

# Special terms & conditions for discretionary portfolio management

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AS Redgate Capital (the "Investment Firm") provides the Client with the service of Discretionary Portfolio Management in accordance with these Special Terms and Conditions for Discretionary Portfolio Management (the "Special Terms & Conditions").

## 1. Terms and Definitions

The following terms are used in the Special Terms & Conditions (in the case of terms not defined below, the parties are guided by the definitions set out in the General Terms and Conditions).

**Benchmark** means a financial market index, or a combination thereof, used to compare and assess the performance of an investment portfolio.

**Contract** is a Discretionary Portfolio Management Contract entered into with a Client, together with all its annexes.

**Discretionary Portfolio Management** is an investment service in the course of which an investment firm prepares a suitability assessment for a Client and, after receiving an Investment Mandate from the Client, conducts transactions in financial instruments for the account of the Client in accordance with the Investment Strategy.

**Financial Instrument** is any instrument listed in Section C of Annex I to Directive 2014/65/EU of the European Parliament and of the Council.

**General Terms & Conditions** are the general conditions for the provision of investment services established by AS Redgate Capital.

**Investment Mandate** is a Client mandate by which the Client grants the investment firm the right to manage the Client's assets based on agreed guidelines and/or restrictions.

**Investment Portfolio** means the Financial Instruments and funds safekept on an Account opened for a Client with Investment Firm or on the basis of the Client's power of attorney given to the Investment Firm, on another current and securities account for the purpose of managing the Client's securities portfolio .

**Investment Profile** means an assessment of a Client's investment objective, knowledge and experience, their financial situation, risk tolerance and financial capacity (including the ability to bear losses) made by the Investment Firm on the basis of a Questionnaire completed by the Client.

**Investment Strategy** is the principles underlying the preparation of the investment portfolio, which are decided by the Investment Firm.

**Management fee** means the fee for the provision of the Discretionary Portfolio Management service described in the price list. A Performance Fee may be added to the Management Fee.

**Performance fee** – the investment firm may foresee in the Contract an additional fee to be paid by the Client to the Investment Firm if the objectives agreed in the Contract are met or exceeded.

**Questionnaire** means a suitability Questionnaire used by the Investment Firm to determine a Client's Investment Profile and a suitable investment strategy.

**Suitability Assessment** means the investment strategy that the Investment Firm considers is suitable for the Client on the basis of the Client's Investment Profile.

**Trading day** means a calendar day on which a Trading Venue is open for trading.

**Trading venue** means a regulated securities market, multilateral trading facility (MTF) or organized trading facility (OTF) where Financial Instruments are traded.

## 2. General Principles for Service Provision

2.1 The Investment Firm is free to choose its Clients and decide with whom a Discretionary Portfolio Management Contract shall be entered into. The Investment Firm has the right to set a threshold for the minimum size of a Client's Investment Portfolio for which the Discretionary Portfolio Management service is offered.

2.2 The Investment Firm shall provide Discretionary Portfolio Management Services to a Client on the basis of an Contract to be entered into with the Client. The conclusion of the Contract, including the acceptance of these special conditions by the Client, creates a contractual relationship between the Investment Firm and the Client for the provision of Discretionary Portfolio Management services to the Client.

2.3 Based on the Suitability Assessment and the Investment Strategy, the Investment Firm shall carry out transactions for the account of the Client in accordance with the agreed Investment Mandate and within the risk ranges prescribed for the achievement of investment objectives.

2.4 The Investment Firm shall manage the Investment Portfolio to the best of its ability and skills based on the rights and obligations arising from the Contract and the best interests of the Client. The investment risk is always borne by the Client.

2.5 The rights and obligations arising from the financial instruments in the account and the income accrued shall belong to the Client.

2.6 The provision of the Discretionary Portfolio Management service shall commence when the Client has transferred the funds of the investment portfolio to the account(s) agreed upon in the Contract and the Investment Firm is granted the right to use and dispose of the given account(s).

2.7 These Special Terms and Conditions are the conditions which supplement and specify the General Terms and Conditions and which apply to the provision of Discretionary Portfolio Management services. The Special Terms & Conditions, General Terms and Conditions and valid Price List form an integral part of the Contract concluded between the Client and the Investment Firm for the provision of the Discretionary Portfolio Management service. If there are inconsistencies between the Special Terms & Conditions and the General Terms and Conditions, the provisions of the Special Terms & Conditions shall prevail.

2.8 In accordance with the Investment Mandate as part of the Contract, an Investment Firm may enter into transactions with Client assets and take decisions, including:

- to purchase, subscribe for or otherwise acquire and pay for Financial Instruments;
- sell, exchange, redeem, dispose of and/or otherwise dispose of Financial Instruments and receive payments for them;
- receive dividends, interest, other returns and/or other amounts in connection with the Investment Portfolio;
- to make payments on the basis of transactions in the course of providing Discretionary Portfolio Management services, including to pay the costs incurred in implementing investment decisions taken by the Investment Firm to acquire or dispose of financial instruments or in relation to holding financial instruments with third parties;
- to give instructions in relation to the investment portfolio to financial intermediaries, credit institutions and/or third parties selected by the Investment Firm and/or sign, modify and/or terminate contracts, including savings contracts, with them;
- to receive trading confirmations and all other information in relation to the Investment Portfolio and the services provided;
- to safekeep the money that forms part of the Investment Portfolio in bank accounts opened with credit institutions;
- to safekeep Financial Instruments in securities accounts opened with credit institutions or other custodians;
- to select administrators and conclude service contracts with them;
- to transfer funds or Financial Instruments from the account(s) to other Client accounts or securities accounts;
- to exchange currency;

- to sign, submit and receive applications, extracts, deeds and other documents in connection with the provision of services;
- to take any other action in order to exercise any of the rights or perform any of the obligations set out in the Contract;
- withhold and/or debit Management Fee, Performance Fee and other potential expenses incurred in connection with Discretionary Portfolio Management services from the funds of the Investment Portfolio in accordance with the Contract.

2.9 An Investment Firm may accept non-significant non-monetary benefits provided by third parties if the benefit provided is used to improve the quality of the Discretionary Portfolio Management service provided to Clients. Other fees and monetary benefits shall be transferred by the Investment Firm to the Client in full and within a reasonable time after receipt of the fee or monetary benefit. An Investment Firm shall disclose to the Client, before the provision of the Discretionary Portfolio Management service, the existence and nature of such consideration or benefit and the manner in which such consideration or benefit is to be communicated to the Client. If the exact amount of the fee or benefit cannot be determined before starting to provide the Discretionary Portfolio Management service, the Investment Firm shall provide the Client with the methodology for calculating the respective amount and the Investment Firm shall provide the Client with the exact amount of the fee or benefit as soon as the exact amount is known (e.g. in the reports to be submitted). In addition, the Investment Firm shall inform the Client of the actual amount of the remuneration or benefit received on an ongoing basis.

### 3. Assessment of Suitability

3.1 Before providing the Discretionary Portfolio Management service, an Investment Firm shall assess the suitability of the Discretionary Portfolio Management service and the investment strategy recommended to the Client and the Financial Instruments contained therein for the Client in order to enable the Investment Firm to provide the Discretionary Portfolio Management service in the best interests of the Client. In assessing suitability, the Investment Firm shall proceed from the principles set out in clause 4.3 of the General Terms and Conditions, unless otherwise provided for in these Special Terms and Conditions. An Investment Firm shall assess suitability only on the basis of the information provided by the Client in the Questionnaire and any other information that the Investment Firm may hold about the Client shall not be taken into account in the assessment and

the suitability assessment shall not be automatically updated by the Investment Firm. If an Investment Firm has doubts as to the correctness, accuracy, completeness and timeliness of the information provided by a Client, the Investment Firm shall have the right, at its own discretion, to require the Client to provide additional information and/or not to provide the service of portfolio management. Changes to the suitability assessment shall be based only on the Client's updated Questionnaire sent to the Investment Firm.

3.2 The information provided by the Client in the Questionnaire has a direct impact on the Investment Firm's assessment of whether the portfolio management service is suitable for the Client and on which investment strategy the Investment Firm recommends to the Client as suitable. If the Client does not understand the questions set out in the Questionnaire or the assessment result set out in the suitability assessment (the suitability assessment is presented at the meeting with the Client or by e-mail), or if there are technical problems, it is advisable for the Client to ask for help by using the contact details (telephone, e-mail) on the homepage of the Investment Firm or by asking for help directly from the employee of the Investment Firm who directed the Client to fill in the Questionnaire.

3.3 Suitability indicates the compliance of the Discretionary Portfolio Management service, investment strategy and the Financial Instruments presented therein with the Client's ability to understand risks, financial situation (including the ability to bear losses) and investment objectives (including risk tolerance). The Investment Firm shall assess the ability to understand risks on the basis of the investment knowledge and experience of the Client. When assessing the financial situation, the Investment Firm shall take into account the amount and source of the Client's regular income, the Client's assets and investments, and the Client's regular financial obligations. When assessing investment objectives, the Investment Firm shall take into account the Client's risk tolerance and the Client's preferences regarding the desired duration of the investment.

3.4 If a Client fails to provide the Investment Firm with information about his or her investment-related knowledge and experience, financial situation (including ability to bear losses) or investment objectives (including risk tolerance) or provides the Investment Firm with insufficient or incorrect information despite the Investment Firm's request, the Investment Firm may not be able to assess the suitability of the portfolio management service, investment strategy and/or Financial Instrument for the Client. In such a case, the Investment Firm cannot provide the service of

portfolio management to the Client and may refuse to provide the relevant service to the Client.

3.5 In the course of Discretionary Portfolio Management, an Investment Firm shall provide a periodic assessment of the suitability of the Financial Instruments and other assets in the Investment Portfolio of the Client once a year or more frequently if the Client separately requests it. As a result, the Investment Firm reviews the composition of the Client's Investment Portfolio at least once a year, proposes to the Client to update the Questionnaire and the suitability assessment based on it, and assesses the continuing suitability of the assets in the Client's Investment Portfolio for the Client. As a result of this assessment, the Investment Firm prepares and provides the Client with a new suitability assessment together with the new investment strategy. The Investment Firm shall assess the suitability of the Investment Portfolio on an annual basis independently (i.e. without a corresponding recommendation from the Client) in accordance with point 6.2.1.4.

## 4. Procedure for Making Contributions and Disbursements to the Investment Portfolio

4.1 The Client may, upon prior notification to the Investment Firm, transfer additional funds to the Investment Portfolio at any time.

4.2 The Client has the right to withdraw funds from the Investment Portfolio by giving respective instructions to the Investment Firm within the following period of time (unless otherwise agreed between the parties):

- within five (5) business days of receiving the respective instruction, if the market value of the portion of the investment portfolio expressed in the base currency of the investment portfolio is up to 15% of the total value of the investment portfolio assets, as determined on the last business day of the previous calendar month;
- within ten (10) working days of receiving the respective instruction, if the market value of the portion of the investment portfolio expressed in the base currency of the investment portfolio is 15-50% of the total value of the investment portfolio assets, as determined on the last business day of the previous calendar month;
- within twenty (20) working days of receiving the respective instruction, if the market value of the portion of the investment portfolio expressed in the base currency of the investment portfolio is over 50% of the total value of the investment portfolio



assets, as determined on the last business day of the previous calendar month.

4.3 The Client confirms and accepts that a full or partial withdrawal of the assets of the Investment Portfolio that deviates from the aforementioned deadlines or the agreed investment policy may cause additional costs and/or damage to the Client.

## 5. Safekeeping of Financial Instruments and Funds and Executing of Transactions on an Account

5.1 A Client who has entered into a Contract shall open an account in an Investment Firm for the provision of the Discretionary Portfolio Management service or, by separate Contract, a settlement and securities account with another account operator on which the Investment Firm can conduct transactions within the framework of the Discretionary Portfolio Management service on the basis of a power of attorney issued by the Client.

5.2 In order to carry out transactions, the Client makes a transfer of funds to the account opened for the provision of Discretionary Portfolio Management services. The entry must be made in euros, unless specifically agreed otherwise between the Client and the Investment Firm. Upon Contract with the Investment Firm, the Client may also transfer securities to the account.

5.3 As part of the Discretionary Portfolio Management service, an Investment Firm shall, in the name and on behalf of a Client, carry out transactions for the purchase, sale, subscription, redemption or exchange of Financial Instruments in accordance with the agreed Investment Strategy and Investment Mandate.

5.4 All transactions carried out in the course of the provision of the Discretionary Portfolio Management service shall be documented and the documents shall be preserved by the Investment Firm in accordance with the requirements provided by law.

5.5 An Investment Firm may deposit Client money which is not used for investing in Financial Instruments with a term deposit opened in a credit institution authorised in the Republic of Estonia or another Member State of the European Union.

## 6. Communication between the Client and the Investment Firm

6.1 The exchange of information between the Client and the Investment Firm is regulated by clause 18 of the General Terms and Conditions.

## 6.2 Reporting

6.2.1 An Investment Firm shall provide the Client with the following information on a monthly basis:

6.2.1.1 information on transactions carried out in the Investment Portfolio during the preceding month and on other portfolio management activities;

6.2.1.2 information on the value and composition of the Investment Portfolio as at the last business day of the month preceding the submission of that information;

6.2.1.3 a comparison of the previous month's performance of the Investment Portfolio with the investment performance Benchmark agreed between the Investment Firm and the Client;

6.2.1.4 regularly updated information on how the investment meets the preferences and objectives of the Client and other characteristics of the retail Client.

6.2.2 Unless agreed otherwise with the Client, the Investment Firm shall not provide the Client with transaction confirmations after each transaction. Transaction information is included in the monthly reporting.

## 7. Valuation principles of the Investment Portfolio

7.1 The value of the Investment Portfolio is the market value of the Client's Financial Instruments on the account and cash (including interest earned and not paid at the time, if any), unless otherwise provided below.

7.2 The base currency of the Investment Portfolio is the euro and the value and performance calculations are made in euro.

7.3 The daily value of the Investment Portfolio shall be determined as at the end of the day of the respective calendar day and shall be calculated on the basis of the following principles:

7.3.1 the price of Financial Instruments traded on a trading venue is the latest known or published closing price of a Financial Instrument on that trading venue;

7.3.2 if the Financial Instrument is traded on more than one trading venue, the price to be taken into account shall be that of the trading venue on which the corresponding Financial Instrument is predominantly traded;

7.3.3 Financial Instruments for which there is no reliable market price are initially valued at their acquisition value, which is subsequently adjusted for any increase or decrease in their value under the circumstances at the discretion of the Investment

Firm so that the value of the asset being valued corresponds as closely as possible to its most probable market value;

7.3.4 the value of a non-negotiable fund unit or share is calculated on the basis of the latest published net asset value (NAV);

7.3.5 In determining the value of assets (including other currencies) denominated in a currency other than the euro, the exchange rate shall be that of the European Central Bank (ECB) on the relevant valuation date, as published on its website.

## 8. Transfers from Client account

8.1 The fees, interest, arrears and taxes related to the Discretionary Portfolio Management service and Financial Instruments shall be paid pursuant to the provisions of clauses 13.4 and 14 of the General Terms and Conditions.

8.2 The Client shall pay Management Fees and other fees to the Investment Firm for the provision of the Discretionary Portfolio Management service in accordance with the Price List. The Investment Firm shall debit the fees from the Client's account.

## 9. Conclusion, amendment and termination of the Contract

9.1 The principles set out in clause 5 of the General Terms and Conditions shall apply to the conclusion of the Contract.

9.2 The principles set out in clause 6 of the General Terms and Conditions apply to cancellation of the Contract.

9.3 If the Client waives the use of the Discretionary Portfolio Management service and cancels the Contract, it is presumed that the investment services Contract entered into with the Investment Firm continues to be valid in accordance with the General Terms and Conditions, unless the Client requests termination of the use of all the services provided by the Investment Firm.

9.4 An Investment Firm has the right to unilaterally amend the Special Terms and Conditions in accordance with the procedure provided for in the General Terms and Conditions.

## 10. Responsibilities

10.1 In addition to the provisions of Article 22 of the General Terms and Conditions, entitled 'Liability', the parties have agreed as follows with regard to the Discretionary Portfolio Management service:

10.1.1 the Investment Firm is responsible for the correctness of the information prepared by the Investment Firm and communicated to the Client, including the correctness of the transactions made in the Investment Portfolio and the information reflecting the calculation of the value of the Investment Portfolio, but the Investment Firm is not responsible for the correctness of the information intermediated (including information prepared by third parties and the issuer of the Financial Instrument);

10.1.2 the Investment Firm is not responsible for the financial performance of the Investment Portfolio if the Investment Firm has complied with the agreed Investment Mandate.

10.1.2.1 The Client understands unequivocally that although the Investment Firm will do its best to achieve the preferred result for the Client when providing the Discretionary Portfolio Management Service, no provision of the Contract shall be considered as a guarantee or confirmation that the Investment Firm will ensure a certain return on the Investment Portfolio when providing the Discretionary Portfolio Management Service. Where an Investment Firm describes the potential performance of a Financial Instrument or investment strategy, such description or example shall be purely computational and indicative and shall in no way constitute a promise of actual performance.

10.1.2.2 A Client may not rely on an investment recommendation issued by the Investment Firm in a legal dispute with the Investment Firm, including if, in the Client's opinion, compliance with that recommendation has caused damage to the Client. An Investment Firm shall not be obliged to pay or reimburse any amounts to the Client based on the Client's expectations of the performance of the Investment Portfolio.

10.1.2.3 The Client assumes the risk of suffering damage and the Investment Firm cannot be held liable for any damage suffered by the Client as a result of an act or omission by the Investment Firm in accordance with the provisions of the Contract and the Client may not claim compensation from the Investment Firm for such damage.

10.1.3 The Investment Firm shall not provide any collateral and the Client shall bear the risk related to the financial position and ability to meet obligations of the issuers of the Financial Instruments included in the Investment Portfolio.

10.1.4 The aforementioned provisions limiting liability do not apply if the Client suffers damage due to the fact that the Investment Firm has acted deliberately or with gross negligence against the interests of the Client in the provision of services.