

# **Terms & Conditions**

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AJK WEALTH MANAGEMENT LIMITED

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## 1. DEFINITIONS

<b>Account (Client's Account)</b>	Any account opened in the books of AJK Wealth and recorded in the name of the Client.
<b>Agreement Pack</b>	Any agreement concluded between AJK Wealth and the Client in connection with the provision by AJK Wealth of its Services, including these Terms and any other agreements incorporating them by reference.
<b>AJK Group</b>	AJK Wealth and any entity directly or indirectly controlled by or controlling AJK Wealth and entities under common direct or indirect ownership and control with AJK Wealth.
<b>Assets</b>	Client's assets held in the Account including monetary funds and/or Financial Instruments.
<b>Authorized Person</b>	A person duly authorized by the Client to represent and act on behalf of the Client under the present Terms.
<b>AJK Wealth Website</b>	The webpage of AJK Wealth is <a href="http://www.ajkwealth.com">http://www.ajkwealth.com</a> .
<b>Business Day</b>	AJK Wealth's normal working hours which are 8:00 to 13:00 and 14:30 to 17:30 Cyprus Time, Monday to Friday, except for public holidays in the Republic of Cyprus.
<b>CIF</b>	A Cyprus Investment Firm is a corporate entity established in the Republic of Cyprus and authorized to offer investment services and regulated by CySEC.
<b>Client</b>	Every legal or physical person to whom AJK Wealth provides Services.
<b>Contract Note</b>	The document that sets out the transaction charges, fees and other charges for each transaction.
<b>Control</b>	Direct or indirect control, of at least 50% of the voting rights or capital of an entity.
<b>Custodian</b>	A credit institution providing custody, registration and/or settlement services for money and Securities, a brokerage company holding the respective license, a depository or a settlement system used by AJK Wealth.
<b>CySEC</b>	The Cyprus Securities and Exchange Commission.
<b>Data Protection Law</b>	The Processing of Personal Data (Protection of Individuals) Law 138(I)/2001 as amended from time to time.
<b>Financial Instrument</b>	Any of the financial instruments specified in Part III of the Third Appendix of the Investment Services and Activities and Regulated Markets Law of 2007.
<b>GDPR</b>	The General Data Protection Regulation (EU 2016/679), relating to the protection of natural persons with regard to the processing of personal data and rules relating to the free movement of personal data.



<b>Instruction</b>	<b>The</b> Client’s instruction to AJK Wealth to perform any act within the scope of the Terms, other than to conclude a transaction in Financial Instruments.
<b>Law</b>	The Investment Services and Activities and Regulated Markets Law of 2007, as amended from time to time.
<b>Market Rules</b>	<b>The</b> rules, regulations, customs and practices of any exchanges or other organization or market, or third party involved in the execution of a Transaction and any exercise by any such exchange or other organization or market, or third party of any power or authority conferred on it.
<b>Member State</b>	A European Union member state.
<b>Order</b>	Any Client’s Order to AJK Wealth to enter into a transaction in Financial Instruments.
<b>Relevant Person</b>	A member of the board of directors, partner or equivalent, manager or tied agent or employees of AJK Wealth directly involved in the provision of Services.
<b>Services</b>	The authorized by CySEC investment and ancillary Services provided or to be provided by AJK Wealth to Clients.
<b>Transaction</b>	Any transactions including any securities financing transaction which AJK Wealth may carry on with or for the Client in accordance with these Terms.

## 2. INTRODUCTION

The Terms & Conditions (“Terms”) together with the Investment Services Agreement and relevant appendices and the Client Acceptance Booklet form the entire Agreement Pack between the Client (“You”) and AJK Wealth Management Limited (“AJK Wealth” or “We” or “Us” or “Company”).

These Terms set out the Terms & Conditions applicable to the provision of investment and ancillary services and carrying on investment activities by AJK Wealth. These Terms contain important material regarding the way in which we will provide our Services to you and important information on your legal position. These Terms are mentioned in various sections of the Investment Services Agreement and the Client Acceptance Booklet.

We recommend that you read these Terms carefully. If you are unsure about the meaning or effect of any of these Terms, you should seek advice from an appropriate professional. Please keep these Terms in a safe place for future reference.

If you do not fully understand any provision in any documents comprising the Agreement Pack, you must obtain independent legal advice.

Please contact an authorized representative if you have any questions or request any clarifications about these Terms and/or the Investment Services Agreement and/or the Client Acceptance Booklet.

These Terms have been updated as at 22 November, 2017 and shall remain effective until a more recent version is released. AJK Wealth reserves the right to amend or supplement these Terms at any time. These Terms do not replace our Investment Services Agreement which we ask that you read carefully before you enter into any trading. The prevailing version of these Terms is always available on our website <http://ajkwealth.com/footer/useful-information/>.

## 3. ABOUT AJK WEALTH

AJK Wealth, a private company limited by shares incorporated in the Republic of Cyprus, began operations in April 2011 and is a member of the AJK Group of Companies (founded in 1993) with a leading direction for Financial Services.

AJK Wealth is authorized and regulated by CySEC with license number 139/11 to provide investment and ancillary services and carrying on investment activities. AJK Wealth license details can be verified on CySEC’s website <https://www.cysec.gov.cy/en-GB/entities/investment-firms/cypriot/37719/>, or by contacting CySEC on +357-22506600.

AJK Wealth employs a number of multi-disciplined professionals with a broad diversity of educational and professional backgrounds in research, advisory and portfolio management. Our professional ethics and culture ensure confidentiality, integrity, high quality and excellence for the services provided. AJK Wealth, conforming to its policies and procedures and the requirements of the Law, offers Services to its Clients of guaranteed transparency, diligence and objectivity. We act honestly and professionally to each Client and we take into account the Client’s profile so as to ensure that the service is suitable and of the highest standards.

AJK Wealth is a Cyprus registered company with registration number HE 277477, having its registered office at Karapatakis Building, 1 Naousis Street, 4<sup>th</sup> Floor, Suite 1, 6018, Larnaca, Cyprus. Tel: +357-24668800, Fax: +357-24668803.

## 4. GENERAL TERMS AND CONDITIONS

### 4.1 General Terms

- a. The Terms, together with any accompanying documents, as amended from time to time, set out the basis on which AJK Wealth will deal with and/or provide Services to you.
- b. These Terms will apply to any and all Services and/or Transactions, which AJK Wealth may carry on with or for the Client in accordance with these Terms, subject to the terms of any other agreement relating to any specific business or Transaction between the Client and AJK Wealth.
- c. AJK Wealth may at any time alter these Terms without any previous consultation with or consent from the Client by written notice to the Client or by publishing on the Website.
- d. AJK Wealth will notify the Client of any material changes to these Terms by posting updated versions of the Terms on AJK Wealth Website and unless AJK Wealth notifies the Client otherwise, any such amendment shall take effect after 10 (Ten) Business Days from the date of posting updated versions of the Terms, provided that no variation shall affect Transactions executed prior or to the time of such variation.
- e. The Client acknowledges that an amendment of these Terms made by AJK Wealth to reflect a change of applicable regulations or Market Rules, or due to any extraordinary situation, if necessary, takes effect immediately.
- f. The Client also acknowledges that an amendment made by AJK Wealth which does not create less favorable conditions than before for the Client, or which is made with the purpose of introducing new products/services takes effect immediately.
- g. If the Client disagrees with the amendments made by AJK Wealth the Client may terminate the Agreement in accordance with the termination procedure as set out herein.
- h. AJK Wealth may, at its own discretion, give an additional notice to the Client of any changes in these Terms by email. This fact, however, does not release the Client from the responsibility to monitor all changes on AJK Wealth Website.
- i. The Investment Services provided by us to you are specified in the Investment Services Agreement and the relevant appendices. You understand and agree that AJK Wealth does not provide any tax, accounting or legal advice and/or services to you.

### 4.2 Use of English Language

These Terms are available only in English and all communications in connection with the services we provide shall be in English.

### 4.3 Access to Services

- a. Services to the Clients shall be provided by AJK Wealth in accordance with these Terms subject to successful completion by AJK Wealth of the “Know Your Client” procedure in relation to the Client and acceptance of the present Terms in accordance with the procedure specified below.

- b. These Terms shall be considered as accepted by the Client when the Client signs a hard copy of the Agreement.
- c. Any person wishing to become a Client of AJK Wealth shall provide AJK Wealth with the following documents and information:
  - i. Filled in and duly executed Client Booklet (individual or corporate accordingly) as approved by AJK Wealth.
  - ii. Full set of identification documents, listed in the document checklist of the Client Booklet.
  - iii. Any other information as may be required by AJK Wealth pursuant to the laws of the Republic of Cyprus and/or upon request of the relevant regulatory or other local state authorities.
- d. It is understood that AJK Wealth may be unable under the applicable regulations to accept a person as its Client until all required documentation has been received by AJK Wealth, properly and fully completed by such person and all internal company checks, including without limitation anti-money laundering checks, appropriateness or suitability tests as the case may be, have been satisfied.
- e. The Client shall be fully responsible for the completeness and adequacy of information and documents provided hereunder and shall indemnify AJK Wealth and its employees and hold them harmless against any loss and damage connected with the provision of any incomplete or inadequate information or documents.
- f. The Client's funds used for trading are not in any direct or indirect way the proceeds of any illegal activity or used or intended to be used for terrorist financing.
- g. The Client has read and fully understood the terms of these Terms including the information in the Appendices and it is not entering into any transaction unless it has a full understanding of all of the terms, conditions and risks thereof, and is capable of assuming and willing to assume (financially and otherwise) those risks.

#### **4.4 Representations and Warranties**

- a. You acknowledge that we provide services to you in full reliance on the representations and warranties set out in these Terms, the Client Acceptance Booklet and the Investment Services Agreement and undertake to notify us should any of these representations and warranties cease to be valid.
- b. The representations and warranties set out in these Terms are given by you on an ongoing basis and will be deemed, unless specified otherwise, to be repeated by you on each day from the effective date until our engagement is terminated.
- c. You make the following general representations, warranties and undertakings to AJK Wealth:
  - i. You have read, understood and accepted the risk warnings contained in the Terms.
  - ii. You confirm that any information given to us (including but not limited to the Client Acceptance Booklet and the Investment Services Agreement) is complete, accurate and not misleading.
  - iii. You have the financial resources to bear even substantial losses.
- d. You hereby confirm that we have made no guarantees, or assurances whatsoever as to the expected or projected profitability, return, success, performance result,



effect, consequence or benefit (whether legal, regulatory, tax, financial, accounting or otherwise) of an investment.

- e. You agree to notify us immediately in writing if there is any change with respect to any of the information or representations made herein and to provide us with such additional information as we may require.

#### **4.5 Provision of Information**

- a. We shall provide the Client with up-to-date information on the company, its services and the conditions on which the services are rendered by publishing such information on the AJK Wealth Website.
- b. We shall provide the Client with any other reasonable information upon a written request by the Client.
- c. We may provide the Client with information concerning the stock market environment, stock exchanges and Financial Instruments, for remuneration or free of charge.
- d. We shall keep the Client informed of any changes in fees and services of AJK Wealth by placing the relevant information on the Website of AJK Wealth. It shall be the sole responsibility of the Client to follow any updates on the AJK Wealth Website.

### **5. SERVICES**

- a. AJK Wealth will provide investment and ancillary Services to the Client in accordance with its authorization by CySEC.
- b. Certain types of Services, such as investment advice may require additional written arrangements between the Client and AJK Wealth. AJK Wealth will, when providing Services to the Client, act honestly, fairly and professionally in accordance to the best interest of the Client.
- c. To the extent that AJK Wealth is required by the Law to assess whether a Transaction, Service or product is appropriate for the Client, AJK Wealth will, for the purpose of any such appropriateness assessment, rely on the information that has been supplied to AJK Wealth by the Client. With regard to professional Clients, AJK Wealth shall be entitled to assume that in relation to any Transaction, product or Service where specific Client instructions have been provided, the Client has the necessary level of knowledge and experience in order to understand the risks involved in the proposed Transaction, product or Service.
- d. The Client fully understands that in case the Client fails to provide information sufficient for AJK Wealth to assess whether the Client has the necessary experience and knowledge in order to understand the risks involved in relation to the product or investment service offered, AJK Wealth may not be able to determine whether the Transaction, Service or product is appropriate for the Client and thus, will not be able to offer the Transaction, Service or product to the Client.
- e. In accordance to the applicable regulations and Market Rules, AJK Wealth will determine whether to effect any Transaction with or for the Client as principal, as agent or partly as principal and partly as agent. The Client agrees that a Transaction may be made by AJK Wealth on behalf of the Client but in the name of AJK Wealth, in which case AJK Wealth will act on behalf of the Client as an undisclosed principal. The Client further authorizes AJK Wealth to act as an agent for the Client being either an identified or unidentified principal.

- f. AJK Wealth will not be obliged to effect any Transaction nor do anything else which AJK Wealth reasonably believes would breach any applicable regulations.

## 6. CLIENT'S RESPONSIBILITIES

- a. The Client confirms that funds, which are used for trading through the Company's services, belong to the Client, are free from taxation, and are not credit or fraudulent funds.
- b. The Client obliges to act in his or her name and should not represent interests of any other third party. The only exception is the case when there are proper documents that entitle to act on behalf of another person and those documents have to meet the Company's requirements.
- c. The Client understands that the Company may return all funds to the legitimate owner if there will be any incontrovertible evidences that those funds, which are used for trading, belong to third party or obtained by criminal means. More than that, the Company has the right to cancel the Client's transactions and terminate the Investment Services Agreement. All legal measures can be taken in order to compensate for the Company losses if there is evidence of the Client's fraudulent activity.
- d. The Client is responsible to provide to the Company genuine documents and keep them up to date.
- e. If you are a director or a senior executive of a listed company or other person subject to the Listing Rules Obligations you must comply with the Listing Rules Obligations in respect of that listed company. You must disclose to us the name of any listed company where the Listing Rules Obligations applies to you and advise us of any close periods in respect of that listed company.

## 7. COMPANY FEES AND CHARGES

### 7.1 Provision of Information

- a. Before signing the Investment Services Agreement, the Client should obtain details of all commissions, fees and other charges for which the Client will be liable. If any charges are not expressed in money terms (but, for example, as a percentage of contract value), the Client should obtain an explanation, to establish what such charges are likely to mean in specific money terms.
- b. You agree to pay our charges and other costs as set out in our Fee Schedule for the relevant services, unless otherwise agreed in writing with you.
- c. Our annual management charges are deducted from your account either quarterly, half yearly or annually in arrears and a proportionate charge will apply for any part period in which we provide these services.
- d. For Reception and Transmission only clients, some charges will be levied in relation to each transaction. We will provide you with the applicable Contract Note outlining the charges.
- e. We reserve the right to deduct any amounts due to us plus any taxes payable from any account of yours held by us. We also reserve the right to pass on any custody or third party charges received. Where possible, we will notify you of any charges in advance.
- f. Additional charges may be payable when dealing with overseas securities including but not limited to foreign exchange, overseas brokerage commissions, delivery,

applicable taxes, clearing system and custodian or sub-custodian charges. You may also be responsible for the charges levied by any custodian or sub-custodian for the holding and safekeeping of your overseas investments. If these charges are to apply to you, we will ensure that you are aware of these charges and their likely amounts.

## 7.2 Fee Schedule

A summary of the fee schedule is shown in the below table:

FEE TYPE	DETAILS
<b>Trading of Bonds</b>	Up to \$100K (or equivalent in another currency): 0.5% per trade Up to \$250K (or equivalent in another currency): 0.4% per trade More than \$250K (or equivalent in another currency): 0.3% per trade
<b>Trading of Funds</b>	Money Market funds: 0.5% per trade Mutual funds: 1.0% per trade Hedge funds: 1.5% per trade Real Estate funds: 1.5% per trade
<b>Trading of Equities and ETFs:</b>	0.50% per trade
<b>Custody Fee:</b>	0.25% per annum
The fee for Portfolio Management and Investment Advisory services is a flat 1% per annum which is calculated on the basis of the sum of the assets managed by AJK Wealth.	

- a. The Company reserves the right to modify, from time to time, the size, amounts and percentage rates of its fees as such modification will be published to the Company’s website available and public to all its Clients.
- b. Commission rates for purchases and sales of financial instruments are charged, subject to a minimum fee per transaction, plus international brokerage, agent’s fees, stamp duty, taxes etc., where applicable. The specific details on charges for the services provided are disclosed in the Appendices of the Investment Services Agreement; in case you need any clarifications please contact a Client service officer.
- c. Interest, commissions, fees and other charges (including charges for administrative costs and any charges incurred in closing an Account) are payable by the Client to AJK Wealth without any deduction or setoff and may be debited by AJK Wealth to any Account. AJK Wealth may vary its applicable interest rates, commissions, fees and other charges from time to time.

## 8. DATA PROTECTION AND CONFIDENTIALITY

- a. The Client acknowledges that AJK Wealth may collect KYC documents, such as proof of identification and residential address and information (including personal data as defined in the Processing of Personal Data (Protection of Individuals) Law 2001 and the General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679), as amended from time to time) about the Client or its beneficiaries, shareholders, directors, authorized persons, officers and employees.
- b. The Company may collect the Client’s information directly from the Client (in his completed Client Booklet or otherwise) or from other persons including, for example, authorized

- persons, credit reference agencies, fraud prevention agencies and the providers of public registers.
- c. AJK Wealth will use, store, process and handle all of the Client's personal data provided in connection with the provision of the Services, according to the Processing of Personal Data (Protection of the Individuals) Law of 2001, and GDPR as amended from time to time and all Applicable Regulations.
  - d. The Client warrants AJK Wealth that all relevant data subjects whose personal data it has supplied or will supply to AJK Wealth in connection with these Terms have given their informed consent for AJK Wealth to process, transfer, disclose and retain the personal data in accordance with the relevant Laws and Regulations.
  - e. The Client authorizes AJK Wealth to process and retain any information as defined above, and to disclose any such information (including, without limitation, information relating to Client Transactions and Accounts) shall be obliged or requested under or pursuant to any Applicable Regulations or by any regulatory authority or as may be required to provide the Services.
  - f. Client's information which the Company holds is to be treated by the Company as confidential and will not be used for any purpose other than in connection with the provision of the Services and for marketing purposes. Information already in the public domain, or already possessed by the Company without a duty of confidentiality will not be regarded as confidential.
  - g. The Client acknowledges and consents to the transmittal of the Client's personal data outside the European Economic Area, according to the provisions of Data Protection Law and Regulations.
  - h. It is the sole responsibility of the client to ensure that the Company keeps an updated record of his personal data. The client shall ask from the Company to amend/remove any inaccurate or non-valid information.
  - i. The Company has the right to disclose the Client's information including recordings and documents of a confidential nature in the following circumstances:
    - i. Where required by the applicable law or a competent Court.
    - ii. Where requested by CySEC or any other regulatory authority having control or jurisdiction over the Company or the Client or their associates or in whose territory the Company has Clients.
    - iii. To relevant authorities to investigate or prevent fraud, money laundering or other illegal activity.
    - iv. To execution venues or any third party as necessary to carry out Client Instructions or Orders and for purposes ancillary to the provision of the Services.
    - v. To credit reference and fraud prevention agencies and other financial institutions for credit checking, fraud prevention, anti-money laundering purposes, identification or due diligence of the Client.
    - vi. To the Company's professional advisors provided that in each case the relevant professional shall be informed about the confidential nature of such information and commit to the confidentiality herein obligations as well.
    - vii. Where necessary in order for the Company to defend or exercise its legal rights.
    - viii. At the Client's request or with the Client's consent.
    - ix. To an Affiliate of the Company or any other company within the AJK group.

- j. Prior to the disclosure of any data, the Company shall inform the recipient of the confidential nature of such information.
- k. Without limiting the foregoing, the Client acknowledges that the Company is required to comply with the Intergovernmental Agreement between Cyprus and United States and the Common Reporting Standards (CRS) - Convention on Mutual Administrative Assistance in Tax Matters or other Applicable Regulations, including disclosures between themselves and Governmental Authorities. The Client further acknowledges that the Company under these requirements, is required to disclose information in relation to any reportable persons to the relevant authorities, as per the reporting requirements of FATCA and CRS and of any other reporting obligation, and agrees to such disclosure. The Client confirms that this disclosure may include transfers of information to jurisdictions which do not have strict data protection, data privacy laws or banking secrecy laws.
- l. Under Applicable Regulations, the Company will keep records containing Client personal data, trading information, account opening documents, communications and anything else which relates to the Client for at least five years after termination of the Client Agreement.

## 9. CLIENT CLASSIFICATION

According to Applicable Regulations, the Company will treat the Client as a Retail Client, Professional Client or Eligible Counterparty (“ECP”), depending on the information provided by the Client in his Client Booklet and according to the method of classification as this method is explained below.

Your Client classification will be shown in the Investment Services Agreement. If we categorize you as Professional Client, you may request that we re-categorize you as Retail Client, however, please note that we are not obliged to agree to your request which will be assessed on its merits at our discretion. Please contact an authorized representative of AJK Wealth if you are in any doubt about your classification.

According to the Law for the Investment Services and Activities and Regulated Markets Law of 2007, 144(I)/2007, all financial institutions have to classify their Clients into one of the following categories:

**Retail Clients** are clients that do not belong to the Professional or Eligible Counterparties categories. Retail clients enjoy the greatest regulatory protection as they are considered to be the most inexperienced investors and therefore unable to properly assess or manage the risks associated with investments and, therefore, they have greater protection; and requirements in terms of communication, disclosure and transparency.

**Eligible Counterparties** are considered to be the following: Cypriot Investment Firms (“CIFs”, “Firms”), other Investment Firms (“IFs”), credit institutions, insurance undertakings, UCITS and their management companies, pension funds and their management companies and other financial institutions authorized by a Member State or regulated under community legislation or the national law of a Member State. Classification as an eligible counterparty under the Law shall be without prejudice to the right of such entities to request to be treated as professional or retail Clients either generally or in respect of specific transactions.

A **Professional Client** is defined as any Client who possesses the experience, knowledge and expertise to make its own investment decisions and to properly assess the risk involved. Professional clients are afforded less regulatory protection than retail clients due to the higher expertise and sophistication they have compared to retail clients. Such Clients should meet the following criteria:

Entities which are required to be authorized or regulated to operate in the financial markets:

- Credit institutions
- Investment Firms (IFs) other than credit institutions
- Other authorized or regulated financial institutions
- Insurance undertakings
- Collective investment schemes and management companies of such schemes
- Pension funds and management companies of such funds
- Commodity and commodity derivatives dealers
- Locals
- Other institutional investors

Large undertakings meeting two of the following size requirements, on a proportional basis:

- Balance sheet total at least: € 20.000.000 Euro
- Net turnover at least: € 40.000.000 Euro
- Own funds at least: € 2.000.000 Euro

National and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations.

Other institutional investors whose main activity is investing in financial instruments, including companies which deal exclusively with securitizing assets or other financing transactions.

### **9.1 Clients' request for change in classification**

After AJK Wealth has categorized the client as a retail client, or a professional client, or an eligible counterparty, the client may request for a change to their categorization. A retail client may request to be categorized as a professional client, or a professional client to be categorized as a retail client. Similarly, an eligible counterparty can request to be categorized either as a professional or a retail client. AJK Wealth reserves the right to reject any such request.

Although retail clients enjoy the greatest regulatory protection they may be allowed to waive some of the protections afforded to them but only where the following procedure is followed:

- a. The Client makes a written request stating that they wish to be treated as a professional Client. This request must indicate if it is in respect of a particular service, transaction or type of transaction.
- b. AJK Wealth shall give the Client a clear written warning of the protection and investor compensation rights the client will lose.
- c. The Client must state, in a separate document from the contract, that it is aware of the consequences of waiving the retail protections.

Before a retail client can be treated as a professional client, the client's expertise, experience and knowledge must be assessed, in the light of the nature of transactions or services envisaged, to give reasonable assurance that the client is capable of making his own investment decisions and understanding the risks involved.

In assessing the client's expertise, experience and knowledge, the client must satisfy at least two of the following criteria:

- a. The client has carried out transactions, in significant size, on the relevant market at an average frequency of ten (10) per quarter over the previous four quarters.
- b. The size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds EUR 500,000.
- c. The client works or has worked in the financial sector for at least one year in a professional position which requires knowledge of the transactions or services envisaged.

Before deciding to accept any waiver request, AJK Wealth must take all reasonable steps to ensure that the Client requesting to be treated as a Professional Client meets the relevant requirements stated above and an adequate assessment of the expertise, experience and knowledge of the client, undertaken by the Company, gives reasonable assurance, in light of the nature of the transactions or services recommended, that the client is capable of making investment decisions and understanding the risks involved. The fitness test applied to managers and directors of entities licensed under Directives of the European Union in the financial field, may be regarded as an example of the assessment of expertise and knowledge. In the case of small entities, the person subject to that assessment shall be the person authorized to carry out transactions on behalf of the entity.

Provided that you are a professional client, to the extent we are required by the rules to assess whether a proposed transaction is suitable for you, we will, for the purposes of any such suitability assessment, rely on the information that you have supplied to us.

You are responsible to inform us immediately of any change which could impact your current categorization. Nevertheless, if we become aware of such changes, we will take any appropriate action.

## **9.2 Information on Level of Protection**

The additional protection afforded to a Retail Client compared to a Professional Client or an Eligible Counterparty includes without limitation the following:

- a. Retail Clients are provided with more information regarding fees, charges, and expenses.
- b. Retail Clients provide more information regarding their knowledge and experience in the investment field so as to enable AJK Wealth to assess whether the investment service or product envisaged is appropriate for the Client.
- c. AJK Wealth must take all reasonable steps to ensure that a Retail Client's Order is executed as such in order to obtain best possible results.
- d. A Retail Client will receive information regarding his executed Order timely and with more detail as to the content.
- e. A Retail Client who is provided the Service of Portfolio Management will receive more detailed and frequent information.
- f. A Retail Client will be informed of AJK Wealth's liability in relation to possible solvency of the custodian where Clients' Financial Instruments are held, and
- g. A Retail Client is eligible for possible coverage from the Investor's Compensation Fund.

## 10. INVESTOR COMPENSATION FUND

AJK Wealth is a member of the Investor Compensation Fund (“Fund”) for Clients of Investment Firms. The purpose of the Fund is to pay compensation to retail investors in those cases in which the investment firm concerned is unable to pay over Clients’ assets due to its financial circumstances, and there is no realistic prospect of these circumstances improving in the near future. The Fund compensates covered Clients claims arising from the services provided by CIF who are members of the Fund, in the event where a CIF fails to fulfil its obligations.

A summary of the provisions of the Investor Compensation Fund Directive relating to the Fund and the compensation payable to clients under the Fund is available on AJK Wealth’s website: <http://ajkwealth.com/footer/investor-compensation-fund/>.

Further to the above, additional information for the Investor Compensation Fund can be found on CySEC’s website: <https://www.cysec.gov.cy/en-GB/complaints/tae/information/>.

## 11. COMPLAINT HANDLING PROCEDURE

You hereby acknowledge the Complaint Handling Procedure of AJK Wealth which can be found at our Website: <http://ajkwealth.com/footer/useful-information/>. We treat any complaint very seriously and aim to resolve a complaint fairly and promptly. We have an independent Complaint Officer who will investigate and deal with your complaint in accordance with our procedures.

In addition to the above mentioned complaint handling procedure for communication of complaints to us and complaint handling by us, you also have the right to address complaints to CySEC at: <https://www.cysec.gov.cy/en-GB/complaints/how-to-complain/>.

## 12. CONFLICTS OF INTEREST POLICY

### 12.1 Purpose

This Policy for the Management of Conflicts of Interest (the “Policy”) provides an overview of how AJK Wealth seeks to manage potential conflicts of interest that may arise when offering investment services to clients. AJK Wealth is committed to be acting with due care, skill and diligence when providing investment services to its Clients in order to avoid any situations of conflicts of interest that could be potentially detrimental to the Client.

AJK Wealth, including its relevant persons, has adopted a set of policies and principles and takes all reasonable steps to identify situations of conflict of interest between the company and its Clients or between the Clients and provide a framework by which these situations can be dealt with effectively.

### 12.2 Policy

A conflict of interest is a situation in which someone in a position of trust has competing professional or personal interests. Such competing interests can make it difficult to fulfil his or her duties impartially. A conflict of interest may exist even if no unethical or improper act results from it.



AJK Wealth is committed to identifying, monitoring and managing all actual and potential conflicts of interest that can arise between us and our clients and between clients of all areas of our Group. AJK Wealth established appropriate criteria for determining the general types of conflict of interest whose existence may damage the interests of AJK Wealth Clients or potential Clients. In particular, AJK Wealth shall identify the existence of any conflict of interests and examine whether AJK Wealth or any employee directly or indirectly is in any of the following situations:

- a. That person is likely to make a financial gain or avoid a financial loss at the expense of the Client.
- b. That person has an interest in the outcome of the service provided to the Client or of a transaction carried out on behalf of the Client which is distinct from the Client's interest in that outcome.
- c. That person has a financial or other incentive to favor the interest of another Client or group of Clients over the interests of the Client.
- d. That person carries on the same business as the Client.
- e. That person receives or will receive from a person other than the Client an inducement in relation to a service provided to the Client in the form of monies, goods or services other than the standard commission or fee for that service.

In accordance with the requirements of the Law the Company has:

- a. Identified the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more Clients.
- b. Specified procedures to be followed and measures to be adopted in order to manage such conflicts.

This procedure is aimed to:

- a. Prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more Clients.
- b. Ensure the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company.
- c. Remove of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities.
- d. Ensure measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities.
- e. Ensure measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.

The process entails the following actions:

- a. Duties to identify and manage situations of conflicts of interest to responsible and experienced members of the Company.
- b. Modify the Company's conflicts of interest policy to comply with the Law.

- c. Ensure that relevant persons are informed of the procedures and measures adopted by the Company and are capable to identify procedures of conflict of interest in time and report such procedures to the management.
- d. Disclosure of conflicts of interest in cases such situations cannot be contained.
- e. Keeping and updating records of identified conflict situations.

### **12.3 Potential Conflicts of Interest**

The following are circumstances in which a conflict of interest may arise between AJK Wealth and its clients:

- a. AJK Wealth may act for another client as purchaser and/or seller, and may execute different orders (even contrary to one another) for account of different clients.
- b. Any director and/or employee of the AJK Group may be a director of or may hold and/or may deal in financial instruments of or may otherwise have an interest in any company, in whose securities the AJK Group effects transactions on behalf of the client.
- c. AJK Group employees may have close links between Members of the Board of AJK Wealth and members of the Board of Clients of AJK Wealth appointed by an associated company, for example, a Director on the Board of a Client is a subordinate of a Director that sits on the Board of AJK Wealth.
- d. A company of the AJK Group may deal on behalf of the Client through any other company in the Group.
- e. Where gifts and inducements are received that may influence behavior in a way that conflicts with the interests of the Clients.

### **12.4 Organizational Measures**

AJK Wealth takes all reasonable administrative and organizational measures in order to prevent the occurrence of conflicts of interest or to resolve any conflicts of interest between the Company or a relevant person or a person directly or indirectly linked by control and its Clients. These measures include, amongst others:

- a. The Company has established an effective Compliance Function to monitor compliance with legal obligations, Group Internal Procedures and / or industry practice, on a full time and exclusive basis.
- b. The Company takes measures for the separate supervision and the segregation of functions of different departments which provide services to clients, whose interests may conflict with those of other clients or with the interests of the Company.
- c. The Company applies a system of “Chinese Walls” in order to prevent the transfer of confidential information between departments and associated companies; as a consequence this system ensures that the dissemination or communication of confidential information is limited to the extent necessary in the ordinary course of business.
- d. Use separate supervision of relevant persons involved in potentially conflicting activities.

- e. Implementation of personal account dealing rules, whereby restrictions on trading on personal account are imposed on Company employees and persons associated with them in situations where a conflict of interest might be created.
- f. The remuneration of all AJK Wealth employees consists of a salary and a performance related bonus.
- g. The Company takes measures to prevent or limit the exercise of inappropriate influence over the way in which a relevant person provides Services or undertakes related activities.
- h. Management does exercise any influence to licensed employees to favor particular investments or financial instruments.
- i. It is strictly forbidden to provide investment services to Clients where these services will benefit of a particular Client.
- j. Where services are already provided to a Client and it is obvious that by the provision of services to another new client a conflict of interest may arise, which cannot be dealt with effectively, then the Company may refuse to provide services to the second client.
- k. Trading restrictions (application of Watch / Restricted Lists if needed).
- l. Priority and fair treatment: Client interests take precedence over the interests of the Company and its employees. The Company ensures the observance of the time priority with regard to the execution by the Company of Orders received by its Clients. The same principle is applied in relation to the allocation of securities in respect of aggregated Orders.
- m. The Company has issued internal guidelines and rules of conduct which serve to comply with the legal requirement of preventing market abuse (insider trading and market manipulation) by the Company and its employees.
- n. The Company provides continuous training and information to all relevant persons in relation to conflicts of interest issues.

In the case where the Company cannot guarantee that its general conflict of interest policy will prevent the risk of damage to its Clients, it will disclose the general nature or source of the specific conflict of interest to you so that you can make an informed decision with respect to the investment service in the context of which the conflict of interest arises.

### **12.5 Additional Information**

If a conflict of interest cannot be prevented despite the organizational and administrative arrangements made by the Company, the Company must resolve such conflict of interest in the interests of customers. Possible ways of resolving such a conflict of interest include the disclosure of the conflict of interest to the customer(s) or refraining from a possible transaction.

The Compliance department has the overall responsibility of the maintenance of policies and procedures regarding conflicts of interest. The Compliance Function maintains the Conflict of Interest Register. Business units must report to Compliance all material transactions and material advisory mandates. The Internal Audit department executes periodical auditing in order to ensure that the policy and procedures regarding conflicts of interest are strictly followed. Both departments are independent from other departments.

This conflicts disclosure is not intended to, and does not, create rights or duties that would not exist if the disclosure had not been made available, nor does it form part of any agreement between AJK Wealth and any Client.

AJK Wealth reserves the right to review and/or amend its conflict of interest policy whenever it deems this appropriate.

### **13. RECEPTION AND TRANSMISSION OF CLIENT ORDERS**

#### **13.1 Client Orders and Instructions**

- a. Any Client Order and Instruction forwarded to AJK Wealth shall contain essential details, sufficient for their unambiguous interpretation and execution. The Client agrees that otherwise AJK Wealth may reject such Order or Instruction and/or interpret it at its sole discretion in accordance with standard market practice.
- b. Any Order and Instruction shall be executed by the Client in the form acceptable by AJK Wealth. AJK Wealth reserves the right to reject any Client Instruction/Order executed in the form other than approved by AJK Wealth.
- c. All such Orders and instructions given to us may be given orally, in writing or by electronic means and must be properly communicated to the person responsible for their reception and transmission in accordance with our normal business practice.
- d. The Client shall be responsible for any Orders and Instructions submitted and also for the accuracy of information, passwords and other details, used for identification of the Client.
- e. Client Orders and Instructions sent to AJK Wealth out of AJK Wealth normal working hours, when AJK Wealth is closed and/or when it is not a Business Day, are and shall be binding for the Client. Such Orders and Instructions shall be considered sent by the Client and received by AJK Wealth at the first Business Day following the day they were actually sent.
- f. Any Order and Instruction submitted in writing shall be valid only if signed by the Client or its Authorized Person(s).

#### **13.2 Authorized Persons**

- a. The Client shall appoint its Authorized Person(s) for the purposes of exercising its rights and performing obligations hereunder. No persons other than Authorized Persons may legally interact with AJK Wealth hereunder.
- b. The Client hereby ensures that any person signing documents on Client's behalf and any person representing the Client in entering into any Transaction is duly authorized by the Client to act on its behalf. The Client shall bear any risks and full responsibility for non-compliance with this provision.
- c. In case of any changes in the list of Authorized Persons the Client shall notify AJK Wealth thereof in writing within one Business Day following the day of such changes. In case of appointment of a new Authorized Person, deliver all documents confirming the appointment of the new Authorized Person and its authority. AJK Wealth shall not be bound by any such variation or replacement until written notice is actually received and confirmed by AJK Wealth.

### 13.3 Communication and Reception and Transmission of Orders

- a. The Client may give Instructions and Orders to AJK Wealth by personal or courier delivery of the original in writing, and also by means of e-mail, fax or by phone (Orders only).
- b. Client Orders shall be considered to be accepted by AJK Wealth for processing upon actual receipt by AJK Wealth of an Order submitted in accordance with the provisions hereof, subject to AJK Wealth confirmation, made orally or in writing, including by an electronic or facsimile message that the Order has been received.
- c. AJK Wealth shall not be liable for any loss, expense, cost or liability (including consequential loss) suffered or incurred by the Client as a result of Instructions or Orders being given, or any other communications being made via the internet or other electronic media.
- d. Instructions and Orders forwarded by the Client to AJK Wealth by e-mail or fax, shall be executed in a form, approved by AJK Wealth and shall be signed by the Client and sealed, if applicable.
- e. If an Order/Instruction contains corrections and/or omissions and therefore can't be unambiguously construed and executed, AJK Wealth shall immediately contact the Client and request necessary clarifications. The Client shall promptly draft and deliver to AJK Wealth a new Order/Instruction containing supplements and/or amendments required.
- f. Any Order/Instruction sent by e-mail or by fax shall at least meet minimum quality requirements, that is, it shall be readable. Otherwise, AJK Wealth will not be able to accept and execute such Order/Instruction and will promptly notify the Client accordingly.
- g. Unless otherwise provided in the Terms, the Agreement and/or the Order/Instruction all Orders/Instructions shall be accepted, acknowledged, confirmed and executed on the first-received-first-executed basis.
- h. Upon opening a Client Account, AJK Wealth provides the Client with a contact phone number for giving Orders to AJK Wealth. Any Client Orders shall be given to AJK Wealth by the phone number, specifically designated by AJK Wealth for giving Orders.
- i. The Client agrees that any telephone conversation between the Client and AJK Wealth may be recorded. Any recording will be AJK Wealth's sole property. In addition:
  - ii. AJK Wealth may act upon telephone instructions before receipt of any written confirmations and any recording will be conclusive evidence of the relevant conversations (including any Instruction communicated during the conversation) or the terms of any Transaction verbally agreed on.
  - iii. The period for which any recording is retained will be determined by us in our absolute discretion.
  - iv. We may provide any recording, a copy of any recording; or any transcript of any recording as required as requested under any applicable Law or as required or requested by any governmental or regulatory authority.

- j. For the purposes of giving an Order to AJK Wealth by phone the Client shall pass through the relevant identification procedure, used by AJK Wealth. Specifically, the Client shall provide the following information:
  - i. Client full name.
  - ii. Authorized Person full name.
  - iii. Client Account number.
  - iv. Password or other identification data, agreed between AJK Wealth and the Client within the terms of the Agreement, if applicable.
- k. Unless otherwise instructed by the Client, AJK Wealth may consolidate (transmit simultaneously) aggregated similar Orders in accordance with the principles of consolidation and fair allocation described in AJK Wealth Order Execution Policy.
- l. The Client fully understands that any Client Order containing specific conditions may preclude AJK Wealth from applying the provisions, formulated in the Order Execution Policy for the purposes of obtaining the best results in execution of such Orders.
- m. Limit Orders will be executed by AJK Wealth (as transmitted to third party brokers) based on the current market situation by means of acceptance of a firm quotation of another market participant. For the purposes of these Terms a limit Order shall mean any Order to buy/sell at a fixed price.
- n. Where the Client places a limit Order (in securities which are admitted to trading on a Regulated Market) with AJK Wealth and that limit Order (which is transmitted to a third party broker) is not immediately executed under prevailing market conditions, the third party broker may, but will not be required to, make public the limit Order in a manner which is easily accessible to other market participants, unless you have specifically instructed AJK Wealth.

#### **13.4 Trading Procedure**

AJK wealth enters into Transactions in Financial Instruments on the basis of Client Orders in accordance with the standard trading procedure as follows:

- a. The Client deposits monetary funds and/or Financial Instruments on the Account opened with AJK Wealth for the Client.
- b. Pursuant to the applicable regulations and Market Rules, AJK Wealth reserves the funds and/or Financial Instruments for the purposes of effecting settlement of the Client Transactions, as the case may be.
- c. The Client transmits to AJK Wealth an Order to enter into a Transaction by means specified in these Terms or the relevant Agreement.
- d. AJK Wealth enters into the relevant Transaction on the terms specified in the Client Order and delivers to the Client a trade confirmation by means specified in these Terms or the relevant Agreement.
- e. AJK Wealth transmits the Order to the broker to execute the Transaction and make the settlement.
- f. AJK Wealth prepares and delivers to the Client a report containing full information on the Transaction.

Any Transaction entered into by AJK Wealth in the interests of the Client as well as any open position closed by AJK Wealth for the Client shall be confirmed orally or by a written trade confirmation made by

AJK Wealth to the Client (its Authorized Person) no later than the Business Day following the date of a relevant Transaction.

The content of each trade confirmation shall be carefully checked by the Client and, in the absence of manifest error, it shall be deemed conclusive, unless the Client notifies AJK Wealth to the contrary orally or in writing immediately after receipt thereof.

### **13.5 Reporting**

In case AJK Wealth holds Financial Instruments and/or funds of the Client, it shall send him, in a durable medium and at least on a quarterly basis, a statement of those Financial Instruments and/or funds, unless such a statement has already been provided in any other periodic statement. The statement of assets shall include:

- a. Details of all the Financial Instruments and/or funds held by AJK Wealth for the Client at the end of the period covered by the statement.
- b. The extent to which the Financial Instruments and/or funds of the Client have been the subject of securities financing transactions.
- c. The extent of any benefit that has accrued to the Client by virtue of participation in any securities financing transactions and the basis on which that benefit has accrued.

### **13.6 Use of brokers and agents**

AJK Wealth may effect trades or transactions or provide any services hereunder for you with counterparties or through brokers or agents (including but not limited to custodians, sub-custodians, depository agents, clearing houses) of our own choice upon such terms and conditions as we may deem fit and you shall be bound by the same. We shall not be responsible for any act or omission of any of such counterparties, brokers or agents, for any negligence or willful default on our part in the selection and appointment of such counterparties, brokers or agents. In particular but without limitation, you shall bear the risk of the bankruptcy or insolvency of any counterparty, broker or agent with whom a transaction on any account is effected or through whom any service is provided.

## **14. ORDER EXECUTION POLICY**

Pursuant to the Law, investment Firms are obliged to take all reasonable steps to obtain, when executing Orders, the best possible result for their Clients, taking into account several factors. The same obligation applies when Firms receive and transmit Orders for execution.

In addition to the above, the Law requires that Firms establish and implement an Order Execution Policy to allow them to obtain the best possible result for their Client Orders. The Order Execution Policy must include, in respect of each class of instruments, information on the different venues where Firms execute Client Orders and the factors affecting the choice of Execution Venue and it shall at least include those venues that enable Firms to obtain on a consistent basis the best possible result for the execution of Client Orders.

The Order Execution Policy of the Company applies to both retail and professional Clients, when providing the service of reception and transmission of Clients' Orders in relation to financial instruments and Portfolio Management.

### **14.1 Best Execution Factors & Criteria**

The factors that should be taken into account in delivering best execution are: price, costs, speed of execution, likelihood of execution and settlement, the size of the Order, the nature of the Order, and any other consideration relevant to the Order.

Price and costs will ordinarily be of high relative importance in obtaining best possible results. However, in some circumstances, reference to the Execution Criteria may appropriately determine that other Execution Factors have greater importance in achieving the best possible result for the Client. The Company shall determine the relative importance of the Execution Factors by taking into account the characteristics of the following Execution Criteria:

- a. The characteristics of the Client, including the categorization of the Client as retail or professional.
- b. The characteristics of the Order.
- c. The characteristics of the Financial Instruments that are the subject of the Order.
- d. The characteristics of the Execution Venues to which the Order can be directed.

For retail Clients, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which shall include all expenses incurred by the Client which are directly related to the execution of the Order, including Execution Venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the Order.

It is to be noted that in some cases, particularly when executing Orders of Clients that have been categorized as professional Clients for specific financial instruments and execution venues, the Company may take the view, weighing up the abovementioned criteria, that another factor may be more important than the price itself for the purpose of achieving the best possible result for the Client.

### **14.2 Execution of Orders**

The Client acknowledges that AJK Wealth will engage third parties for the execution of the Client's Orders. In such case, AJK Wealth shall act in the best interests of the Client and take all reasonable measures for obtaining the best result, taking into account factors specified in the Order Execution Policy.

AJK wealth will take all reasonable care in selecting such third parties and the Client agrees that AJK Wealth shall in this case be liable to the Client only for its failure to exercise reasonable care in selecting such third parties. The Company will transmit the Client Order to an associated entity, such as a third party broker, for the execution. In doing so, the Company shall act in the Client's best interests and will comply with paragraph 15.1 above. The approved intermediaries/ third party brokers are:

- a. Barclays Bank PLC
- b. Eurobank Cyprus Ltd
- c. Bank of Cyprus Public Company Ltd

The Company will review periodically its choice of third party brokers to ensure that the third party broker has execution arrangements and execution policy that enable the Company to comply with all its best execution requirements.

Where the Client gives specific instruction as to the execution of an Order the Company shall execute the Order in accordance with that specific instruction. Where the Client's instruction relates to only part



of the Order, the Company will continue to apply its Order execution policy to those aspects of the Order not covered by the specific instruction.

### 14.3 List of Execution Venues

Execution Venues are the locations (with or without a physical presence) such as regulated markets, multilateral trading facilities, systematic internalisers, market makers, liquidity providers or any other entity that facilitates trading of Financial Instruments. AJK Wealth, as licensed by CySEC, transmits the Client Orders to third party brokers with whom it cooperates. Execution is done by the third party brokers via a number of Regulated Markets such as the ones listed below:

London Stock Exchange – All markets	Euronext
The PLUS Market	Frankfurt Stock Exchange
New York Stock Exchange	Athens Exchange (Equities Market) - ATHEX
American Stock Exchange - AMEX	Cyprus Stock Exchange - CSE
NASDAQ	MICEX Stock Exchange

We may deem it appropriate or advantageous to execute your order outside a Regulated Market or MTF even where the investment (“financial instrument”) concerned is trading on a Regulated Market or MTF. For example this may be on an “over the counter” (OTC) basis, directly with a market participant rather than on a centralized exchange.

**Multilateral Trading Facilities** (“MTFs”) are privately operated Order matching systems which act in a similar way to an Order driven market. Similar to regulated markets, these execution venues are subject to regulatory standards determined and governed by the requirements of the EU Markets in Financial Instruments Directive which is effective from 1<sup>st</sup> November 2007.

**Off Exchange Trading or Over the Counter (OTC) with Regulated Firms** is the least regulated form of Order execution. While trading occurs outside of the regulations of the Regulated Markets or MTF’s, executing off-exchange can result in enhanced terms for some deals.

### 14.4 Client Consent

When establishing a business relation with the Client, the Company is required to obtain the Client’s prior consent to this policy. The Company is also required to obtain the Client’s prior express consent before it transmits its Order for execution outside a regulated market or an MTF (Multilateral Trading Facility).

The Client shall be deemed to have provided such consent to the Order Execution Policy, as in force from time to time, by signing the Agreement or by effecting a transaction following the receipt of the notice of any amendment of the Order Execution Policy.

### 14.5 Aggregation of Orders

AJK Wealth may aggregate any and all of your Orders and Orders from other Clients in situations where it is unlikely that the aggregation of Orders will work to your disadvantage or the disadvantage of any other Client whose Order has been aggregated. In such occasions, trades will be allocated to all participants according to the average price at which the Financial Instruments involved were traded, provided that the average price is better than the limit set by each participant concerned.

In the event of the partial execution of an Order the traded quantity of Financial Instruments will be allocated to Client Orders where the average price is better than the limit set on a pro-rata basis.

## 14.6 Monitoring and Review

The Company will monitor and review this Policy on a regular basis and will notify its Clients of any material changes (including changes to the selected Execution Venues and third party brokers). Upon request, the Company will demonstrate to its Clients that it has executed their Orders in accordance with its Order Execution Policy.

## 14.7 Legal Entity Identifiers (LEI)

In accordance with the MiFID II transaction reporting obligations, investment firms must identify each and every client, using their LEI codes. Investment Firms, subject to MiFID II reporting obligations, should obtain LEIs from their clients before providing services which would trigger reporting obligations in respect to transactions carried out on behalf of those clients and should use these LEIs in their transaction reports. As of 3<sup>rd</sup> January 2018, investment firms will not be able to execute a trade on behalf of a client who is eligible for LEI and does not have one.

### a. The purpose of LEI Codes

A LEI code is a unique 20 alphanumeric code which enables every legal entity that is party to a financial transaction to be identified in any jurisdiction. The LEI code for each entity that is party to a relevant transaction will be required to be included within the transaction report sent to the relevant competent authority under MiFID II.

### b. Obtaining and Updating LEIs

LEIs are issued by "Local Operating Units" ("LOUs") of Global LEI System ("GLEIS"). Only an eligible entity or its authorized representative may obtain a LEI code.

LEI codes are valid for one year and must be updated by way of reapplication to the relevant LEI issuance agency. Lapsed LEIs will not be deemed valid for EMIR reporting. AJK Wealth can assist clients with LEI applications on request.

### c. What Entities should Obtain a LEI?

The legal requirements to use LEIs are determined by local regulation including the competent authorities in each EU jurisdiction. These requirements may vary depending on the country.

The following entities are eligible to obtain LEI codes:

- i. All entities listed on an exchange.
- ii. All entities that issues equity, debt or other securities for other capital structures.
- iii. All entities that trade stock or debt, investment vehicles constituted as corporate entities or collective investment vehicles (including umbrella funds as well as sub-funds of umbrella structures, hedge funds, private equity funds, etc.).
- iv. All financial intermediaries.
- v. Banks and finance companies.

## 15. PORTFOLIO MANAGEMENT

At AJK Wealth we focus on providing a personalized service with sound investment strategies and risk management techniques based on our Clients' profiles. Our professional asset managers' priority is to develop a clear understanding of each Client's unique investment needs in order to formulate a personalized investment plan that would best suit the individual's current financial position, investment objectives, risk tolerance as well as future income needs.

AJK Wealth's portfolio management flow includes the establishment of the investment objectives, qualitative and quantitative screening of securities, selection and allocation of securities if in line with the predefined strategies by the investment committee, monitoring and rebalancing according to market conditions.

AJK Wealth establishes and provides the Client with an appropriate method of evaluation and comparison based on the investment objectives of the Client and the types of Financial Instruments included in the Client portfolio, so as to enable the Client for whom the service is provided to assess performance.

The Company will provide detailed quarterly reports to the Client as per section 13.5 above.

## 16. INVESTMENT ADVICE

Investment advice is the provision of a "personal recommendation" to a client, either at the client's request or at the initiative of the investment firm, in respect of one or more transactions relating to financial instruments.

AJK Wealth will provide to all clients Investment Advice on an Independent basis. In the course of providing investment advice on an "independent" basis we will ensure the following:

- Assessment of a sufficiently wide range of financial instruments available on the market (e.g. bonds, stocks, structured products, etc.).
- Assessment of a sufficiently wide range of issuers.
- The client's investment objectives can be met in a suitable way.
- The financial instruments considered by the firm should not be limited to those provided by:
  - The Company itself; or
  - Other entities that have close links with the Company or other entities with close legal or economic relationships with the Company, in a way that could impair the independent nature of the advice.

Any marketing material / recommendations which does not amount to investment research, financial news, prices, opinions and any other information which may be provided to the Client are simply provided to enable the Client to take his own investment decisions and do not constitute personal recommendation.

In case AJK Wealth is deemed, for any reason to provide any recommendation or advice the Client acknowledges that any transaction carried out by following or alternatively ignoring any such recommendation or advice shall be deemed to have been carried out by the Client based exclusively on his own judgment.

AJK Wealth is committed to treat the Clients in a fair and transparent way and put Clients interests at the center of its corporate culture; all Clients will be provided with clear and relevant information; and with products that match their needs and investment objectives.

## 17. SAFEGUARDING OF CLIENT ASSETS

AJK Wealth takes several measures in order to ensure the maximum protection of the Financial Instruments and funds that are safeguarded on behalf of its Clients.

AJK Wealth deposits the funds of its Clients into special bank accounts in authorized credit institutions under the name “Clients’ account” and takes all necessary steps to protect the Client’s proprietary rights.

Moreover, in order to safeguard the Clients’ rights with regard to their Financial Instruments and assets, AJK Wealth takes the following measures:

- a. Keeps all the necessary records and accounts in order to be in the position, at any given time and with no delay, to distinguish the assets that are kept on behalf of the Client from those that are kept on behalf of any other Client as well as from the Company’s assets.
- b. Keeps its records and accounts in a way that ensures that they are true and accurate and that they correspond to the Financial Instruments that are kept on behalf of the Clients.
- c. Takes all the necessary measures in order to ensure that Financial Instruments that have been deposited into third persons can be distinguished from those that belong to the Client.
- d. Takes all the necessary measures in order to ensure that the Clients’ assets, deposited at authorized financial institutions, are kept into a separate account or accounts to any other accounts that may be used for assets that belong to the Company.
- e. Applies all necessary organizational measures in order to minimize the risk of loss or reduction of the Client’s assets or rights in regard to these assets, because of asset misappropriation, fraud or negligence.

AJK Wealth safeguards the Financial Instruments of its Clients in the following ways:

- a. Financial Instruments listed on regulated markets are registered under the Client’s name or under the name of AJK Wealth as the custodian of the Client.
- b. In case of other securities kept by a custodian in materialized or dematerialized form and registered in an account held by this custodian, AJK Wealth shall ensure that:
  - i. The custodian is a Central Securities Registry or other authorized Central Securities Depository, System of Keeping Accounts of

Dematerialized Securities, Credit Institution or Investment firm entitled to provide custody and safekeeping services.

- ii. The custodian knows that the Financial Instruments and funds registered in the aforementioned investment accounts are kept on behalf of AJK Wealth's Clients. AJK Wealth may keep these into omnibus accounts kept on behalf of more than one Client by distinguishing in its books which Financial Instruments correspond to each Client.

The tangible safeguarded Financial Instruments shall be kept:

- a. By AJK Wealth in the name of the Client; or
- b. By a Financial Institution, Investment Firm or another undertaking entitled to act as a custodian of financial instruments, in the name of the Client or in the name of AJK Wealth on behalf of the Client.

In the case of a custodian operating in a third country outside the European Union and governed by the laws of the third country, AJK Wealth shall deposit the Client's Financial Instruments with this custodian only if the latter is subject to special regulations and supervision in the third country. In such case, the Client's rights may be inferior to the rights resulting from a custodian based and operating in a Member State of the European Union.

However, AJK Wealth does not accept any liability towards its Clients regarding:

- a. The inefficient fulfilment and/or non-fulfilment of the custodian's obligations.
- b. The solvency and, generally, the fulfilment of the obligations of the custodians (including Central Securities Registries and Central Securities Depositories of every kind and Clearing and Settlement Systems), in which the Clients' assets are kept. It is presumed that AJK Wealth is not to be responsible for errors or omissions committed by the custodians.

Unless instructed otherwise by a Client, AJK Wealth shall not dispose of, charge, manage or use in a different way the Financial Instruments kept on behalf of the Client.

## 18. INDUCEMENTS

No inducements: AJK Wealth does not receive any inducements from third parties in relation to the provision of the investment advice and portfolio management services and does not have any fee arrangements further to those agreed to be charged to the client directly. The Company may receive some minor benefits or non-monetary benefits and where the receipt of those benefits will not impair the firm's ability to act in the best interests of the client.

## 19. RISK WARNINGS

AJK Wealth would like to inform Investors of the risks undertaken when investing in the capital markets.

By dealing in the Capital Markets you are subjected to various risks that we would like you to be aware of in order to form a better view of your investment activities. In addition, we would suggest that you are regularly updated about the direction of global markets. It is possible, under various circumstances,

to limit or constrain the risk involved in capital market transactions, it is not possible though to eliminate all risk involved.

The Client shall fully understand that investments made or other positions taken in financial instruments are at the Client's own risk.

We list below the major sources of risk. It is not exhaustive; therefore we strongly recommend further reading on the subject.

### **19.1 General**

Every type of Financial Instrument has its own characteristics and entails different risks depending on the nature of each investment. The price or value of an investment will depend on fluctuations in the financial markets outside our control (and outside your control).

The Client should NOT carry out any transaction in any Financial Instruments unless is fully aware of their nature, the risks involved and the extent of his exposure in these risks. In case of uncertainty as to the meaning of any of the warnings described below, the Client must seek an independent legal or financial advice before taking any investment decision.

The Client should also be aware that:

- a. The value of any investment in Financial Instruments may fluctuate downwards or upwards and the investment may even become worthless.
- b. Previous results do not constitute an indication of a possible future return.
- c. Trading in Financial Instruments may impose tax and/or any other duty.
- d. Placing contingent Orders, such as "stop-loss" Orders, will not necessarily limit losses to the intended amounts, as it may be impossible to execute such Orders under certain market conditions.
- e. Changes in the exchange rates, may negatively affect the value, price and/or performance of the Financial Instruments traded in a currency other than the Client's base currency (currency of the Client's country of residence).

Investing in some Financial Instruments and particularly derivatives entails the use of "leverage". Leverage generally means the use of borrowed capital to multiply gains and losses. Trading in such financial instruments can amplify losses as well as gains with a relatively small movement in the underlying market. A high degree of leverage can result to a quick loss of the entire capital or even expose the Client to an additional loss. For this reason, we suggest that you invest in Derivatives only if you possess the necessary knowledge and expertise to carry out such investments.

In some countries companies are permitted to effect off-exchange transactions. The company with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules and attendant risks.

## 19.2 Types of Risk

- a. **Market Risk:** is the risk that the value of a portfolio will decrease due to the change in value of the market factors such as stock prices, interest rates, exchange rates and commodity prices. In case of a negative fluctuation in prices, investors in financial instruments run the risk of losing part or all of their invested capital.
- b. **Price risk:** is the risk of unexpected change of prices on corporate, municipal or state securities and derivatives that may result in dramatic decrease of the value of client's financial instruments.
- c. **Systemic Risk:** is the risk of collapse of the entire market or the entire financial system. It refers to the risks imposed by interdependencies in a system or market, where the failure of a single entity or cluster of entities can cause a cascading failure, which could potentially bring down the entire system or market.
- d. **Credit Risk:** is the risk of a borrower's failure to repay a loan or otherwise meet a contractual obligation (i.e. failure to pay interest to bond holders). Credit risk is closely tied to the potential return of an investment, the most notable being that the yields on bonds correlate strongly to their perceived credit risk.
- e. **Settlement Risk:** is the risk that counterparty does not deliver a security or its value in cash per agreement when the security was traded after the other counterparty or counterparties have already delivered security or cash value per the trade agreement. This risk is limited where the investment involves financial instruments traded in regulated markets because of the regulation of such markets. This risk increases in case the investment involves financial instruments traded outside regulated markets or where their settlement takes place in different time zones or different clearing systems.
- f. **Liquidity Risk:** is the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Liquidity risk becomes particularly important to investors who are about to hold or currently hold an asset, since it affects their ability to trade.
- g. **Operational Risk:** is the risk of business operations failing due to human error. Operational risk will change from industry to industry, and is an important consideration to make when looking at potential investment decisions. Industries with lower human interaction are likely to have lower operational risk.
- h. **Political Risk:** is the risk that an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers, or military control.
- i. **Issuer risk:** is the risk of the Issuer's insolvency, changing of credit and other ratings of the Issuer, bringing suits or claims against Issuer that may results in dramatic decrease of value of the Issuer's securities or failure to redeem the debt securities.
- j. **Currency risk:** is the risk of negatively changing of securities or derivatives contracts value at the client's account due to changing of the currency rate of client base currency to other currencies.

- k. Operations risk: is the risk of losses as a consequence of the mistaken or illegal actions of the employees of the organized markets, custodians, registrars, clearing organizations in course of settlement of transactions in securities or derivatives.
- l. Tax risk: is the risk concerning complexity of tax laws of the different countries applicable to the client. Therefore the client shall consider tax consequences of investments. It is possible that the current interpretation of tax laws or understanding of practice may change, and such changing may have retrospective effect.
- m. Legal risk: is the risk due to the fact that markets are subject to ongoing and substantial regulatory changes. It is impossible to predict what statutory, administrative or exchange changes may occur in the future or what impact such changes may have on a client's investment results.
- n. In emerging markets there is generally less government supervision and regulation of business and industry practices, stock exchanges, OTC markets, brokers, dealers and issuers than in more established markets. In certain areas, the laws and regulations governing investments in securities and other assets may not exist or may be subject to inconsistent or arbitrary interpretation.

### **19.3 Financial Instruments and related Risks**

#### **Equities or Shares**

Shares represent a share of ownership in a company. It is the unit in which the share capital of a company is divided in and which provides the shareholder with voting rights. Furthermore, the shareholder is entitled to receive a certain level of the company's earnings (dividend payments) that may arise from the company's operations. Dividends are not guaranteed and a company has the right to decide not to pay a dividend.

The investor may also buy a company's shares so that he/she can make a profit from reselling them. However, the return of the investment is not guaranteed because the share's price depends on the company's performance, the evaluation of the market's performance, the existing national and international economic circumstances, the relevant risk of each sector and/or the specific risk for each company. Investing into shares may also entail a risk regarding the dividend payment as well as the potential capital loss. Moreover, trading shares on regulated markets does not guarantee the liquidity of these shares (see 'Liquidity risk').

#### **Money Market Instruments**

Money Market Instruments are usually debt securities which mature in one year or less (Treasury Bills) and which are usually traded in local money markets. Risks related to this type of instruments are the liquidity risk, interest rate risk and credit spread risk.

#### **Rights Issue**

A Rights Issue is a way to increase the share capital of a listed company by issuing Rights to existing shareholders on a proportional basis. Rights are usually issued in organized markets and traded for a specific limited period of time. Rights are treated as high risk Financial Instruments as they entail all main types of financial risks. If Rights are not exercised until their expiration date, they lose their value.



## Bonds

Bonds are debt securities which represent the issuer's debt towards the investor. When an investor buys a bond, he/she lends a certain amount of money to the bond issuer. Therefore, the bond constitutes a debt towards the lender which must be paid at a specific date specified at the bond documentation. If provided for in the bond's documentation, the borrower is also obliged to pay interest to the bond holder. The interest rate, the frequency of interest payment and the amount of the interest are specified by in the bond's documentation. Possible bonds' issuers can be the Government, banks, municipalities or companies.

The bond's yield is determined by the difference between the capital paid at the bond's issue date and the amount due at the maturity of the bond. High-yield bonds are bonds with speculative characteristics and which are rated with a low credit rating by international credit rating agents such as Moody's rating of Ba1 or below and S&P rating of BB+ or below. These bonds carry a coupon that is relatively high to reflect the higher level of risk to investors.

The main risks faced by bond holders are credit spread risk and interest rate risk as the bond's price usually moves inversely to the direction of interest rates changes and/or the credit spreads. Bond holders are also subjected to risk of default of the issuer and liquidity risk.

- **Complex Bonds**

Structured/Complex bonds allow the investor to access other Financial Instruments, notably shares, through an initial investment in bonds. The three more common types of bonds that give access to the company's share capital are the following:

- **Convertible Bonds**

These bonds can be converted into shares of the issuing company upon request of the bond holder. The bond's maturity and conversion dates are specified in the bond's issued terms where the conversion ratio is defined and where it is specified that the bond issuer has the right to call the bond's early redemption. The bond holder's protection clauses are also described in detail in the bond's issue documentation.

- **Exchangeable Bonds**

These types of bonds allow the investor to exchange them with existing shares of a third company. Issuers of such bonds are companies holding shares in other companies.

- **Bonds Redeemable in Shares**

Such bonds are only redeemable in shares, on the issuer's option. The bond holder is exposed to the same risks inherent in shares. The risks entailed in all the above mentioned instruments are related to their complex nature. For as long as they remain in the investor's possession, the investor is exposed to risks as well as to possible fluctuations and/or volatility of the principal shares' value. After the conversion, exchange or redemption of the bonds, the investors are exposed to risks similar to those of shares.

- **Callable Bonds**

These types of bonds allow the issuer early repayment (partial or in full) of their principal at a specific

period before the bonds' stated maturity date. These bonds are subject to prepayment risk. The issuers of such fixed income instruments may not be willing or able to prepay the principal at the prescribed earlier date, thus prolonging the life of the instrument.

### **Warrants**

Share Warrants constitute an alternative way for an Issuer to raise capital. Warrant holders have the right and not the obligation to buy a specific number of shares at an agreed-upon price (called exercise price) at specific dates until their expiration.

Share warrants do not offer a dividend or any other type of payment and if they are not exercised until their expiration date, they expire and they lose their value. Their trading price is directly linked to the share's performance and, usually, their price fluctuation is higher (as a percentage) than the share's price. Share warrants are treated as Financial Instruments of higher risk due to severe fluctuations to their value and the higher risks that they entail.

### **Derivatives**

A derivative is a financial instrument:

- Whose value changes in response to the change in a specified interest rate, security price, commodity price, foreign exchange rate, index of prices, a credit rating, or similar variable (the underlying).
- That requires no initial net investment or little initial net investment relative to other types of contracts that have similar responses to changes in market conditions.
- Is settled at a future date.

Common types of derivatives are futures, options, swaps and forwards. While some off-exchange markets are highly liquid, transactions in off-exchange derivatives may involve greater risk than investing in on-exchange derivatives (including structured products) because there is no exchange market on which to close out an open position. It may be impossible to liquidate the existing position, to assess the value of the position arising from an OTC transaction.

### **Options**

Options are financial derivatives that offer the buyer the right but not the obligation to buy (call) or sell (put) an underlying instrument (e.g. share) at an agreed-upon price (exercise price) before (American-type option) or after (European-type option) a specific future date. The counter-party undertakes the relative obligation. The amount the option buyer must pay to the option seller (called premium) in order to receive the right but not the obligation to buy (call option) but not to sell (put option) the underlying value at or by the expiration date is the price of the contract. This payment is made to the seller irrespective of whether the option is exercised or not.

Therefore, the maximum imminent risk for the buyer is limited to the first part of the contract's price while the seller's imminent risk is unlimited. Hence, the total value of the option contract is determined by the demand and supply and it has intrinsic value and extrinsic value (Premium = Intrinsic value + Time (extrinsic) value).

Other financial risks that may be associated with options are price volatility risk, liquidity risk and interest rate risk. Options lose their value if they are not exercised until their expiration date.

### **Contracts for Differences**

Contracts for difference are transactions in relation to shares where it is not necessary for the parties to hold the shares themselves. These are short-term contracts following an agreement between the counterparties and they reflect the performance of a specific share or index. As in the case of shares, potential earnings or losses depend on the difference between the purchase price and the sale price of the Financial Instrument.

### **Futures**

A Future is a contractual agreement to buy or sell when due a certain Financial Instrument at a specified date and at a determined price. Futures constitute essentially a bilateral agreement between two parties who agreed to proceed to a certain buying and selling at a specific date in the future at a specified price.

The terms of the future trade are precisely defined on the futures contract (quantity of shares of specific company, date of trade, etc.) except for the price of the trade which is specified by the parties' agreement (offer and demand) and which is constantly changed depending on the fluctuation of the share's price). Other financial risks that may be associated with futures contracts are price volatility risk, liquidity risk and interest rate risk.

### **Mutual Funds – UCITS - (Undertakings for Collective Investment in Transferable Securities)**

UCITS are specially constituted collective investment portfolios exclusively dedicated to the investment of assets raised from investors into transferable securities and liquid financial assets. In plain terms, UCITS are open-ended collective funds raised from investors.

Mutual Funds are divided into several categories depending on their investment policies and diversification rules. They are divided into domestic or foreign funds, equity funds, mixed funds, bond funds or cash funds. Depending on the category, mutual funds may entail different risk but may have different performances. The composition of each portfolio contains a type of risk similar to its type (aggressive, balanced or defensive). Any investment in Mutual Funds is, amongst others, related to market risk, interest rate risk, default risk and foreign exchange risk.

These joint funds are being managed by a Management company and are being safe kept by a Custodian. The funds (assets) of a UCITS are divided into equal units which belong in their entirety to the unit holders depending on the units that every unit holder possesses. Unit holders have a share in profits as well as in loss and costs that may arise while managing and investing UCITS's assets.

The net value of a UCITS unit is calculated upon the value of the UCITS's assets minus the liabilities and expenses divided by number of the units in circulation. Some of the UCITS liabilities and expenses include the remuneration of the Management company, the Custodian's remuneration and other expenses and costs arising from the management and administration of a UCITS.

The price at which an investor will purchase a UCITS unit is equal to its Issue Price (Issue price = net unit value + issue's commission percentage). The price at which an investor will redeem his/hers units is

equal to the unit's redemption price (Redemption Price = net unit value – Redemption Commission Percentage).

The Issue price and the Redemption price of a UCITS unit is possible to exceed or to fall short of the net unit value respectively, calculated in accordance with the issue's and Redemption's commission percentage respectively, according to the UCITS Regulation, Status or Articles of Incorporation.

### **Collective Investment Schemes**

Involve an arrangement that enables a number of investors to 'pool' their assets and have these professionally managed by an independent fund manager. Investments typically include bonds and shares of listed companies but depending on the type of the scheme, they may include broader investments such as property.

The ability to liquidate certain Schemes may be limited, depending on the terms of operation and the long time period of notice required for redemption during which the value of each unit may exhibit high volatility and possibly decrease. It is possible that there is no secondary market for such Schemes and hence such an investment may be liquidated only through redemption.

### **Structured Products**

Structured products are Financial Instruments in the form of securities or contracts which are adapted to the needs of the client. These products are identified by one or more of the following characteristics:

- The performance is determined by the underlying instrument, to a combination of underlying instruments (interest rates, equities, indices, etc.) or based on a formula.
- A leveraged effect.
- Other characteristics agreed upon the parties such as terms on the redemption or the existence of a guarantee.
- A product that does not allow a preliminary request for quote from different financial institutions, or
- A nonexistence secondary market or a secondary which is not liquid.

Every structured product has a different risk profile. Due to the large number of possible combinations, it is impossible to describe in detail every structured product's risk.

Before making any transaction in structured products, the client has to be informed on the special characteristics of the product and the entailed risks in order for him/her to make informed investment decisions after accepting the terms and the special characteristics of the specific products.

### **Hedge Funds**

Hedge Funds are aggressively managed portfolios of investments that use advanced investment strategies such as leveraged, long, short and derivative positions in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market benchmark).

Hedge funds are considered a riskier investment than traditional funds and are suitable for more experienced investors, since they are not regulated and lack transparency. They usually invest in risky or illiquid securities and although they target absolute returns, if they fail to manage risk, they may realize

significant losses. Beyond the liquidity risk, Hedge Funds have the ability to leverage which means that a relative small fluctuation in the price of the underlying security may lead to a disproportionately larger fluctuation, favorable or unfavorable, to the value of the investment.

### **Foreign Exchange Trading**

Engaging in foreign exchange ('FX') trading (buying one currency in exchange for another) exposes you to the risk of adverse changes in exchange rates. Exchange rates can be volatile and are driven by a variety of factors affecting the economies of the jurisdictions whose currencies you are trading.

The 'gearing' or 'leverage' often obtainable in FX trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Some FX transactions have a contingent liability which means that you may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received.

You may sustain a total loss of any margin you deposit with your broker to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated by your broker at a loss and you will be responsible for the resulting deficit.

The insolvency or default of your broker/dealer, or that of any other dealers involved with your FX transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payments in cash.

### **Exchange Traded Funds (ETFs)**

ETFs are securities that track an index, a commodity or a basket of assets like an index fund, but trade like a stock on an exchange. ETFs experience price changes throughout the day as they are bought and sold. An investment in ETFs exposes investors to the same risks as the underlying securities but to a significantly lower degree due to the diversification of investments.