

Investment Programme "Stocks"

Investors

The Programme is tailored for investors, who:

- invest in the world's stock market with a high degree of investment risk with an aim to achieve capital growth and who wish to receive considerably higher return on investment than income secured by term deposits with a bank;
- focus on medium-term investments, that is, wish to invest for a term not less than 1 year;
- are insurance companies or pension funds that invest in bonds to form a diversified investment portfolio.

The minimal investment amount is 300 000 EUR or USD.

Investment Policy

The programme's "Stocks" investment objective is long-term capital growth with high investment risk.

In order to achieve this objective funds are mainly invested in exchange traded funds (ETF) and other instruments traded on US and European stock exchanges, which represent the value of stocks, as well as the value of particular sectors of economy of various countries. It is acceptable that funds are invested in stocks, ADRs and GDRs of particular companies, which have essential weight in the main index of the chosen country.

The programme's investments are diversified among investments in various countries in accordance with limits set by the Investment Committee, thus ensuring higher investment safety and protection against fluctuations of the portfolio's value, which are characteristic of investments into securities of one country.

As part of the protective strategy, it is acceptable to invest the programme's funds in money market instruments, including term and demand deposits.

The programme's management is active, thus the funds are mostly invested into the most liquid ETFs in order to efficiently react to changes in the market circumstances.

The base currency of the Programme is EUR or USD.

Income gained from the investment management is invested in the programme. The investor's income is fixed (reflected) as increase or decrease of the portfolio's value.

It is acceptable that the company uses derivatives in order to reduce the investment risks.

It is not acceptable that securities are sold or any liabilities are undertaken in respect of the sale of securities, in case these securities are not part of the portfolio at the time of the transaction (a short position).

Programme performance is measured by investment growth and compared with MSCI ACWI (Morgan Stanley All Country World Index) (in USD) if investment currency is USD, whereas in case of investments in EUR, the performance is measured and compared with MSCI ACWI ex-USA index (in EUR). MSCI ACWI Index is a free float adjusted market capitalisation index that is designed to measure equity market performance in the global developed and emerging markets.

Risks

In accordance with the programme's investment policy, funds are invested in equity securities of developed and emerging countries, thus the investment programme is subjected to the following risks:

- Assets prices in markets and stock exchanges are subjected to major fluctuations, which may lead to decrease of the assets' value in a short-term perspective. Information, which reflects the actual financial situation of a particular issuer, may turn out to be untrue or become unavailable.
- Investments in equity securities are related to an increasing economic risk due to changes in the economic situation in investment regions, such as economic recession, excessive inflation, bank crisis etc.
- Investments in emerging market countries are related to an increasing political risk. Changes in political situations and tax legislation, restrictions of currency exchange and taxes, limitations for activities of foreign investors, restrictions for investment of funds and income repatriation, investment of funds etc. may influence the Programme's investment results.
- Regardless the fact that the company invests in the base currency, investors also have to pay attention to currency risk. As a rule, the MSCI indices, which are ETF base indices, reflect movements of stock prices in the respective country's currency. Thus, the ETF dynamics and the dynamics of the base index may significantly differ in case the base currency rate changes against the currency rate of the investment country.

Thus, the main risks in respect of the programme's investments are economic, political, information and currency risks. Other risks are limited.

Investment Programme "Stocks"

The programme's investment strategy is developed in a way to minimise risks as much as possible, however, the manager does not guarantee that it is likely to avoid these risks in the future.

Financial Instruments

Investment objects are selected in accordance with the programme's investment policy by observing the principles of diversification and risk reduction.

The manager constantly analyses the existing political and economic situation, performs a comparative and technical analysis, as well as summarised analysis of recommendations on various financial markets carried out by the world's leading brokerage firms and analytical companies.

The financial instruments used:

- ETFs representing stock indices of Argentina, Australia, Brazil, Britain, Canada, Chile, China, Czech Republic, France, Germany, Hong Kong, Hungary, India, Japan, Kazakhstan, Malaysia, Mexico, New Zealand, Poland, Russia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Turkey, Ukraine, USA and Venezuela. It is acceptable that funds are invested in stocks, ADRs and GDRs of companies, which have a significant weight in the basic index of the particular country.
- Derivatives for the above-mentioned financial instruments.
- Money market instruments, including term and demand deposits.

It is also acceptable to use ETFs representing stock indices of other countries, not mentioned herein, provided that investments in those instruments do not exceed 10 per cent of the programme's funds.