer maturities generally will be more exposed to interest rate risk than bonds with shorter maturity day.
- **Currency risk** - the likelihood that they will reduce the value of bonds that are denominated in one currency or indexed and denominated in another currency due to changes in exchange rates between the two currencies. For example, HRK equivalent investment in bonds in euros to foreign currency will be reduced if the reduced rate of EUR / HRK (e.g. kuna appreciates) and vice versa.
- **Market risk** - risk of decline in market value (price) bonds due to regular periodic movement of supply and demand in the capital market. Supply and demand, and thus the price of bonds may, for example, impact of changes of credit rating (credit rating) of the issuer, changes in interest rates, the probability of early redemption of the bonds by the issuer etc.
- **Liquidity risk** - the likelihood that an investor will quickly and / or without major losses of values be able to buy or sell bonds. The liquidity of the bond depends on the issuer, the total amount of issues, the time remaining to maturity day, diversity and number of holders of the bonds, the general market conditions and the like. Given that supply and demand condition, liquidity, there is no guarantee that the investor in the desired time be able to buy or sell a particular bond.

4.2 MONEY-MARKET INSTRUMENTS

Money market instruments are short-term debt instruments which are normally traded on the money market and which have a payment deadline up to 364 days.

Money-market instruments include:

- **Treasury bills** - financial instruments issued by the Croatian Ministry of Finance with maturity day of 91, 182 and 364 days with denominations of 100,000.00 kunas, or 1,000.00 euros, if the planned issue denominated in euros. Entered at auctions published by Croatian Ministry of Finance. In the primary auction they are sold at a discount, but later traded in the secondary market.
- **Treasury bills** - transferable financial instruments with the usual maturity day of 35 days. Issued by the State Treasury (Ministry of Finance), the state agency or the central bank. Treasury bills issued by the Republic of Croatia, the Croatian National Bank. Debt instruments to maintain liquidity are considered "risk-free" instrument, and their main features are safety and moderate income.
- **Commercial papers** - transferable financial instruments issued by the Company (the issuer), the name, in dematerialized form. Allow settling current needs of the Company so that the issuer, depending on the market situation, issued a tranche of records that are within the limits established by the program. Commercial record is usually unsecured financial instrument. The program of issuing commercial paper program is financing the short-term needs of the Company within which it is possible the same issue tranches of different maturities, maturity day and denomination to an aggregate maximum amount under the program. Commercial paper issued by companies of different creditworthiness and therefore the commercial paper insecure instrument than treasury or treasury bills.
- **Certificates of deposit** - transferable financial instruments that banks obtain short-term funds. Certificates of deposit banks 'sale' airing their issues in large amounts or issued on the basis of deposits. In the Republic of Croatia are not traded certificates of deposit.

Payment instruments are not considered money-market instruments or transferable securities.

The risks of investing in money-market instruments

An investor who invests in money market instruments is exposed to all the general risks of investing in financial instruments. However, special attention should be paid to the assessment of these risks:

- **Credit risk** - the likelihood that the issuer of money-market instruments will not be able to meet their financial obligations arising from the instrument. Relevant likelihood will be higher as the credit rating or creditworthiness of the issuer lower / worse. With the higher the credit risk, the risk premium should be higher, and therefore the return that an investor expects the financial instrument.
- **Liquidity risk** - the money-market instruments, as a rule, are not organized on secondary market, and accordingly is usually held to maturity day. If an investor wants to sell such an instrument, there is no guarantee that he will succeed quickly and possibly with significant loss of the value.
- **Currency risk** - the likelihood that they will reduce the value of financial instruments denominated in one currency or indexed and expressed in another currency due to changes in exchange rates between the two currencies. For example, HRK equivalent investments in commercial paper in euros to foreign currency will decline if the exchange rate EUR / HRK reduced (e.g. kuna appreciates) and vice versa.

4.3 SHARE UNITS IN INVESTMENT FUNDS

Open-end investment fund (open-end) with a public offering is a separate asset without legal personality, which, with the approval of the competent institution opens a management company of open-end investment funds, because of the fund raising public offering of units in the fund, whose assets are invested in accordance with the provisions of Act. Assets of the fund are divided into an unlimited number of share units. Unit holders in the fund shall have the right to, except the right to the proportionate share units of the profits of the fund, at any time request redemption of their units and thus exit the fund.

Closed funds (closed-end) are a type of investment funds that have a certain number of share units, which is managed by a management company closed-end investment fund. The assets of closed-end funds are divided into share units that are traded on organized markets. Their price is determined by market value, depending on the basis of the current supply and demand. When establishing closed-end fund funds raised through the public offering of share units.

The basic documents of each investment fund with which every investor should get to know before investing in share units of the fund, which define the characteristics of each fund, including limits on investment or risk instruments in which to invest the funds raised by investors, are prospectus and articles of association.

Due to the characteristics, there are various types of investment funds with a public offering, such as:

- **Equity Fund** - a type of investment fund assets invested primarily in share units of various companies. Due to the changing nature of share units, investment in the fund carries higher risk, but it is a real possibility to achieve higher yields.
- **Cash Fund** - Fund type which means primarily invests in money market instruments that have minimal risk (deposits, treasury bills, treasury bills, commercial paper).
- **Bond Fund** - the type of investment fund assets primarily invests in bonds of different issuers. Fund yields are stable against the reduced risk for the safety of bonds.
- **Balanced fund** - types of investment funds that invest in various types of financial assets on the basis of the ratio prescribed by the prospectus and the fund. The most common are equal proportions of investments in bonds and share units. Such a fund attracts investors who want to achieve a higher yield at stocks with the stability enjoyed by the bonds.
- **Index fund** - an investment fund that copies the composition of an index or literally just invest in a few stocks represented in the index. Relevant is a passive investment strategy.

The risks of investing in investment funds with a public offering

In addition to the general risks, the most important investment risks are:

- **Credit risk** - the likelihood that the issuer of a financial instrument included in the assets of the fund or the person with whom an investment firm in its own name and for the account of the fund, may transact in financial markets, will not fully or partially fulfill its obligations that would impact negatively on liquidity and asset value.
- **Currency risk** - the fund's assets may be invested in financial instruments denominated in different currencies (e.g. kuna, euro, US dollar, Swiss franc, Japanese yen), which is the part of the assets exposed to currency risk given currency in relation to the accounting currency measuring the return on investment in the fund. There is a risk of depreciation (growth rate) and appreciation (decline rate) of those currencies, which could affect the growth or decline in the value of share units in the fund.
- **Interest rate risk** - is likely to yield to maturity day of the purchased debt securities rise, and that at a time when the debt securities must be redeemed will be greater than that with which it was purchased, which will result in the loss.
- **Market risk** - the fund's assets that are invested in financial instruments that are traded in markets exposed to daily price changes, which affects the growth or decline in the value of assets or net worth of share units.
- **Liquidity risk** - the likelihood that the fund will have difficulty finding the funds to settle obligations related to withdrawal of the funds or financial instruments due to inability to sell financial assets at a price close to the fair value of the property or in selling the desired amount of an instrument at the desired time.
- **Risk of legal / tax regulations** - risk of significant change of legal and / or tax regulations in a way that adversely affects the profitability of investments in financial instruments and the position of the investor. Relevant risk is particularly important if an investor invests in foreign investment funds where legal, and in particular tax treatment may be significantly different from that of domestic investment funds and thereby significantly affect the profitability of investments.

4.4 DERIVATIVES

The derivatives, which are considered as complex financial instruments include:

- options (options), futures (futures), swaps (swaps), forward rate agreements (forward rate agreements) and any other derivative contracts relating to securities, currencies, interest rates or yields, and other derivative instruments, financial indices or financial measures which may be settled physically or in cash;
- options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the request of one of the contracting parties (except for the reason of non-payment or other reasons for breach of contract);
- options, futures, swaps and any other derivative contracts relating to commodities that can be physically settled provided that they are traded on a regulated market and / or a multilateral trading facility;
- options, futures, swaps, forwards and any other derivative contracts relating to commodities that may be settled physically, other than those specified in paragraph 3 sub-items d. Relevant point and do not have commercial purposes, which have the characteristics of other derivative financial instruments, among other

things, taking into account the fact settled there and settled through recognized clearing houses or are subject to regular margin call;

- derivative instruments for transfer of credit risk;
- Financial contracts for differences (CFD) and
- options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in money at the request of one of the parties (except for the reason of non-payment or other reasons for breach of contract), as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in relevant point, and that have the characteristics of other derivative financial instruments, having, among other things, the fact they are traded on a regulated market and / or a multilateral trading facility and settled there and settled through recognized clearing houses or are subject to regular margin calls.

Risks of investing in derivatives

In addition to the general risks, the most important investment risks are:

- **Position risk (type of market risk)** - the risk of loss due to price change (increase or decrease) of financial instruments, or in the case of financial instruments derived from underlying variables.

General position risk - the risk of loss on the basis of changes in prices of financial instruments due to changes in the level of interest rates or major changes in the capital market, regardless of any specific characteristic of relevant financial instrument.

Specific position risk - the risk of loss on the basis of changes in prices of financial instruments due to the fact that related to its issuer, or in the case of a derivative financial instrument, due to the facts relating to the issuer of the underlying financial instrument.

- **Settlement risk**, which includes **counterparty risk** - the risks of losses on the basis of default of the other party.
- **Currency risk** - the risk of losses resulting from a change in exchange rates.
- **Commodity risk** - the risk of loss resulting from changes in commodity prices.
- **Credit risk** - the risk of loss resulting from failure to meet financial obligations.
- **Liquidity risk** - the risk of loss resulting from existing or expected inability of the investment firm to meet its financial obligations at maturity day.

4.5. RISKS FOR CLIENTS, INVESTORS IN FINANCIAL INSTRUMENTS

Risks of investing in financial instruments are the most important conditions to which the Client must pay attention to when making decisions about buying or selling financial instruments.

Regarding quantification of uncertainty for investment, risk can be defined as the knowledge of a situation in which, as a result of a decision may appear down the results. The likelihood of achieving any results can be known or may be subject to personal evaluation decision makers, as is often the case (in relevant case the investor and / or the issuer). In accordance with the provisions of the CMA, it cannot be assumed that the small investor as opposed to a professional investor has the knowledge and experience necessary for risk assessment in relation to those investment services or transactions, or type of transaction or product that is classified as a small investor.

RISK MANAGEMENT

Diversification over time proved to be a successful way of balancing risks of investments and realized returns. Diversified investment represents investment in different types of financial products, various phrases and thus different rates of return (interest). Personal assets (investments, savings), which is diversified (scattered, combined) in deposits, building societies, life insurance, investment funds and share units, helps reduce overall investment risk as a kind of investment in a given moment can achieve satisfactory yields, while the other type of investment does not achieve satisfactory yields. Of course, diversification of investment does not guarantee complete security investments. It only reduces overall investment risk.

For additional information about the investment strategies please contact an investment advisor of the Company.

GENERAL INVESTMENT RISKS IN FINANCIAL INSTRUMENTS:

1. Country risk - risk rating determined by the national economy in the global environment, which include:

- **sovereignty risk** - the risk absence of ability and / or willingness of repayment of maturing debt,
- **political risk** - the risk of unexpected political changes and / or instability in the country; source of instability may be a change of government, regulatory bodies and / or other political entities,
- **economic or cyclical risk** - the risk of loss of value of a financial instrument due to recession, the local economy,
- **currency risk** - the risk that the exchange rate; changes in exchange rates may affect the return (to reduce it or increase) of investments in foreign currency,
- **inflation risk** - the risk of decline in the value of financial instruments due to the increase in the general price level (inflation)
- **the risk that the legal / tax regulations** - risk indicative of changes in legal and / or tax regulations and / or the capacity of the company in a manner which adversely affects the profitability of investments in financial instruments and the position of investors and
- **risk transfer (transfer) of capital** - the risk of occurrence of the prohibition removal of capital across national borders.

2. Issuer risk - risk caused by factors directly related to individual companies that issue financial instruments, which includes:

- **credit risk** - the risk of falling or total loss of value of a financial instrument due to deterioration in creditworthiness, credit rating or bankruptcy proceedings against the issuer,
- **industry risk** - the risk of significant adverse change in the framework of business enterprises in terms of competition, technology, standards, etc.,
- **control risk** - the risk of inefficient and destructive of the management structure of companies that have a negative impact on its performance,
- **operational risk** - the risk of loss resulting from inadequate or erroneous business processes of enterprises, human failures or errors and internal systems in performing business activities and external events; including the risk of failure on IT systems, risk communication breakdown between the service provider (e.g. Company), Central Depository Agency - CDA and / or exchanges and / or regulated markets, natural disasters, fraud,
- **the risk of non-payment of dividends** - the risk that a joint stock company will not pay a dividend, which depends on the decision of the general assembly of a joint stock company, as well as on the operations of the same, and
- **ecological risk** - the risk of adverse environmental impact due to the performance of the business activities of enterprises.

3. Financial instrument risk - the risk caused by the characteristics of a particular financial instrument which to includes:

- **Liquidity risk** - the risk of insufficient promptness able to buy or sell a financial instrument on the secondary market capital, possibly with significant loss of value due to the reduced attractiveness of the same or the inefficiency of the market,
- **market risk** - the risk that the value (increase or decrease) of financial instruments due to daily changes in their market prices,
- **the psychology of the market risk** - the risk that the value of a financial instrument due to speculative activities of major investors, or large corporate actions in the stock market,
- **interest rate risk** - the risk of lowering the value of a financial instrument due to changes in the level of market interest rates relative to the interest rate / yield to the present instrument,

- **counterparty risk** - the risk of a contracting party / entity to the other contracting party / entity will not be able to meet its contractual obligations; Sometimes relevant type of risk is called the risk of bankruptcy,
- **settlement risk** - the risk that the settlement of transactions in financial instruments would be difficult or completely impossible, e.g. That the other party will deliver a financial instrument or will not fulfill its financial obligation arising from the transaction,
- **reinvestment risk** - the risk that the future cash inflows from individual financial instrument to invest at lower yields or a lower interest rate than the one which wore a financial instrument itself,
- **timing risk** - the risk of leakage of favourable price movements of financial instruments due to the wrong timing for the purchase or sale of a financial instrument and
- **risk of a financial leverage** - the risk of financing the purchase of financial instruments through credit; regardless of the type of property in which the source of investments obtained by borrowing, investment contains an increased risk of losses. The profitability of the investment itself does not affect the obligation to return the debt, but it even in certain cases may increase. On the other hand, the cost of such financing directly affects the reduction in yield investments.

The Clients, in addition to the above risks, should pay attention to the risks that are described later in relevant material.

4. Risk of third contracting parties

According to the Rule on organizational requirements, a third party to the contract shall be considered:

1. stock exchange, a regulated market, a clearing company, other investment firms, the other party in the OTC transaction, the management company of UCITS funds or alternative investment funds, which keeps a register of share units;
2. custodian (bank established in a third country whose activities are subject to special regulations and supervision of credit institutions or investment company based in the Republic of Croatia, and has a license to carry out ancillary services in Article 5 para. 2 No.1. CMA or a credit institution or investment firm in a member State which has a license for providing custody services).

In cases where the Company uses the services of third Contracting Parties in order to meet with the Client's needs for services where such services are necessary, the Company opened with administrator omnibus accounts in which held assets of clients jointly.

The Company always and unconditionally hold financial instruments of clients, e.g. Assets of clients separately from its own assets.

The Company at its offices and on its website publishes a list of all custodians in which holding the assets of the Clients and such a list is always available to the Clients of the Company

The Company always and necessarily lead analyst of financial instruments of the Clients for each Client separately in a manner that allows at any time, without delay, distinguishing asset rating of the assets of other Clients and assets.

CRITERIA OF THE THIRD PARTY SELECTION

When selecting counterparties the Company is going by royalty of management, analysis expertise and quality of third Contracting Parties of information obtained from a third Contracting Party, publicly available information on a third party to the Agreement and in particular of data on third contracting party publishes its regulator. The Company does relevant analysis at least once a year.

RISK OF LOSS OF CLIENTS PROPERTY

In the case of the blockade, bankruptcy, collapse or bankruptcy of third contracting parties the possibility that the Client in whole or in part loss of property by the Company holder for him at third counterparties.

5. Risk of deposit funds of the Clients with authorized banks

The Company holds funds of the Clients in the joint accounts of the Clients opened with authorized banks and a list of which is as an attachment to relevant document and is available at the offices of the Company and on the Company's website. The Company maintains analytical card of each Client with the correct balance of its funds that the Company holds for him jointly with authorized banks.



ČLAN ZAGREBAČKE BURZE

CREDOS d.o.o., investicijsko društvo
Nemčićeva 7, HR-10000 Zagreb
OIB: 21667415955
T +385 (0)1 2363 431, +385 (0)1 2363 524
T +385 (0)1 6396 676, F +385 (0)1 2363 433
www.credos.hr , credos@credos.hr

The Company holds funds of the Clients jointly on multiple accounts of authorized banks, without parsing means of the individual Client on the account of individual banks with which the Company holds a deposit of Client's funds.

The total sum of funds that the Company holds for all Clients is the sum of funds in the accounts of Clients in all banks with which the Company holds Client's funds.

The Company always and unconditionally holds funds separate from its own assets and its own funds.

The Company always and unconditionally leads analytics of the Client's property for each Client separately in a manner that allows at any time, without delay, resolution of the Client's property from the assets of other s and assets of the Company.

THE CRITERIA OF SELECTION OF THE BANK

The Company selects the bank in which it will deposit the funds of Clients with sound business practices, analysis of expertise and quality of the institution from the information obtained from banks, publicly available information about the bank and in particular from the information about the bank publishes its regulator. The Company does relevant analysis at least once a year.

THE RISK OF LOSS OF FUNDS

In the case of the blockade, bankruptcy, collapse or bankruptcy of the bank there is a possibility that the Client in whole or in part lose of funds that the Company held for him at an authorized commercial banks.

In the case of the blockade, bankruptcy, collapse or bankruptcy of the bank there is a possibility that the Client in whole or in part loss of funds that the Company held for him at an authorized commercial bank in the ratio of the amount of its financial resources in relation to the total sum of funds that the Company holds for all Clients and in relation to the percentage of loss of or inability for payment of all or part of the amount of funds that the Company deposited with the Bank for which the circumstance of blockade, bankruptcy, collapse or bankruptcy occurred.

6. Risk of holding assets of the Client with the Custodian

The Company holds financial instruments of the Clients with the Custodian based in the Republic of Croatia.

In cases where the Company uses the services of custody in order to meet with Clients' needs for services where such services are necessary, or by the will of the Client, the Company opens with custodian joint accounts where it holds Client's assets jointly.

The Company always and unconditionally holds Client's financial instruments, the Client's assets, separately from its own assets.

The Company publishes at its offices and on its website a list of all custodians where it holds the Client's assets and such a list is always available to the Clients of the Company.

The Company always and necessarily keeps track of Client's financial instruments for each client separately in a manner that allows at any time, without delay, distinguishing asset of the Client from the assets of other clients and assets of the Company.

CRITERIA OF SELECTION OF CUSTODIAN

The Company selects the Custodian with sound business practices, analysis expertise and quality of the Custodian from the information obtained from a third contracting party, publicly available information about the Custodian and in particular from information about the Custodian published by its regulator. The Company does relevant analysis at least once a year.

RISK OF LOSS OF CLIENTS PROPERTY

In the case of the blockade, bankruptcy, collapse or bankruptcy of third contracting parties, there is possibility that the Client losses whole or part of the property which the Company holds for him at third parties.

5 ASSESSMENT OF APPROPRIATENESS

When providing investment services (except of portfolio management services and investment advice), the Company is obliged, based on the information supplied by the Client, create a profile on the knowledge and the experience of (potential) Client - a small investor in the field of investments (taking into account the nature of the Client, the nature and the scope of services, the type and complexity of the product and / or transactions and risks involved) in order to

assess whether is a appropriate product (and / or investment services) offered to him or which he request from the Company.

In the case of the (potential) Client - the professional investor or a eligible counterparty, the Company may reasonably presume it possesses the knowledge and experience of risk assessment in relation to those investment services or transactions, or types of transaction or product for which is classified as a professional investor.

The above profile of the knowledge and experience of the (potential) Client - a small investor shall contain the following information:

- basic information about the (potential) Client,
- the type of services, transactions and financial instruments which are known to the (potential) Client,
- the nature, volume and frequency of transactions of the (potential) Client with financial instruments and the period in which they are made,
- title and the current profession of the (potential) Client and which the (potential) Client itself requires from the Company.
- a specific type of product or investment services which the Company offers to the (potential) Clients, or that the (potential) Client itself requires from the Company.

The profile is made based on the prescribed form of the Company, Questionnaire for assessment the suitability of investment services, which is made available each Client or the potential Client in contracting such services and activities.

If the Company on the basis of the information collected from the (potential) Client determines that a product or service is not appropriate for the (potential) Client, or if the Company due to lack of necessary information is not able to determine whether a product (and / or services suitable for the (potential) Client, it will warn him of this. In the mentioned another case, when the Company is unable to determine whether a product (and / or services) is suitable for the (potential) Client, there is a possibility that the product (and / or services) is not suitable for him and that he may be exposed to risks that exceed the limits of his knowledge and experience and / or possibly not have enough knowledge and experience to properly assess them and / or controlled in order to minimize its consequences for him. If the Client still wants to use the investment service to his own responsibility, he is obliged to sign the declaration of intention to use investment services at his own risk, which is located within the Questionnaire for assessment of the suitability of investment services.

Investment services consisting exclusively of receiving and transmitting and / or execution of orders on behalf of the Client, with or without ancillary services, the Company can provide without collecting the information and / or giving the mentioned assessment if they meet with all of these following conditions:

- Services related to:
 - share units admitted for trading on a regulated market or equivalent market of a third country or
 - money market instruments or
 - bonds or other forms of securitized debt, except of those bonds or securitized debt that are embedded derivatives or
 - share units in open-end investment funds with a public offering or
 - other simple financial instruments.
- The service is provided on the initiative of the (potential) Client.
- The (Potential) Client is clearly informed that when providing relevant services the Company is not obliged to carry out the assessment if the instruments or services are suitable for the Client and the Client therefore does not enjoy protection in accordance with the relevant rules of business conduct.

It is believed that the service is not provided on the initiative of the Client when the Client's request for the provision of services is result of the personalized communication from or on behalf of the Company to the Client, which contains an invitation or is aimed at influencing the Client in connection with certain financial instrument or a particular transaction.

It is believed that the service is provided at the initiative of the Client, despite the Client requires the provision of services on the basis of all forms of communication which contains promotion or offer of financial instruments, carried out in any way which is general by its nature and addressed to the public, a larger group or the type of (potential) Clients.

6 THE PLACE OF ORDER EXECUTION

The information on the places of the order execution can be found under the Order Execution Policy that, among other things, is also on the Company's website (www.credos.hr) as well as at the offices of the Company. For additional information about the places of the order execution it is necessary to refer to the Company.

7 COSTS AND EXPENSES

All information on the costs and associated expenses are listed in the List of fees charged each of the financial services and activities that the Company provides and performs, and that is available for every Client or potential Client while contracting such services and activities.

When providing CFG Trade service to the Clients based in France, Turkey and USA it is not possible to process their transactions with Trust Pay.

8 NOTICE OF INVESTOR COMPENSATION SYSTEM

On the Croatian capital market, in accordance with the provisions of the Capital Market Act (Official Gazette Nos. 65/18), it is introduced a separate entity Investor Protection Fund (hereinafter: the Fund) managed by the Central Depository Agency Inc. (Hereinafter: the CDA).

The system of investor protection is carried out and supervised by the Croatian Agency for Supervision of Financial Institutions (hereinafter: the Agency).

Investor Protection Fund is the institution responsible for the implementation of investor protection, where the claims of investors are insured up to the amount of HRK 150,000.00 per investor (Art. 261 of the CMA) in the event that a member of the Fund is unable to pay and / or restore a particular claim of the investor.

Investor is a Client of the Fund member whose claims are protected, and it is basically any natural or legal person whose funds, in accordance with the provisions of the Capital Market Law (Art. 261), a member of the Fund holds, administers or manages on behalf of its Client, in connection with the investment service which the member has agreed with the Client.

Relevant system will be activated in exceptional circumstances and it protects investors in these two situations:

- 1. when the Fund member opens bankruptcy proceedings and**
- 2. if the Agency determines that a member of the Fund is unable to meet with obligations to investors. Relevant means that a member of the Fund cannot execute the cash liability and / or return financial instruments, which held on behalf of investors, administered or managed by them, and it is unlikely that the circumstances in the foreseeable future will change.**

The Fund provides these claims of the investors:

1. monetary claims in kunas and currencies of the EU Member States - it is a monetary claim that a member of the Fund owes to its Client or which belong to the Client, and which a member of the Fund holds for the Client in connection with investment services that have contracted with him and
2. financial instruments belonging to the Clients of the Fund - this is about the financial instruments that a member of the Fund holds, administers or manages on behalf of the Client in connection with investment services that have contracted with him.

In doing so:

1. Holding of funds involves the disposal of financial instruments and funds belonging to Clients.
2. Administering the means includes a storage service and administration of financial instruments for the account of Clients, including custody and related services (such as cash management, or collaterals).
3. Management of funds includes account management portfolio.
4. Positions that are on the account of financial instruments registered with a member of the Fund (participant member of the CDA) are not considered as holding, administering or managing financial instruments and are not protected by the Fund.

Investments in the capital market are always associated with risks and the system of protection does not protect investors in the sense that it would cover the investment risk. It is believed that anyone who invests in the capital market is aware of the risks, possibilities of falling and rising prices, as well as the consequences that follow from them.

Note: The membership in the Investors Protection Fund, the Fund member does not highlights in the purpose of his promotion.

The conditions under which the Clients claims are compensated by Investor protection system



ČLAN ZAGREBAČKE BURZE

CREDOS d.o.o., investicijsko društvo
Nemčićeva 7, HR-10000 Zagreb
OIB: 21667415955
T +385 (0)1 2363 431, +385 (0)1 2363 524
T +385 (0)1 6396 676, F +385 (0)1 2363 433
www.credos.hr , credos@credos.hr

In the event of the circumstances of the insured event, the competent court shall without delay submit a decision of on opening of bankruptcy proceedings against the member of the Fund to the Agency and to the Operator of the Investor Protection Fund.

Based on the ruling of the Court, the Agency makes a decision on the occurrence of the insured event and also immediately submits to the Operator of the Fund and the Fund member who is unable to meet its obligations.

The decision will be published by the Agency in the Official Gazette and on its website.

Fund Operator is obliged after receiving the Decision of the Agency to initiate proceedings of compensation of the Client Fund member who is unable to meet with its obligations and inform the public.

The notice shall the Fund Operator disclose at least in one daily newspaper.

Within 30 days from the date of publication of Decision of the Agency, the Fund Operator shall, in conjunction with the authorized auditor and authorized representative of the Fund member determine the amount of protected claims of Clients, Fund members, as with the state at the opening of bankruptcy proceedings or publishing the decision to the Agency and draw up a report with a list of the same.

Fund Operator immediately delivers the Record after compiling to the Agency.

Fund Operator is obliged, on the basis of information on Clients of the Fund member who is unable to meet its obligations, make a notification to each Client with an invitation to apply for compensation through the form. The application can be submitted exclusively by post and must be personally signed and the signature of the applicant must be properly certified. Together with the application it should be accompanied by:

- original or certified copy of the documents used by the applicant to substantiate the allegations of his claims and
- a copy of a valid identification document.

In the request, the applicant shall state the final amount owed by the Fund and the account number for payment of protected claims.

The Client member of the Fund who is unable to meet its obligations, the claim for compensation may be submitted within a maximum of five months from the date of publishing the Agency in the Official Gazette.

Exceptionally, when a Client - for reasons that could influence - was unable to apply for compensation, the same can subsequently be filed within one year from the date of publishing the Agency decision in the Official Gazette. In relevant case the Client is obliged to submit evidence confirming his incapability.

The Client loses the right to the payment of the insured amount from the expiration of five years from the date of publishing the Agency decision in the Official Gazette.

The Client to whom the Operator of the Fund refused to pay the secured claim or is not paid in full, has the right to apply to the Agency.

Fund Operator determined amounts of secured claims from the Fund pays to the Client's Fund member account. The payment of a stipulated amount must be implemented without delay, and no later than 90 days from the day of determination of the right of payment of the protected claims.

The right of payment of the insured amount is not transferable, but can be inherited.

9. NOTICE OF PERSONAL DATA COLLECTION AND PROCESSING).

The Company collects personal information in accordance with General Data Protection Act (Official Gazette 42/18) (Regulation 2016/679 of the European Parliament and the Council of 27 April 2016 on the protection of individuals with regard to processing personal data and distribution of such data and on putting out of power the Directive 95/46 / EC (General Data Protection Regulation) in accordance with Article 6 of the Data Protection Act and Article 75 Paragraph 8 of the CMA.

Pursuant to the provisions of the General Data Protection Regulation, the Company submits to the Client the following information:

1. Personal Data Processing Manager The Client is a Company. The Company has appointed a person in charge of implementing personal data protection measures.



ČLAN ZAGREBAČKE BURZE

CREDOS d.o.o., investicijsko društvo
Nemčićeva 7, HR-10000 Zagreb
OIB: 21667415955
T +385 (0)1 2363 431, +385 (0)1 2363 524
T +385 (0)1 6396 676, F +385 (0)1 2363 433
www.credos.hr, credos@credos.hr

2. The Company collects personal information of the Client in order to provide Investment Services and Activities and Ancillary Services from 2.1. Data.

3. The purpose of the processing for which the Client's personal data is intended is to ensure the accuracy of personal data, to identify undeniable identity, to prevent possible exchange of identity, to implement measures to prevent money laundering and terrorist financing, to prevent fraud, to fulfill the statutory obligations of tax reporting and in all other cases which are prescribed by the internal acts of the Company, the law or the law of the European Union.

4. The processing manager shall collect the data pursuant to Article 6, paragraph 1, points b and c. General Data Protection Regulations.

5. The Client has the right at any time to request access to personal data, correct personal data and delete them when the legal deadline for their processing and storage expires. The legal deadline for custody and processing of personal data of the Client is determined by relevant legal regulations, including the Capital Market Law and Accounting Law.

6. The Client has the right at any time to revoke the Company's personal data regarding personal data by sending a notice to the address Nemčićeva 7, 10 000 Zagreb by e-mail to credos@credos.hr, without affecting the legality of the processing based on the dormitory before she was withdrawn.

7. The Client has the right to file a complaint with the Personal Data Protection Agency when he / she considers that the Company has not collected or processed his / her personal data in accordance with the law.

8. The Company shall apply appropriate organizational measures to ensure the correct collection, processing, exchange and storage of Client's personal data.

10. NOTICE OF AUTHORIZED PERSONNEL OF THE COMPANY

The Company will always ensure that each service is provided to the Client by the authorized person. If a Client receives a service from the company in multiple separate parts, then the Company will ensure that the Client receives each part of the service from a person authorized to provide a particular part of service. (e.i. identification or classification of the client will be executed by the person authorized for that part of the service, and the service of receiving the trading order will be performed by the person authorized for that part of the service).

On Client's request the Company will present or issue a certificate confirming that the person who is responsible for the relevant function and for which the Company is responsible is authorized in relation to the relevant function performed.

11. CONVERSATION RECORDS

The Company will record (telephone) conversations, or compile a minute book with the Client Office in case these conversations can lead to execution of a client's order for trading with a financial instrument. The Client agrees to a possibility of recording any conversation between the Company's representative and Client.

DEAR CLIENTS, if the information that the Company has give you in relevant document is not sufficient, or if you did not understand the same, please before concluding cooperation with the investment firm request any additional information or any clarification in order to fully understand the terms of our mutual cooperation and our presentation to you.

WE APPRECIATE IN ADVANCE FOR ANY KIND OF QUERIES AND FOR THE BEGGINING OF THE COOPERATION!

MANAGEMENT OF THE COMPANY