

Information on the Protection of Clients' Property

1. PROTECTION OF PROPERTY AND ADMINISTRATION OF ACCOUNTS

- 1.1 **Keeping Assets in Accounts.** The client's Investment Instruments or any entries or records thereof are registered in the client's account with Patria, separately from any Investment Instruments held by Patria and other clients, unless agreed otherwise. Such Investment Instruments may also be registered in the clients' account with an authorized third party (depository or custodian). The laws regulating the client's property, supervision exercised by the competent authority, conditions for the compensation payment of from the guarantee system, as well as other rights of the client relating to the client property regime may significantly differ from one country to another. Patria selects and subsequently monitors the third parties with professional care; nonetheless, it is impossible to avert any potential harm in advance and Patria does not assume liability for any such harm.
- 1.2 **Security Interest.** Some depositories/custodians may be holders of a security interest (pledge) or any similar interest in the Investment Instruments in their possession as a means of securing their claims against their clients.
- 1.3 **Separation of Property in the Case of Insolvency.** Foreign laws usually afford protection to the investors if the depository/custodian becomes insolvent in that the investors' Investment Instruments in the possession of the depository/custodian do not become part of the debtor's estate. However, if the foreign laws do not provide the investors with a sufficient legal protection or if the depository/custodian defaults on proper performance of obligations, or if the client's Investment Instruments are not, for whatever reason, identifiable and distinguishable from the property of the depository/custodian and the depository becomes insolvent, the risk exists that the client's Investment Instruments become part of the debtor's estate and the client will have to lodge the client's claims in the insolvency proceedings as an unsecured creditor, though this risk is principally limited by the fact that Patria administers secondary records in the form of asset accounts registered in the names of the individual clients.

2. INFORMATION ON THE INVESTOR COMPENSATION FUND

- 2.1 **Activities of the Fund.** Garanční fond obchodníků s cennými papíry [Investor Compensation Fund] (hereinafter the "Compensation Fund") is a legal entity which operates the guarantee system from which compensations are paid to the clients of a securities broker/dealer if the latter is unable to meet its obligations owed to its clients (i.e. including the Clients under the Agreement, if applicable).
- 2.2 **Source of Property.** The Compensation Fund is not a state fund. Each securities broker/dealer, including Patria, is obliged to pay a contribution to the Compensation Fund. These funds represent one of the sources of property of the Compensation Fund.

- 2.3 **Amount of Compensation.** The Compensation Fund provides a compensation for 90 % of the withheld (non-released) assets of the clients but no more than the equivalent of 20,000 EUR per one client of one securities broker/dealer. The compensation shall be calculated based on the value of the assets as of the day when the Compensation Fund received a notice from the Czech National Bank.
- 2.4 **Filing for and Payment of Compensation.** The Compensation Fund publicly announces the inability of a broker/dealer to meet its obligations to the clients. The clients must file their claims by the statutory deadline. The compensation from the Compensation Fund must be paid within 3 months after the filed claim is verified and the amount of the compensation calculated. The Czech National Bank may extend the deadline in exceptional cases. The client's right to receive a compensation from the Compensation Fund becomes statute-barred 5 years after the client's claim for payment of the compensation from the Compensation Fund becomes due and payable.
- 2.5 **Disclaimer and Miscellanea.** Patria wishes to point out that the above information is only general information. For more specific information, please refer to Act No. 256/2004 Coll., Capital Market Undertakings Act, as amended, and www.gfo.cz.

3. DEPOSIT INSURANCE SCHEME, PROTECTION OF FUNDS

- 3.1 **Keeping Funds in Accounts and Nature of Accounts.** Patria is not allowed to keep the clients' funds at Patria and, consequently, the clients' funds are kept in collective accounts with banks in the Czech Republic and in accounts with banks in EU Member States. These accounts fall within the category of accounts subject to special treatment pursuant to Act No. 21/1992 Coll., on Banks, as amended (hereinafter the "**Banks Act**").
- 3.2 **Insolvency of the Institution with which the Account was Opened and Deposit Insurance.** Bank accounts with banks in which the clients' funds are kept may be participating in the bank deposit insurance scheme. If the bank is insolvent and unable to pay out the deposits, the risk of default of the institution is carried by the client. In such case, the client has no right to request Patria to pay out the funds. If the banking institution is insolvent with which the clients' funds are deposited, Patria shall calculate each client's share in these funds at the moment the insolvency is declared (as of the end of the day when the insolvency was declared). Patria then informs the clients of the amount of the funds deposited with the given institution. In such case, the clients will be indemnified from the bank deposit insurance scheme up to the limit stipulated in the legislation of the relevant state. If the insolvent bank has its registered office in the Czech Republic, the clients, as creditors (obligees), will be indemnified in compliance with Section 41a et seq. of the Banks Act.