

LEGAL INFORMATION – DISCLAIMER

Last updated: March 16, 2017

**BURŠÍK CAPITAL s.r.o. | Jungmannova 36 | 110 00 Prague 1
+420 725 038 740 | www.bursik.capital**

**COMPANY ID 039 22 651, registered with the Municipal Court in
Prague under reference [C 240032](#).**

This document provides detailed information on services provided by BURŠÍK CAPITAL s.r.o. (hereinafter “BC”). If you have any questions regarding the content of this document, please contact Martin Buršík, tel: +420 725 038 740. Additional information on BC can be found on the website of the [Czech National Bank](#).

BC is authorized to provide non-commission based investment consultancy paid for by clients and involves financial planning and investment portfolio management.

Regulation of activity linked with investment consultancy:

Since January 4, 2017, BURŠÍK CAPITAL s.r.o. has been a legally bound representative of Viktor Hostinský Investments s.r.o. (hereinafter “VHI”), registered with the Commercial Register held by the Municipal Court in Prague, Section C, Insert [141273](#). VHI provides legal and administrative support for BC’s services. BC adheres to the of VHI’s [Claims Code](#). This activity is regulated by the Czech National Bank.

Regulation of activity linked to the administration of assets (according to §15 ZISIF):

Since September 3, 2015, BURŠÍK CAPITAL s.r.o. has been registered with the Czech National Bank according to Act no. 240/2013 Coll. § 15 (1), on Investment Companies and Investment Funds (hereinafter “ZISIF”). This activity is not regulated by the Czech National Bank.

A. Financial planning and investment consultancy

BC is authorized to provide its clients with a wide array of services in the area of investment and asset consultancy, primarily for private individuals and families. Consultancy is provided in the areas of asset allocation and investment selection; retirement planning; family security; cash flow and debt; risk management; dealing with special family or personal situations; and tax planning in the field of investment.

In providing its services, BC is not obliged to verify the information it receives from the client or the client's other providers of professional services (attorneys, tax advisors, etc.) and is explicitly authorized to assume that this provided information is reliable.

BC may recommend that the client use the professional services offered by BC itself, or recommend other providers. Clients are recommended and remain obliged to inform BC in the event of changes in their financial situations or goals for the purposes of revision, evaluation, and change in previous recommendations and services provided by BC.

Additional consultancy services

BC may also provide additional consultancy services independent of its two primary services of financial planning and investment consultancy. BC also specializes in asset management comparable to administration (according to § 15 [ZISIF](#)), seeking out investment opportunities, conducting research into the securities market, alternative investment market, the realty market in the Czech Republic and abroad, and also provides analytical reports and recommendations.

The client is not required to adhere to these recommendations, which are provided based on a specific contract, or use these services provided by BC. The client is given absolute power over decisions regarding how his/her assets are handled and can accept or decline any recommendations made by BC.

Fees and remuneration for services

BC provides its services only as services paid for by the client and not via commissions received from third parties. BC does not accept any commissions for mediating investment deals. BC charges its fees directly from its clients depending on their amount

of invested funds. BC is also authorized to offer its services for a pre-determined and fixed fee or based on an hourly rate, always after agreement with the client.

BC may but will not necessarily charge a fixed fee for its services. All fees are contractual, and standardly range from 0.5 – 2% p.a. of the average amount of the client's invested funds and are furthermore dependent on the level and extent of the provided services in financial planning and investment consultancy. If the client uses additional services provided by BC over the course of the contractual relationship, BC may waive all or a part of the additional fees depending on the amount of fees already paid for past services.

Before services are provided, BC and the client are obliged to sign one or more written contracts on the provision of services for financial planning, investment consultancy, and/or asset management expressing the extent and terms of cooperation. In general, BC requires payment of one half of all fees upon the signing of the contract, and the remaining half after the subject of the contract is delivered. If a portion of the provided services includes investment consultancy and/or asset management, fees are always paid quarterly in advance for the duration of the contractual relationship.

Fees for asset management and/or investment consultancy as a rule do not contain other costs tied to investing, such as transaction fees for the purchase/sale of securities or fees for the conversion of foreign currencies. These fees are paid by the client directly to a broker / business platform.

BC does not require a minimum amount of invested funds in order to sign a contract with the client.

Fees charged to clients by financial institutions

BC always recommends that clients use an independent intermediary in the purchase and sale of securities. As a fixed representative of VHI, BC recommends and cooperates with the brokerage firm Moventum S.C.A. (hereinafter "Moventum"), which ensures the purchase/sale/maintenance of invested assets. Moventum fulfills BC's terms in order to allow it to waive charges or, in some cases, pay back directly to the client the operational fees that other investment consultants commonly collect from completed business. By doing so, BC eliminates a large share of conflicts of interests, as the only entity that pays for BC's services is its client, and not investment funds, the products of which BC recommends/purchases for its clients.

BC may implement its recommendations for its client, i.e. purchase and sell securities, but only in the event that the client has provided all crucial information and signed the relevant documents together with BC, with Moventum (the broker administrating the securities in terms of its investment consultancy services), and VHI (the investment intermediary that, through BC, provides the investment consultancy service).

Fees for Moventum are paid for by the client based on a pre-signed contract on brokerage services. The prices of these services are always a part of this contract. BC affirms that it is in no way linked personally or capitally to Moventum S.C.A.

Fees for partial time periods

For the initial period of the provision of investment consultancy services, fees are enumerated proportionally, i.e. only for the period during which services were truly provided.

Contracts between BC and the client remain valid until one of the contractual parties terminates the agreement according to the terms and conditions and in the manner established in the contract. BC then charges its fees for the given period proportionally, and any excess payment/outstanding payment is then returned/charged to the client.

Clients may deposit or withdraw their funds at any time without limitations. BC reserves the right to close the account in the event that the client is not capable of meeting his/her obligations to BC or Moventum in regard to the amount of funds invested. Deposits may be made in Czech crowns (CZK) or in international currencies such as the Euro, dollar, British pound, or Swiss franc. Clients may withdraw their funds; however, BC explicitly states that it creates investment portfolios with long-term intentions and high and/or frequent withdrawals of cash may negatively impact the efficiency (profitability) of investments and thus endanger or prolong the period necessary for meeting the client's financial goals.

Performance fee

BC does not charge a performance fee or remuneration for attaining a certain result in the financial planning or investment consultancy services it provides.

BC charges a performance fee in its alternative investment company Fond BC – see chapter B. Asset management according to §15 ZISIF.

Investment strategies

Philosophy

BC believes in the close link between the client's life and assets. The construction of a portfolio begins with understanding the needs and financial goals of the client and determining the risk tolerance perceived by the client.

In providing services to its clients, BC first conducts an introductory interview(s) with the client to collect information and data that will assist the client in defining his/her specific needs, goals, visions, and risk tolerance. BC always views the provision of its services as a long-term professional relationship toward the client and provides services as they are defined by the client.

Periodical financial revisions are recommended and financial planning services are initiated by BC via the "Life Roadmap" system. This tool graphically guides the client through a planning process with an emphasis on activities and decisions of greater financial importance and greater impact on the client's specific life circumstances over time.

Historically, financial markets have provided higher investment evaluations to clients who are willing to undergo a higher degree of volatility. However, the assumed profitability and relative performance of a portfolio does not always have to follow this historic trend, especially over a shorter period of time. BC views long-term strategic investment as the preferable method of accumulating assets, as clients with this approach are always exposed to a more adequate balance between risk and their goals, regardless of time and the current sentiment of businesspeople on financial markets.

The investment process

BC researches the characteristic traits of returns, risk, opportunity for diversification, and the tax implications for each primary class of investment, which it incorporates into the investment portfolios of its clients. Portfolios are based on BC's faith in optimal diversification, as each class of assets for a certain temporary period may lag in returns

behind its historical average. BC disciplined approach is based on the elimination of short-term reactions to these shifts, which can deprive investors of their true wealth.

In the creation of portfolios, BC uses mutual funds, passive (index) funds, ETFs (exchange-traded funds), hedge funds, and other alternative investment funds and forms of investment.

All investments in securities that are purchased via the Moventum platform pass through a two-level approval process, always first through BC and then through VHI. Generally speaking, our clients' investment portfolios as a rule conform to three strategies with varying risk tolerance: capital protection, growth and income, and growth stocks.

Capital protection –this strategy places an emphasis on the minimal volatility of the client's asset value. The majority of assets is invested into the bonds of states and companies with an investment rating, one third is invested in stocks, and the remaining portion in commodities and precious metals. The minimal investment time frame is three years.

Growth and income – with this strategy, investment in stocks constitutes half of investments, one third of investments is made in real estate and hedge funds, while the remaining portion consists of investments in government and corporate bonds with an investment rating. The minimal investment time frame is seven years.

Growth stocks – this strategy places 100% of investments into stocks; value stocks with the lowest expected volatility make up as much as one half of the portfolio and the second half constitutes stocks in emerging markets and growth stocks on developed markets. The minimal investment time frame is ten years.

The minimal investment time frame reflects the short-term volatility of the investment, as government bonds issued by countries with a high investment rating are generally almost risk-free but at the same time have little yield, while, on the contrary, growth stocks or corporate stocks on emerging markets carry the highest risk and are linked to high appreciation – the growth in their price. The risk factor of the investment is reflected in the ability of the given stock or bond to lose its present value. The longer the amount of time the investor gives to his/her portfolio in order to outlast the temporary periods of a fall in value, the higher the likelihood is of a total final gain from the investment.

All of these strategies apply diversification via various tools (stocks of multiple corporations, bonds of multiple corporations/governments) – all of these strategies invest in a wide spectrum of stocks/bonds/other tools so that, for example, in the case of

bankruptcy in one country, the value of the whole portfolio is not significantly impacted in a negative way.

Risk of loss

The performance of an investment tool (mutual fund, ETF, stocks, bonds, etc.) reached in the past is not a reliable indicator of future gains. The return on initially invested funds is not guaranteed. Information on the performance of investment tools is based on the gross performance of investment tools. Overall performance is significantly affected by fees paid by the client for investment or other services provided. Returns from investment tools are subject to income taxes, and the client is responsible for this taxation. In the case of investment tools denominated in foreign currencies, returns may fluctuate as a result of changes in exchange rate (exchange rate risk).

B. Asset management according to §15 ZISIF

BC was originally founded as an organization managing the assets of the family and friends of its founder Martin Buršík and was one of his entrepreneurial undertakings. This asset management activity was named “Fond BC” and was not offered publicly.

Fond BC is an alternative investment fund in the sense of the Directive of the European Parliament and of the Council no. 2011/61/EU on Alternative Investment Fund Managers and amending Directives (“AIFMD”), and in the sense of regulation § of Act no. 240/2013 Coll.,) on Investment Companies and Investment Funds (“ZISIF”) is an entity authorized to carry out asset management. BC is registered according to § 15 ZISIF and § 596 [f]) with ZISIF on September 3, 2015.

In the sense of regulation § 637, ZISIF, BC explicitly states that the activity it carries out based on § 15 ZISIF is not subject to supervision by the Czech National Bank.

Investment strategies

Fond BC’s main investment strategy is Long/Short Equity. Fond BC invests in the stocks of companies on securities markets primarily in the USA, Great Britain, and the EU based on fundamental analysis and theoretical assumptions of Benjamin Graham.

The fund strives toward long-term and above-standard appreciation of invested capital and compares itself with the performance of the American S&P 500 Index of the 500 largest companies in the USA.

Fees and performance fee

Fond BC is an actively administered fund and charges an administration fee and a performance fee.

The administration fee is a maximum of 2% p.a. and is payable in advance in four maximum 0.5% payments from the average invested capital of the previous calendar quarter. Furthermore, the fund charges a performance fee in the amount of 20-40% of profits that the investment generates. Both types of fees are always agreed on in advance with the client and stated in a specific contract of cooperation.