



## General Rules of Investment Portfolio Management

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**1. DEFINITIONS**

1.1. **Agreement** – the documents regulating Management of the Client's Investment Portfolio, which determines the mutual legal relationship between the Parties, including (a) Investment Portfolio Management Agreement signed by the Parties; (b) General Rules of Investment Portfolio Management; (c) Client's Investment Policy; (d) General Fees Schedule of the Asset Manager; (e) Special Fees Schedule in case the Parties agreed on it.

1.2. **Alternative investment fund / AIF** – investment fund (AIF) provided by the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

1.3. **Asset Manager** – "CBL Asset Management" ieguldījumu pārvaldes akciju sabiedrība.

1.4. **Asset Manager's Website** – [www.cblam.lv](http://www.cblam.lv).

1.5. **Assets** – the Financial instruments owned by the Client and held in the Client's Financial Instruments Account, as well as money booked in the Client's Money Account.

1.6. **Bank** – a credit institution pre-accepted by the Asset Manager with which the Client has entered in a separate agreement for the custody and bookkeeping of the Client's Investment Portfolio, as well as on execution of transactions/Deals with the Assets of the Investment Portfolio exclusively by the Asset Manager.

1.7. **Bank's Online banking** – the remote account management system of the Bank to be used for Identification of Orders, applications etc. submitted by the Client.

1.8. **Base Currency** – the base currency of the Investment Portfolio specified by the Agreement (if not specified, the EUR shall be considered the Base Currency).

1.9. **BO** – a beneficial owner of the Client (legal entity), a natural person, who directly or indirectly owns more than 25 percent of the Client's capital shares or voting shares, directly or indirectly controls it or in whose name, for whose benefit or in whose interest a business relationship is established with the Asset Manager. If the Money Laundering and Financing of Terrorism and Proliferation Prevention Act (*Noziedzīgi iegūtu līdzekļu legalizācijas un terorisma un proliferācijas finansēšanas novēršanas likums*) lays down other criteria for determining the beneficial owner, the requirements of this law shall apply for determining the BO.

1.10. **Business Day** – any calendar day, which is or which may be officially designated as a working day in the Republic of Latvia and which is specified by the Asset Manager as its business day.

1.11. **Costs and Charges Information** – *ex-ante* information on Management's costs and associated charges required by the Laws, which is prepared and provided by the Asset Manager individually to the Client.

1.12. **Client** – a person being provided with the Investment Portfolio Management service based on the agreement concluded with the Asset Manager.

1.13. **Client's Group** – the Client (legal entity), the BO and all legal entities in respect of which at least one of the Client's BO, individually or together with other persons, has the ability to exercise, directly or indirectly, decisive influence within the meaning of the applicable laws in Latvia. This means the ability to directly or indirectly: (1) control (regularly or occasionally) the decision-making in the executive bodies of a legal entity, with or without exercising a participating interest, and/or (2) appoint a number of members of the supervisory body or executive body of a

legal entity that gives the person exercising decisive influence a majority of votes in the relevant body.

1.14. **Deal** – a deal with any of the Assets in the Investment Portfolio executed by the Asset Manager in the framework of the Management services.

1.15. **Description of policy on conflict of interest while providing investment services** – the document titled "*Description of policy on conflict of interest while providing investment services*" published on the *Investment portfolios* section of the Asset Manager's Website.

1.16. **Description of risks related to financial instruments** – the document titled "*Description of risks related to financial instruments*" published on the *Investment portfolios* section of the Asset Manager's Website.

1.17. **Description of statuses assignable to clients** – the document titled "*Description of statuses assignable to clients*" published on the *Investment portfolios* section of the Asset Manager's Website.

1.18. **Electronic signature** – the electronic data logically associated with an electronic document, which allows the Asset Manager to identify the signatory of the document and ensures the authenticity of the electronic document in accordance with laws of the Republic of Latvia.

1.19. **ETF** – exchange traded fund.

1.20. **Events / Events related to financial instruments** – any facts or circumstances having an impact on the characteristics of the Financial instruments as well as the conduct of the issuer in the course of performance of its obligations towards the owner of the Financial instrument (distribution of dividends, changing the face value of shares, merging or splitting the Financial instruments, redeeming bonds, extending maturity), corporate events and other offers related to the Financial instruments (including repurchase offers).

1.21. **Fee** – remuneration for services provided by the Asset Manager, which are due from the Client to the Asset Manager pursuant to the Fees Schedule, the Agreement and/or any other separate agreement.

1.22. **Fees Schedule** – the General Fees Schedule and/or the Special Fees Schedule applicable to the Client.

1.23. **Financial collateral** – money and/or Financial instruments of the Client, which are used to secure execution of obligations arising as a result of one or several Deals.

1.24. **Financial instruments** – financial instruments within the meaning of *Financial Instruments Market Act (Finanšu instrumentu tirgus likums)* of the Republic of Latvia, including but not limited to debt securities (bonds, promissory notes), equities (shares), investment certificates/shares of UCITS, non-UCITS and AIF, as well as derivative financial instruments.

1.25. **Financial Instruments Account** – the Client's Investment Portfolio Account with the Bank in which the Financial instruments of the Client's Investment Portfolio are held and keeping of records for the Deals executed in the scope of Management is provided.

1.26. **Financial Instruments Market Act** – *Financial Instruments Market Act (Finanšu instrumentu tirgus likums)* of the Republic of Latvia.

1.27. **General Fees Schedule** – the investment portfolio management fees schedule published on the *Investment portfolios* section of the Asset Manager's Website.

1.28. **General Rules** – these General Rules of Investment

Portfolio Management of the Asset Manager.

1.29. **Identification** – set of means and measures performed by the Asset Manager in order to verify the identity, legal capacity, capacity to act and the scope of authority of the Client (or its representative) under the presented documents.

1.30. **Information about the asset management services provider** – the document titled “*Information about the asset management services provider*” published on the *Investment portfolios* section of the Asset Manager’s Website.

1.31. **Information about the financial instrument portfolio management services** – the document titled “*Information about the financial instrument portfolio management services*” published on the *Investment portfolios* section of the Asset Manager’s Website.

1.32. **Intermediary** – an intermediary engaged by the Asset Manager or the Bank for execution of Deals with Financial instruments.

1.33. **Investment Policy** – the annex to the Agreement titled “*Investment Policy*”, which contains the essential terms of the Client’s Investment Portfolio Management binding to the Client and the Asset Manager, including types of Deals, investment objects (*inter alia* types of Financial instruments, which in the stated limits can be included in the Investment Portfolio), restrictions and other similar parameters of the investments mutually agreed by the Client and the Asset Manager.

1.34. **Investment Portfolio** – the aggregation of money, Financial instruments and other financial assets, claims and undertakings owned by the Client (including revenues generated from management), which is managed by the Asset Manager on an exclusive basis and which is held in the Cash and Financial Instruments Account of the Client’s Investment Portfolio and/or is being reflected in the Investment Portfolio Report.

1.35. **Investment Portfolio Account** – the Client’s Investment Portfolio’s Financial Instruments Account and/or Money Account with the Bank specified by the Agreement.

1.36. **Investment portfolios section of the Asset Manager’s Website** – <http://www.cblam.lv/en/portfolios/>, including its sub-section “Protection of investor’s interests” on <http://www.cblam.lv/en/portfolios/protection-investors-interests/>.

1.37. **Laws** – laws and regulations applicable to a Party, including legislative acts of the European Union and binding regulations issued by the Financial and Capital Market Commission (Finanšu un kapitāla tirgus komisija) of the Republic of Latvia.

1.38. **LEI code** – a unique 20-character identity code defined by ISO 17442 that identifies distinct legal entities, which engage in global financial market; one unique LEI code can be assigned to each legal entity.

1.39. **Management** – personal management of the Client’s Investment Portfolio carried out in accordance with the Client’s assignment and authorization (portfolio management service), which includes exclusive rights of the Asset Manager to deal with the Investment Portfolio Assets on the Client’s behalf, including their placement, sale, purchase, subscription for, exchange, redemption, underwriting, decision making (including executing voting rights with regard to the Events related to Financial instruments), investment and carrying out any other activity with these Assets provided such activities are not contrary to the requirements of the Investment Policy and the Agreement.

1.40. **Means of Communication** – the means of

communication regarding to the provision of services elected by the Client and/or mutually agreed by the Parties in writing (including sending the information to the Client’s e-mail address, by facsimile, by mail or via the Bank’s Online banking).

1.41. **Minimal amount of the Investment Portfolio** – the minimal amount of the Investment Portfolio specified by the General Fees Schedule or, if not specified, EUR 100,000.00 (one hundred thousand euro) or an equivalent amount in the Base Currency of the Investment Portfolio.

1.42. **Minimal management period of the Investment Portfolio** – 6 (six) months from the establishing of the Investment Portfolio in the amount specified by the Agreement (that is from the date on which the initial amount of the Investment Portfolio specified by the Agreement is fully paid into the Investment Portfolio Account).

1.43. **Money Account** – the Client’s Investment Portfolio Account with the Bank in which the money related to the Deals with Financial instruments is held.

1.44. **non-UCITS investment fund / non-UCITS** – investment fund, which is not a UCITS investment fund, including Alternative investment fund (AIF), non-regulated market fund and non-UCITS ETF.

1.45. **Order** – the Client’s order to the Asset Manager filled in accordance with the requirements provided by the General Rules regarding to the withdrawal of the Client’s Investment Portfolio (partial withdrawal of the Investment Portfolio) or its termination.

1.46. **Parties** – the Client and the Asset Manager.

1.47. **Party** – the Client or the Asset Manager.

1.48. **Pre-Contractual Information on Sustainability** – the document published on the Asset Manager’s Website on the “Investment Portfolios” section containing the information on Sustainability required by Regulation 2019/2088 to be disclosed to the Client prior to entering into an agreement.

1.49. **Privacy Protection Rules** - the document titled “Privacy Protection Rules”, which is published on the “Privacy policy” section of the Asset Manager’s Website.

1.50. **Procedure for Reviewing Suggestions and Complaints** – the document titled “*Procedure for Reviewing Suggestions and Complaints*” published on the *Investment portfolios* section of the Asset Manager’s Website providing the procedure of reviewing suggestions and complaints (disputes) submitted by the Clients of the Asset Manager.

1.51. **Questionnaire** – the document whose form is specified by the Asset Manager by filling whom the Client provides to the Asset Manager information on the Client’s knowledge and experience regarding to investment services, as well as on the investment objectives, the financial situation Sustainability preferences, etc.

1.52. **Report** – a document prepared in accordance with the requirements of the Laws, which provides information on the Investment Portfolio and the balances of the Investment Portfolio Accounts, including the Deals executed during the Reporting period, as well as the balance of the Investment Portfolio at the end of the Reporting period.

1.53. **Reporting period** – the period of time from the first until the last day for which the Report is being prepared to the Client.

1.54. **Risk Profile** – the risk profile of the Client assigned by the Client’s Investment Policy: *Defensive, Balanced or Aggressive*.

1.55. **Sanctions** – any financial, civil or other restrictive measures and/or embargoes (including “sectoral

sanctions"), imposed in whole or in part, directly or indirectly, against designated persons, goods or services, countries or territories, or other organizations by: (a) the United Nations Security Council; (b) the European Union; (c) Latvia, Lithuania or Estonia; (d) the United States of America (including the Office of Foreign Assets Control (OFAC) of the US Treasury); (e) any other country with respect to persons, economic activities, transactions, arrangements or any other activities related to the country concerned; and/or (f) any authorities and bodies of the countries and organizations listed above.

**1.56. Settlement Account** – a Client's settlement account with a Bank or another financial institution other than the Money Account or the Financial Instruments Account assigned to the Client's Investment Portfolio.

**1.57. Special Fees Schedule** – a fees schedule for the services provided by the Asset Manager, which is different from the General Fees Schedule and which has been separately agreed with the Client in writing.

**1.58. Success Fee** – a Fee that is calculated based on the Client's income generated by the Management of the Investment Portfolio.

**1.59. Suggestion** – a written suggestion of recommendatory nature submitted to the Asset Manager by the Client with regard to the Investment Portfolio Management, which is in not legally binding to the Asset Manager whatsoever.

**1.60. Sustainability** – responsible consideration of environmental, social and governance factors without threatening the living standards and opportunities of future generations;

**1.61. Sustainability and Engagement Policy** – the document "Sustainability and Engagement Policy" published on the Asset Manager's Website;

**1.62. Transaction Execution Policy** – the document titled "*Transaction Execution Policy for Provision of Services*", which is published on the *Investment portfolios* section of the Asset Manager's Website and which regulates the execution and performance of transactions in the area of investment services, including the annex to the said document setting forth the list of Intermediaries to whom the Asset Manager issues its orders for execution of Deals.

**1.63. UCITS investment fund / UCITS** – investment fund (UCITS) provided by the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, including UCITS ETF.

## **2. GENERAL PROVISIONS**

2.1. The Asset Manager provides Management of the Client's Investment Portfolio on the grounds of the Investment Portfolio Management Agreement concluded between the Parties.

2.2. These General Rules shall be considered as an annex and integral part of the to the Investment Portfolio Management Agreement concluded between the Parties, which are accepted as binding and applicable by the Party at the moment of signing the Investment Portfolio Management Agreement.

2.3. The Asset Manager is entitled to unilaterally amend the provisions of these General Rules pursuant to the procedure set by the Investment Portfolio Management Agreement and these General Rules. Unless before the effective date of the amendments to the General Rules the Client submits his/her/its objections in writing to the e-mail address of the Asset Manager [asset@cbl.lv](mailto:asset@cbl.lv), or via the Bank's Online banking, it shall be considered that the Client has agreed to the said amendments and accepted them. Shall the Asset

Manager receive the objections sent to its e-mail address [asset@cbl.lv](mailto:asset@cbl.lv) or via the Bank's Online banking but the Parties fail to execute a mutual written agreement in this regard, the amendments shall take effect on the date specified therein and the respective Party shall be entitled to unilaterally terminate the Agreement with immediate effect pursuant to the procedure set by these General Rules.

2.4. If the provisions of the General Rules are contrary to the Investment Portfolio Management Agreement, the provisions of the General Rules shall be applied insofar as:

(a) the provisions of the General Rules are more advantageous to the Client than those stipulated by the Investment Portfolio Management Agreement, and/or

(b) they have been included in the General Rules pursuant to the requirements of the Laws.

2.5. If the Agreement provides that conclusion, amendment or termination of the Agreement shall be made in writing, it shall be deemed that it can also be made electronically if Identification of the Client can be ensured. Identification of the Client shall be considered as ensured if the Client provided the Electronic signature or authenticated himself/herself/itself by means of the Bank's Online banking. If the Client transmitted the order to the Asset Manager electronically as mentioned before, *inter alia* ordered to change the Base Currency or the form of receiving Investment Portfolio Report, and the Asset Manager accepted such a request by executing such a change, it shall be considered, that Parties have agreed on such amendments of the Agreement in writing.

2.6. Requirements provided by the Laws of the Republic of Latvia shall be applicable to interpretation, verification of the legal effect and any other legal aspects of these General Rules or any other part of the Agreement.

2.7. The person signing the Agreement on the Client's behalf by the virtue of his/her signing undertakes in his/her capacity as an individual (natural person) all the Client's obligations provided by the Agreement and is liable for fulfilment of such obligations with all his/her property, as well as undertakes to compensate to the Asset Manager all its damages and expenses related to the Agreement, if at the moment of the concluding of this Agreement this person is not authorized to represent the Client or exceeds his/her powers of authorization or is acting contrary to the interests of the represented Client.

2.8. The Client hereby warrants and affirms that during the effective period of the Agreement the Client:

(a) will ensure the maintenance and undisturbed operation of the Investment Portfolio Accounts, including execution of transactions/Deals with the Investment Portfolio Assets;

(b) will ensure that the Asset Manager has exclusive rights to manage the Investment Portfolio's Assets on the Client's behalf;

(c) without a prior agreement with Asset Manager, will not assign the management of the Client's Investment Portfolio to third parties;

(d) without a prior consent of the Asset Manager, will not transfer, pledge or otherwise encumber the Investment Portfolio's Assets;

(e) will accept all the transactions/Deals with the Investment Portfolio's Assets executed by the Asset Manager as well as any rights and obligations resulting therefrom, provided that the Asset Manager has acted in accordance with the Agreement and has not contradicted the limits of authorization granted to it;

(f) will immediately notify the Asset Manager of any



changes in the information specified by the Agreement or related to it, including but not limited – any change in information submitted by his/her/its Questionnaire, *inter alia* in respect to the Client's knowledge and experience regarding to investment services, investment objectives and financial situation, and Sustainability preferences;

(g) will provide the Asset Manager with all the required information and documents (including the agreement with the Bank on the custody and bookkeeping of the Client's Investment Portfolio, including with all its supplements and amendments) as well as carry out any other activities in order to ensure the provision of services and performance of the Agreement, also in cooperation with the Bank;

(h) will follow and get acquainted to all the amendments made to the General Fees Schedule of the Asset Manager and to these General Rules;

(i) will ensure that all the Client's representations and other information provided by the Client with regard to this Agreement, including the information on the Client and its beneficiaries, experience in the field of investments, as well as on the position of the Client's assets is going to be true, complete and up-to-date;

(j) will not transfer, pledge or otherwise encumber the Client's Assets for the benefit of third parties;

(k) affirms that the Assets to be transferred for Management, including their origin and source will be legal, and neither the Laws nor agreements with third parties will be violated as a result of their transfer and it will not be related to money laundering;

(l) will provide the Asset Manager with all the necessary documents requested by it in order to ensure the Identification of the Client and its representatives as well as verification of the scope of authorization and powers of such representatives;

(m) will not use the Investment Portfolio Assets for any unlawful purposes;

(n) affirms that all the documents and information provided by the Client to the Asset Manager will be true, complete and legally valid.

2.9. The Client, which is legal entity, immediately notifies the Asset Manager in writing about either the LEI code assigned to the Client or its absence. By accepting these General Rules, *inter alia* in the case specified by the Article 2.3., the Client, which is legal entity, during the effective period of the Agreement irrevocably authorizes the Asset Manager to arrange and/or maintain the LEI code of the Client. Nothing provided by this Article of the General Rules shall be considered as a commitment of the Asset Manager to perform activities mentioned before.

2.10. The Agreement may cover Management for several Client's Investment Portfolios – in such case each separate Investment Portfolio has its own Investment Portfolio Account and Investment Policy, which is executed by a separate annex to the Agreement, in which the Parties may agree on such Investment Portfolio's Base Currency, Special Fees Schedule, as well as any other specific provisions applicable to such Investment Portfolio.

2.11. If the Agreement provides an annex for the establishment of a second Investment Portfolio, it shall be considered, that the initial amount of the Investment Portfolio, the Base Currency, the Fees Schedule and Special Provisions stipulated by the front page of the Investment Portfolio Management Agreement shall be applicable only to the first Investment Portfolio covered by the Agreement.

2.12. If the Agreement covers Management of two or more Investment Portfolios, the Asset Manager provides service

to each Investment Portfolio individually and independently from other Investment Portfolios. However the aforementioned in no way limits the rights of the Asset Manager to cover the Fees and/or any other payments provided by the Agreement on the account of other Investment Portfolio's Assets, if respective coverage from the Investment Portfolio, from which such payments have been incurred, is impossible.

2.13. The status assigned to the Client by the Asset Manager (private client, professional client or eligible counterparty) is indicated on the front page of the Investment Portfolio Management Agreement. Client's interests protection measures applicable to the assigned status, the rights to request different status and any limitation to the level of Client's protection that a different categorization would entail can be found by the Client on the Asset Manager's Website in the document "Description of statuses assignable to clients".

2.14. The Asset Manager does not:

(a) outsource the Management of the Client's Investment Portfolio to third persons, including the Management of any part of the Assets of the Investment Portfolio;

(b) perform custody of the money assets and Financial instruments (including certificates of the investment funds) under Management;

(c) provide any investment advice nor recommendations, including to any potential Client.

2.15. If the Agreement is concluded as a distance contract, the Client is entitled to exercise the right of withdrawal and unilaterally terminate the distance contract within 14 (fourteen) days from the date of its conclusion by submitting a relevant notice to the Asset Manager. If the Client has not exercised the right of withdrawal, the concluded Agreement is binding on the Parties from the day of its conclusion. The transfer of Assets to the Investment Portfolio Account by the Client shall be deemed to be the Client's consent to the performance of the Agreement and commencement of the Management. The Client's notice on the exercise of the right of withdrawal is simultaneously considered to be the Client's Order on termination of the Investment Portfolio and the Client's consent to the provisions of Articles 10.2.(b). – 10.2.(n). of the General Rules. If the Client exercises the right of withdrawal, the Client shall reimburse all applicable Fees as well as any other payments due under the Agreement. The Client may not exercise the right of withdrawal in relation to Deals and transactions initiated within the framework of the Management.

2.16. The Client is obliged to carefully become acquainted with the documents and information provided by the Agreement and/or these General Rules (including those published on the Assets Manager's Website) and to keep up to date with any amendments thereto. The Client shall be bound by all provisions of the documents and information provided by the Agreement and/or these General Rules, including those which have been amended.

2.17. If grounds for termination of the Agreement exist, the Asset Manager is entitled, at its sole discretion, impose restrictions on the provision of services, including but not limited to, which are related to Sanctions, money laundering, terrorist financing, proliferation and/or any other violations of the Law.

2.18. The Asset Manager is entitled to suspend the provision of services in whole or in part for such period as is necessary to obtain and evaluate information and documents to comply with Sanctions, anti-money laundering, anti-terrorist and/or anti-proliferation financing and/or other requirements and restrictions of the Laws.

2.19. By receiving the services provided by the Manager under the Agreement, the Client has received, read, understood and accepted the terms and conditions of the services contained by the Asset Manager's Sustainability and Engagement Policy, Pre-contractual Information on Sustainability and the information published on the Asset Manager's Website at <https://www.cblam.lv/en/sustainability/>.

### **3. BANK, THE INVESTMENT PORTFOLIO'S MONEY AND FINANCIAL INSTRUMENTS ACCOUNTS**

3.1. Together with concluding the Agreement, the Client shall enter into an agreement with a Bank pre-accepted by the Asset Manager providing the custody and keeping of records of the Client's Investment Portfolio setting forth, *inter alia*, the exclusive rights of the Asset Manager to execute transactions/Deals with the Investment Portfolio Assets on the Client's behalf. The Investment Portfolio Accounts of the Client (the Financial Instruments Account and the Money Account) shall be identified by the agreement specified by this Article.

3.2. The Asset Manager performs the Client's Investment Portfolio Management only with such credit institutions, which are accepted as cooperation partners in this realm. Prior to entering into the above-mentioned agreement referred by the Article 3.1. of the General Rules, the Client shall clarify that the respective credit institution is accepted by the Asset Manager for the provision of its services.

3.3. On the Asset Manager's request, the Client shall submit to the Asset Manager the original counterpart of the agreement with a Bank referred by the Article 3.1. of the General Rules or, subject to a prior consent of the Asset Manager, a copy of the said agreement which is certified by the Client.

3.4. The Client shall obtain the Asset Manager's approval of any amendments to the agreement concluded with a Bank referred by the Article 3.1. of the General Rules, which are initiated and/or directly accepted by the Client before such amendments take effect. If the said approval is not granted within 14 (fourteen) days of submitting the draft amendments in writing to the Asset Manager and the amendments take effect, the Asset Manager is entitled to terminate the Agreement pursuant to the procedure set forth therein and/or to claim the recovery of damages incurred by the Asset Manager.

3.5. On the Asset Manager's request, the Client shall immediately provide sufficient funds in the Money Account, which are necessary for settlement of the Fees or other expenses specified in the Agreement. Shall the Client fail to provide the said funds in the Money Account of the Investment Portfolio within 5 (five) Business Days from the Asset Manager's written request, the Client hereby agrees that via Bank the said Fees and expenses may be withheld from any Client's Settlement Account with the Bank.

3.6. The Client hereby agrees that for the settlement of the Fees or other expenses specified by the Agreement (including but not limited to any tax and duty charged to the Client, service fees of the Bank or any other third parties) the Asset Manager is entitled to sell the Financial instruments of the Client and/or terminate the executed Deals.

3.7. The Asset Manager is entitled without the Client's consent to perform exchange of currencies held in the Money Account if the funds are necessary for the settlement of the Fee or other expenses specified by the Agreement, including execution of the Client's Order, payment of the Client's debt (denominated in another currency) or if the balance of the respective currency in the Money Account is

insufficient to execute a Deal.

3.8. The Client hereby agrees that in the cases listed below the Asset Manager without the Client's consent is entitled via the Bank to withhold money from the Money Account and/or to sell Financial instruments from the Financial Instruments Account:

(a) to cover the due Fees and expenses under the Agreement; and/or

(b) if the transfer of Assets into the Client's Investment Portfolio Account has been carried out without any legal grounds, including by mistake or due to a technical error; and/or

(c) to offset the Asset Manager's claims against the Client; and/or

(d) in other cases specified by the Agreement and/or the Laws.

### **4. ASSET MANAGER'S FEE, FEES SCHEDULES AND EXPENSES**

4.1. The Client shall pay to the Asset Manager the remuneration specified by the Agreement in accordance with the Fees Schedule.

4.2. The Fees for the services are charged in accordance with the General Fees Schedule unless the Special Fees Schedule provides otherwise. If the Parties have agreed to a Special Fees Schedule, all fees provided by the General Fees Schedule, which are not specified by the Special Fees Schedule, shall be applicable to the Client.

4.3. The Asset Manager is entitled to amend unilaterally the Fees Schedule pursuant to the procedure specified by the Investment Portfolio Management Agreement and the General Rules. Unless the Asset Manager receives the Client's objections sent to its e-mail address [asset@cbl.lv](mailto:asset@cbl.lv) or via Bank's Online banking until the effective date of the amendments, it shall be considered that the Client has accepted the respective amendments. Shall the Asset Manager receive the Client's objections against the amendments to the General Fees Schedule sent to its e-mail address [asset@cbl.lv](mailto:asset@cbl.lv) or via Bank's Online banking until the effective date of the amendments, the Parties shall either agree on a Special Fees Schedule applicable to the Client or, shall the Parties fail to reach such an agreement, the amendments to the General Fees Schedule shall take effect on the specified date and the Client may unilaterally terminate the Agreement pursuant to the procedure prescribed therein.

**4.4. The Fee for the management of the Client's Investment Portfolio** is calculated and paid as follows:

(a) the remuneration due to the Asset Manager for the management of the Investment Portfolio is calculated for each calendar month based on the fixed percentage rate specified by the Fees Schedule, which is charged to the value of the Assets in the Client's Investment Portfolio, including:

- the rate specified by the Fees Schedule applicable to the portion of the Investment Portfolio (including money), which has not been invested in the investment funds managed by the Asset Manager;
- the rate specified by the Fees Schedule applicable to the portion of the Investment Portfolio invested in the investment funds managed by the Asset Manager;

(b) the remuneration for the management of the Investment

Portfolio is based on the average value of the respective Investment Portfolio Assets in the Reporting period assuming the base of 360 days per year, and is calculated according to the following formula:

$$C_m = \frac{V_{vid} * R_1}{360} * D_{sk}$$

- $C_m$  – the Asset Manager’s the Fee for the management of the Investment Portfolio;
- $V_{vid}$  – the average value of the Investment Portfolio Assets in the Reporting period;
- $R_1$  – the Fee rate;
- $D_{sk}$  – the actual number of days in the Reporting period;

(c) The average value of the Client’s Investment Portfolio Assets in the Reporting period ( $V_{vid}$ ) is calculated as arithmetic average according to the following formula:

$$V_{vid} = \frac{\sum_{t=1}^n V_t}{n}$$

- $V_{vid}$  – the average value of the Investment Portfolio Assets in the Reporting period;
- $V_t$  – the value of the Investment Portfolio’s Assets on the day  $t$ ;
- $n$  – the number of days in the Reporting period;

(d) the Fee specified by this Article of the General Rules, which is payable for the respective month shall be withheld from the Money Account of the Investment Portfolio via the Bank until the 5th (fifth) Business Day of the following month subject to the provisions prescribed by the Articles 3.5. – 3.8. of the General Rules.

**4.5. The Fee for the Client’s income generated as a result of the management of the Investment Portfolio (Success Fee) is calculated and paid as follows:**

(a) the Success Fee is calculated for each calendar month based on the fixed percentage rate specified by the Special Fees Schedule, which is charged to the Investment portfolio appreciation in excess of the benchmark:

(b) the Success Fee is calculated from the net increase in the value of Client’s Assets during the Reporting period in accordance with the following formula:

$$C_t = MAX(0; I_{tp}) * R_2$$

- $C_t$  – the Asset Manager’s Fee for the Client’s income generated as a result of the management of the Investment Portfolio;
- $I_{tp}$  – the net increase of the Client’s Assets value in the Reporting period;
- $R_2$  – the fixed remuneration rate specified by the Special Fees Schedule of the Agreement, which is charged to the excess return;

(c) the net increase of the Client’s Assets value in the Reporting period ( $I_{tp}$ ) is obtained by subtracting from the Client’s Assets value at the end of the Reporting period: (i) the Client’s Assets value at the beginning of the Reporting period; (ii) the amount by which the Client’s Assets value should have increased if the increase was equal to the comparative benchmark’s increase for the respective Reporting period; (iii) the net increase in Assets due to additions to or withdrawals from the Investment Portfolio in the respective Reporting period;

(d) the benchmark is a rate of return, which the Asset Manager seeks to surpass in managing the Client’s Investment Portfolio and which is specified in the Special Fees Schedule of the Client; if the benchmark is not specified in the Special Fees Schedule of the Client, it is deemed to be set at the rate of 0%;

(e) Success Fee shall be applicable only if the value of the Investment Portfolio exceeds the highest value of the Investment Portfolio (after withholding of fees) in any other previous date, when Success Fee was applicable (*HighWaterMark*);

(f) if since the date, when the highest *HighWaterMark* value of the Investment Portfolio was fixed, any Assets were moved in/out of the Investment Portfolio due to the increase/withdrawal of the Investment Portfolio, the *HighWaterMark* value is adjusted accordingly – that is increased or decreased by the net value of the Assets transferred in or out of the Investment Portfolio since the date, in which the highest *HighWaterMark* value was fixed;

(g) the starting value of Assets for the calculation of the Success Fee, is either the value of the Assets initially transferred for Management, in case of a new Agreement, or the value of the Assets on the date when Success Fee is applied to an existing Agreement;

(h) if the net increase of the Client’s Assets value in the Reporting period ( $I_{tp}$ ) is negative, the Success Fee for the respective Reporting period is not applicable;

(i) each time the Success Fee is paid, the value of the Investment Portfolio is set as the historically highest value of the Investment Portfolio or *HighWaterMark*, and is used for fee calculations for the following Reporting periods as provided by the Article 4.5. of the General Rules;

(j) for a newly established Investment portfolio the Success Fee shall be calculated starting from the first date of the Reporting period following the moment of establishment; in case the rate and/or calculation method is amended for an existing Investment portfolio, such amendments shall be applicable starting from the first date of the Reporting period following the moment such amendments take effect;

(k) if during the Reporting period cash and/or Financial Instruments are transferred in and/or out of the Investment Portfolio, as a result of the increase and/or withdrawal of the Investment Portfolio, then the amount provided by the Article 4.5.(c).(ii). of the General rules shall be calculated from the value of Assets at the beginning of the Reporting period; the net value of the transferred assets shall be included in the calculations starting from the following Reporting period;

(l) notwithstanding the above, the Asset Manager is entitled to calculate, apply and withhold the Success Fee on a quarterly basis – in such case within the scope of the General Rules the Reporting period is considered a calendar quarter;

(m) the benchmark provided by the Article 4.5. of the General Rules shall not in any way be determined by the benchmark provided by the Article 11.10. of the General Rules, which is provided to assist to the Client to assess the performance of the Management.

(n) the Success Fee, which is calculated in respect of the previous period for which the Fee is due shall be withheld from the Money Account via the Bank until the 5th (fifth) Business Day of the following month subject to the provisions of the Articles 3.5. – 3.8. of the General Rules.

**4.6. the Fee for the complete or partial withdrawal of the Investment Portfolio prior to expiry of the Minimal management period of the Investment Portfolio shall be calculated and paid as follows:**

(a) the Asset Manager can charge the respective Fee if the Client terminates/withdraws the Investment Portfolio or its part before expiration of the Minimal management period of the Investment Portfolio;

(b) the Fee shall be calculated as a fixed percentage rate, which is chargeable to the total value of the Assets

withdrawn in accordance with the following formula:

$$C_{izn} = S_{izn} * R_3$$

- $C_{izn}$  – the Fee payable to the Asset Manager for withdrawal of the Investment Portfolio or its part;
- $S_{izn}$  – the total amount of the Assets withdrawn from the Investment Portfolio;
- $R_3$  – the fixed rate to be charged for the complete or partial withdrawal of the Investment Portfolio prior to expiry of the Minimal management period of the Investment Portfolio;

(c) the rate to be charged for the complete or partial withdrawal of the Investment Portfolio prior to expiry of the Minimal management period of the Investment Portfolio can be provided by the General Fees Schedule; if the said rate is not specified in the General Fees Schedule it shall be considered as provided by rate 1% (one per cent) from the value of portion of the Investment Portfolio to be withdrawn;

(d) the value of the Investment Portfolio or its part shall be valued as at the date on which the Investment Portfolio is fully or partially withdrawn from the Management;

(e) the Fee shall be withheld via the Bank subject to the provisions of Articles 3.5. – 3.8. of the General Rules;

(f) if the Client completely or partially withdraws the Investment Portfolio prior to expiration of the Minimal management period of the Investment Portfolio due to the fact that the Client has terminated the Agreement because he/she/it does not accept the amendments to the General Fees Schedule with regard to the amount of the Fee specified by this Article 4.6. of the General Rules, the respective Fee payable by such Client shall be charged at the previous rate.

4.7. **Entry charge** is a fee payable to the Asset Manager for the initial allocation of the cash in Client's Investment Portfolio to Financial instruments. Entry charge is calculated for the each Deal, where cash that has been transferred for establishment or increase of the Investment Portfolio is used for purchase of Financial instruments. The fee applicable to the amount of such Deal is provided by the Fees Schedule. If the Fees Schedule provides rates of Entry charges within certain limits, the applicable fee is determined by considering the Client's Risk Profile and the amount of the Investment Portfolio. The Entry charge is not applicable to those Deals, where the cash used for the purchase of Financial instruments is from previous transactions within the portfolio, including from the Deals of sale of Financial instruments in the Investment Portfolio.

4.8. The Fee payable to the Asset Manager shall be withheld via the Bank in the Base Currency of the Investment Portfolio.

4.9. Shall the Client withdraw from the Management the Investment Portfolio completely, the Client shall pay all the Fees and expenses provided by the Agreement for the last Reporting period until the day the Investment Portfolio is withdrawn on the day the Investment Portfolio is withdrawn. If on the day the Investment Portfolio is withdrawn the Fees and expenses cannot be calculated and/or are not known, the Asset Manager at its own discretion may specify the amount of the Financial collateral in the amount corresponding to the applicable Fees and expenses (including but not limited to the taxes and fees payable by the Client, service fees of the Bank and any other third parties) and via the Bank retain the respective funds of the Client in any account of the Client with the Bank. If there is a negative balance on the Client's account upon withdrawal of the Investment Portfolio, it shall be settled pursuant to the requirements prescribed by the Bank.

4.10. The Client shall compensate all expenses incurred by the Asset Manager, which are related to the Investment Portfolio Management, Deals, servicing and maintenance of the Investment Portfolio Accounts (including the fees of the Intermediaries, etc.).

4.11. The applicable taxes, duties or other similar expenses, if any, are not included in the remuneration of the Asset Manager and/or third parties.

4.12. In addition to the Fees, the Client shall compensate the Asset Manager for any other expenses specified by the Agreement which incurred in the course of providing the services (including but not limited to the taxes, duties and similar charges payable by the Client, service fees of the Bank and any other third parties). The Asset Manager is entitled to cover the expenses specified by this Article from the Investment Portfolio Assets without the Client's additional consent.

4.13. The Bank fees and other expenses shall be compensated by the Client in accordance with the rates applied by the Bank on the grounds of the agreement between the Client and the Bank, including but not limited to: (a) the fee for the opening of the Investment Portfolio Accounts; (b) the servicing fee of the Investment Portfolio Accounts; (c) any interest charged for a negative balance in the Money Account; (d) any other payments specified by the framework of the mutual contractual relationship between the Client and the Bank. The Asset Manager is not liable for any tariffs, fees (including their amendments) of the Bank and any persons related to the Bank. The Asset Manager is under no obligation to notify the Client about the changes in the scope and amounts of the applicable payments and expenses related to the Bank.

4.14. The Fees and all the expenses related to the Investment Portfolio shall be compensated also in the event of the Client's death.

## 5. INVESTMENT POLICY

5.1. The Investment Policy of the Client is set according to the Risk Profile (*Defensive, Balanced or Aggressive*) assigned by the Asset Manager to the Client depending on aims, risk degree and specific limitations of the Management that are suitable to the particular Client by offering the Client one of the three corresponding investment strategies:

(a) **Defensive investment strategy:** this strategy primarily focuses on the preservation of capital, investing mostly in low risk fixed income investments (bonds issued by developed country governments and investment grade companies); part of the Assets of the investment portfolio can be invested in high yield bonds, closed-end bond funds, open-end balanced funds; small part of Assets can be invested in equity funds; characteristics to this strategy are high liquidity of the client's investment portfolio and small volatility as well;

(b) **Balanced investment strategy:** this strategy aims to increase the value of the portfolio by combining assets with various degrees of risk, which through diversification allow maintaining a moderate level of portfolio risk; this strategy is more aggressive than the Defensive investment strategy and is suitable for investors who desire investing for a longer term; Assets can be placed in money market funds, investment grade bonds, open-end bond and equity funds, and deposits; significant part of the of the Investment portfolio's Assets can be invested in high yield bonds and closed-end bond funds; part of the Assets can be invested in equities, Alternative investment funds and other funds;

(c) **Aggressive investment strategy:** this strategy aims at increasing the long term capital appreciation by assuming



higher risk of short term fluctuations; Investment portfolio includes higher risk, higher yielding Financial instruments; Assets are invested in money market funds, bonds, balanced funds, deposits, equities, open-end equity funds and other funds; Investment portfolio managed within this strategy can be characterized with a low level of liquidity as well as higher volatility.

5.2. In the process of managing the Client's Investment Portfolio the Asset Manager shall comply with the Investment Policy. All Deals with the Investment Portfolio Assets, which are executed by the Asset Manager in compliance with the Investment Policy, as well as the respective rights and obligations arising thereof shall be deemed as accepted by the Client. It is forbidden for the Asset Manager to perform Deals, where under the initiative of the Asset Manager Financial instruments are purchased or obtained, which are not covered by the Investment Policy or the maximum limit of such Financial instruments is breached.

5.3. Any amendments to the Investment Policy shall be made in writing. After any amendments to the Investment Policy are made, the Asset Manager shall adjust the Investment Portfolio to ensure its compliance with the amended Investment Policy.

5.4. By signing the Agreement, the Client is aware and agrees that:

(a) due to the risks specified by the Agreement or to certain market conditions, including fluctuations of the market values of Financial instruments, or to the particular features of the planned Deals, or to any circumstances affecting the composition of Assets in the Investment Portfolio and the respective obligations (for instance low liquidity of the Financial instruments, encumbrances imposed on the Financial instruments, and such like) the Asset Manager may not always be in a position to ensure continuous compliance with the Investment Policy; shall the said circumstance occur, the Asset Manager shall perform reasonable activities to achieve the compliance of the Investment Portfolio to the Investment Policy, unless the Asset Manager and the Client agree otherwise;

(b) after execution of the Client's Order regarding withdrawal of a portion of the Investment Portfolio, the Asset Manager may not always be in a position to ensure compliance with the Investment Policy and under these circumstances the Asset Manager is not liable for the breach of the Investment Policy.

5.5. The Client waives any action against the Asset Manager with regard to the non-compliance of the Investment Portfolio to the Investment Policy if:

(a) The Investment Portfolio is adjusted to the amendments of the Investment Policy; and/or

(b) the Investment Portfolio is in the process of being established, increased, decreased and/or terminated; and/or

(c) the Client transfers for Management additional Financial instruments, including the Financial instruments, which do not correspond to the Client's Risk Profile and/or Investment Policy; and/or

(d) via the Bank the money is being withheld or Financial instruments are being sold in order to settle the payments due under the Agreement; and/or

(e) any of the circumstances specified by the Article 5.3. of the General Rules has occurred; and/or

(f) the value of the Investment Portfolio's Assets is smaller than 30% (thirty per cents) from the Minimal amount of the Investment Portfolio;

(g) third persons, including the Bank, are executing pledges or any other encumbrances regarding the Assets, including, but not limited to, the executing such a financial pledge, for which the agreement is concluded by the Client either with/without consent of the Asset Manager;

(h) the breach of the Investment Policy has occurred due to the reasons beyond the Asset Manager's control, including due to Financial instruments, which are obtained/amended due to the Events.

5.6. The Investment Policy shall be considered, *inter alia*, the Client's authorization to the Asset Manager to make investments and Deals pursuant to the Investment Policy, including not only execution of the respective specific Deals but also entering into any master agreements required for the execution of any such Deals, as well as concluding any other auxiliary agreements in this respect, without which the performance of such Deals is impossible or difficult.

5.7. If not provided contrary by the Investment Policy, it shall be considered, that the Client agreed to all kinds of the Deals, with whom acquired, established or ceased such Financial instruments, which meet the investment types provided by the Investment Policy, including purchase, sale, redemption, placement, subscription for, exchange, underwriting, and conclusion, amendment or termination of deals, including the Deals in regulated markets (stock exchanges), multilateral trading facilities, trading venues, systemic internalizers, market providers, other providers of liquidity and such like organizations.

5.8. The Asset Manager is entitled to request the Client to submit his/her/its Questionnaire with complete information provided by it in the form and term requested by the Asset Manager. Aforesaid in no way limits any rights and duties of the Client to notify the Asset Manager about any changes in information previously provided by the Questionnaire.

5.9. The Asset Manager is entitled to amend the assigned Risk Profile (*Defensive, Balanced* or *Aggressive*) considering the information provided by the Client or at its own discretion. In such case, if the new Risk Profile no more corresponds to the effective Investment Policy:

(a) within 30 days since the Asset Manager has notified the Client about the reassignment of his/her/its Risk Profile, the Client and the Asset Manager agrees on the Investment Policy corresponding to the new reassigned Risk Profile by amending the Agreement;

(b) if the Client in the aforementioned term has not signed the respective amendments of the Agreement regarding Investment Policy, it shall be considered, that the Client agrees that the Asset Manager is entitled to perform the Management of the Investment Portfolio in accordance to the new reassigned Risk Profile as far as not overreaching the maximum investment limits/restrictions of the effective Investment Policy – for example (i) to manage a previously *Aggressive* Risk Profile Investment Portfolio in accordance with the investment limits/restrictions applicable to the *Defensive* or *Balanced* Risk Profile, or (ii) to manage a previously *Balanced* Risk Profile Investment Portfolio in accordance with the investment limits/restrictions applicable to the *Defensive* Risk Profile;

5.10. The provision of the Article 5.9.(b). of the General Rules is not applicable, if new reassigned Risk Profile is *Aggressive*, but effective Investment Policy corresponds to *Defensive* or *Balanced* Risk Profile, or if the new reassigned Risk Profile is *Balanced*, but effective Investment Policy corresponds to *Defensive* Risk Profile. In such case the respective increase of maximum investment limits/restrictions is allowed only, if the respective amendments of the Investment Policy are executed.

5.11. The investment limits/restrictions applicable to the respective Risk Profile (*Defensive, Balanced or Aggressive*) are fixed by the Asset Manager at its own discretion generally for all the clients in a standardized manner, considering that such limits are applicable to the Client as far as they do not contradict the effective Investment Policy.

## 6. RISKS RELATED TO THE INVESTMENTS OF THE INVESTMENT PORTFOLIO

6.1. By signing the Agreement, including by becoming acquainted and accepting these General Rules, the Client and the person signing the Agreement on the Client's behalf affirms that the Client possesses sufficient knowledge and experience in order to assess and undertake the risks related to the investments in Financial instruments and Management of the Investment Portfolio, including the risk of complete or partial loss of capital, which is related to the following main risks:

(a) **Economic risk** – possibility to suffer additional expenditures and/or loss due to adverse events of economic nature; the economic risk is related to: **price risk** – possibility to suffer additional expenditures and/or loss due to Financial instruments' price fluctuation; **currency risk** – possibility to suffer additional expenditures and/or loss due to adverse exchange rate fluctuations, including where the investment currency differs from the Base Currency of the Investment Portfolio, which may increase or reduce the profit or loss generated in non-Base Currency; **interest rate risk** – possibility to suffer additional expenditures and/or loss due to adverse market fluctuations resulting in changes of interest rates in the financial markets; Economic risk has impact either on the generated income and the value of the Investment Portfolio;

(b) **Inflation risk** – possibility to suffer additional expenditures and/or loss due to deflation of currency and decrease of its purchasing power;

(c) **Liquidity risk** – possibility to suffer additional expenditures and/or loss due to insufficient market liquidity, that is difficulty or impossibility of selling the currency or the Financial instruments within the desired time and in the desired amount; in respect of certain Financial instruments the liquidity can result from overdue or incomplete fulfillment of obligations by the business partners; Liquidity risk can be related to certain Financial instruments and/or their respective market or to overall market liquidity shortage (liquidity crisis); in some cases liquidity risk may result in impossibility of selling Financial instruments, which, in turn, may cause breach of the Investment Policy, as well as create obstacles for withdrawing the Investment Portfolio completely or in part;

(d) **Financial instrument risk** – depends on the category of the Financial instruments involved: shares, bonds, money market instruments, derivative Financial instruments and such like; certain Financial instruments are highly volatile, which may contribute to the expected return but may also generate loss;

(e) **Financial instrument issuer risk** – possibility to suffer additional expenditures and/or loss due to value decrease or loss of the Financial instruments resulting from the failure of the respective issuer to meet its obligations, its poor financial performance, insolvency and such like;

(f) **Industry risk** – possibility to suffer additional expenditures and/or loss due to fluctuations specific to Financial instruments in certain industries; this risk can be mitigated by investing the Investment Portfolio Assets in a variety of economy sectors;

(g) **Intermediary/Bank risk** – possibility to suffer additional

expenditures and/or loss due to an action or omission of an Intermediary/Bank (including amendments in the terms of providing service, fraud, negligence, improper custody of Assets held by Intermediary/Bank and such like) or due to the flaws in the system of safe custody of Financial instruments on behalf of third parties in certain countries;

(h) **Intermediary/Bank insolvency risk** – complete or partial loss, or continuous inaccessibility of the Client's Financial instruments, impeded or impossible execution of orders, impossibility to exercise rights vested in the Financial instruments (for example voting rights) or unavailability of information, which is caused by the insolvency (bankruptcy) or other similar proceedings suspending the operation of the Intermediary/Bank holding the Client's Financial instruments or involved in the execution of orders; the custody of the Financial instruments can be subject to the foreign Laws or market practice, which is significantly different from the Laws or market practice effective in the Republic of Latvia, moreover, the Client's rights to the Financial instruments can be affected by unanticipated resolutions of the legislative, executive and/or judicial authorities of the respective country; the Client may fail to recover the Financial instruments, yet, in the course of the insolvency proceedings of the Intermediary/Bank their value may be completely or partially compensated in money after the value of the Financial instruments is assessed in accordance with laws and regulations of the respective country; in the case of Intermediary's insolvency or other similar proceedings, there is a risk that neither the Financial instruments nor their value in money can be recovered;

(i) **Non-performance risk** – possibility to suffer additional expenditures and/or loss due to non-performance of obligations assumed by a market participant towards the Client or the Asset Manager for the Client's benefit, or insolvency of such market participant, or suspension of its operation;

(j) **Legal risk** – possibility to suffer additional expenditures and/or loss due to any amendments to the Laws or implementation of any resolutions/enactments of legislative, executive or judicial authorities resulting in seizure or other types of blocking regarding to the Assets (including held by an Intermediary), which prevents the free disposal of Assets;

(k) **Foreign laws application risk** – possibility to suffer additional expenditures and/or loss due to application of the Laws or market practice of the country where the Intermediary is registered, which are significantly different from the Laws and market practice of the Republic of Latvia regarding to the custody or bookkeeping of the Financial instruments, as well as actions, omissions and liability of the Intermediary or sub-Intermediary engaged by the Intermediary for the purposes of custody, and the Client's right to the Financial instruments can be affected by unanticipated resolutions of the legislative, executive or judicial authorities of these foreign countries;

(l) **Country or political risk** – possibility to suffer additional expenditures and/or loss due to any trade or circulation restrictions imposed in respect of the Assets as a result of events affecting political or economic stability or further development of the country or region, including corruption in the administrative or financial system of the country, introduction of economic sanctions against the country as a whole or against any specific individual or legal entity, including to combat terrorism and/or money laundering;

(m) **Operational risk** – possibility to suffer additional expenditures and/or loss due to a failure of electronic or other systems, flaws in financial and capital market infrastructure, network disruption, as well as faults of Deals execution technologies, Management, recording and control procedures or action/omission of the staff and/or unlawful

activities of third parties, including fraud, forgery and such like;

(n) **Communication risk** – possibility to suffer additional expenditures and/or loss due to disruptions in operation of software or electronic devices of the Client or a third party, data transmission error, unauthorized access, distortion of information to be submitted and such like;

(o) **System risk** – possibility to suffer additional expenditures and/or loss due to the problems with technical equipment or communication devices of Intermediaries or other institutions involved in Management of the Investment Portfolio, impeding timely execution of settlements or Deals;

(p) **Information risk** – possibility to suffer additional expenditures and/or loss due to unavailability of actual and complete information on the prices of Financial instruments, currency exchange rates, or trends of the financial and capital market.

(q) **Sustainability risk** – possibility of suffering additional expenditures and/or losses due to ignoring environmental, social and governance events or conditions, also adversely affecting the standard of living and opportunities of future generations.

6.2. By signing the Agreement, including by becoming acquainted and accepting these General Rules, the Client affirms that:

(a) the Client understands that the risks inherent in the investments in Financial instruments are not mitigated by transferring the Assets to the Asset Manager for Management;

(b) the Client has read the Description of risks related to financial instruments, which is available on the *Investment portfolios* section of the Asset Manager's Website;

(c) the Client has been provided with complete and comprehensive information on the risks related to the investments in Financial instruments and Investment Portfolio Management, and the Client is aware that listing of all the risks is impossible and the Asset Manager can only disclose the most substantial of them;

(d) the Client undertakes all the risks related to the investments in Financial instruments and Investment Portfolio Management, including the risks provided by the Chapter 6 of the General Rules, and hereby waives any claims against the Asset Manager with regard to recovery of losses/damage incurred due to occurrence of any of such risk events.

6.3. If a professional client or eligible counterparty status is assigned to the Client, it shall be considered that the Client has sufficient experience and knowledge to understand all investment risks, including those specific to the particular types of Financial instruments.

## **7. ESTABLISHMENT OF INVESTMENT PORTFOLIO**

7.1. The Client's Investment Portfolio is initially established pursuant to the procedure prescribed by these General Rules by transferring by the Client to the Investment Portfolio Accounts in amount specified by the Agreement Client's:

(a) money assets from the Client's Settlement Account; and/or

(b) Financial instruments, subject to the Asset Manager's consent and provided that the Asset Manager and the Client have made a written agreement in this regard, specifying the name, the ISIN code and the amount of the respective Financial instruments.

7.2. Unless the Client and the Asset Manager agreed otherwise, the Client shall transfer the assets indicated in the previous Article of the General Rules in the specified amount into the Investment Portfolio Accounts within 30 (thirty) calendar days from the date of concluding of the Agreement. Shall the Client fail to comply with the deadline specified by this Article of the General Rules, the Asset Manager is entitled to terminate the Agreement.

7.3. The Asset Manager is entitled to commence the Investment Portfolio Management as soon as the Assets are transferred into the Investment Portfolio Account by the Client.

7.4. The Asset Manager is entitled to refuse to accept for Management the financial instruments whose type and/or amount do not correspond to the agreement specified by the Article 7.1.(b). of the General Rules. The Asset Manager is entitled to sell the Financial instruments transferred by the Client, which do not comply with the Client's Risk Profile and/or Investment Policy.

7.5. Unless the Parties have reached a mutual explicit agreement to the contrary, it shall be considered that the Minimal management period of the Investment Portfolio is 6 (six) months from establishing the Investment Portfolio in the amount specified by the Agreement.

7.6. Unless the Parties have reached a mutual explicit agreement to the contrary, it shall be considered that the Asset Manager has not issued any guarantees with regard to the Bank's ability to transfer the Financial instruments accepted by the Asset Manager as apt to be included in the Investment Portfolio to the Financial Instruments Account.

7.7. The Asset Manager is entitled not to commence the Investment Portfolio Management if the Client has failed to transfer the Assets into the Investment Portfolio Account in the amount and manner specified by the Agreement.

7.8. The Asset Manager is entitled, at the Client's expense, to transfer back from the Investment Portfolio Account all of the Client's Assets:

(a) whose amount or the procedure according to which they were received does not comply with the terms of the Agreement, including the money was not transferred from the Client's Settlement Account; and/or

(b) in whose respect the Asset Manager suspects money laundering, connection with financing of terrorism and/or proliferation and/or other violations of the Laws.

## **8. ADDITION OF ASSETS TO AN INVESTMENT PORTFOLIO**

8.1. Subject to a prior consent of the Asset Manager, during the validity period of the Agreement the Client is entitled to increase Investment Portfolio pursuant to the procedure prescribed by these General Rules by transferring by the Client to the Investment Portfolio Accounts Client's:

(a) money assets from Client's Settlement Account; and/or

(b) the Client's Financial instruments, subject to the Asset Manager's consent and provided that the Asset Manager and the Client have made a written agreement in this regard, specifying the name, the ISIN code and the amount of the respective Financial instruments.

8.2. Unless the Parties have reached a mutual explicit agreement to the contrary, it shall be considered that the Asset Manager has not issued any guarantees with regard to the Bank's ability to transfer the Financial instruments accepted by the Asset Manager as apt to be included in the Investment Portfolio to the Financial Instruments Account.

8.3. Shall the money and/or Financial instruments be



transferred to the Investment Portfolio Financial Instruments Account without the Asset Manager's written consent, the Asset Manager is entitled to refuse to accept them for Management and *inter alia*, not apply the terms of the Investment Policy to such Financial instruments. In such cases, the Asset Manager returns the respective Assets to the Client, covering the respective costs at the Client's expense.

8.4. The Asset Manager is entitled not to accept for Management the money and/or Financial instruments paid/transferred with an aim of increasing the Investment Portfolio if the termination of the Agreement has been commenced. In the case specified by this Article, the Asset Manager returns the respective Assets to the Client covering the respective costs at the Client's expense.

8.5. The Asset Manager is entitled to refuse for Management the Financial instruments whose type and/or amount do not correspond to the agreement specified by the Article 8.1.(b). of the General Rules. The Asset Manager is entitled to sell the Financial instruments transferred by the Client, which do not comply with the Client's Risk Profile and/or Investment Policy.

8.6. The terms provided by Article 7.8. of the General Rules are applicable to the increase of the Investment Portfolio as well.

## **9. WITHDRAWAL OF ASSETS FROM AN INVESTMENT PORTFOLIO**

9.1. The Client is entitled to withdraw a portion of the Investment Portfolio at any time thus partially reducing the amount of the Investment Portfolio, by issuing a respective Order to the Asset Manager and:

- (a) sending it via the Bank's Online banking; or
- (b) arriving in person at the Asset Manager's office to submit and sign the Order in writing; or
- (c) arriving in person at the Bank's customer service center or branch to submit and sign the Order in writing; or
- (d) signing it with Electronic signature and sending it to the Asset Manager's e-mail address.

9.2. The Order shall provide, *inter alia*, the following information:

- (a) the Identification data of the Client;
- (b) the number of the Agreement and/or the Investment Portfolio Account number;
- (c) the amount of money, which the Client is willing to withdraw from the Investment Portfolio.

9.3. The Client undertakes, on the Asset Manager's request, to provide and submit in writing any other information, which the Asset Manager considers necessary and/or relevant to the withdrawal of Investment Portfolio share.

9.4. The portion of the Investment Portfolio to be withdrawn as money Assets, shall be withdrawn in accordance in compliance with following rules:

- (a) the Client shall submit a respective Order in compliance with the requirements set forth by the Articles 9.1. and 9.2. of the General Rules;
- (b) if there is a sufficient amount of money in the Money Account of the Investment Portfolio to execute the Order (including the amount of money is sufficient as well to cover execution of all of the Asset Manager's previous orders to make investments in the Investment Portfolio and the Deals made), the Asset Manager shall ensure that the amount of

money specified in the Order is transferred to the Settlement Account not later than within 3 (three) Business Days from the date of receipt of the Order;

(c) if there is insufficient amount of money in the Money Account of the Investment Portfolio to execute the Order, after receipt of the Order the Asset Manager shall immediately commence realization of the Investment Portfolio's investments to ensure that the amount of money specified by the Client's Order can be transferred to the Settlement Account within 10 (ten) Business Days (this 10 (ten) Business Days deadline can be disregarded in the case specified by the Article 9.4.(g). of the General Rules);

(d) the Asset Manager is entitled to realize the Investment Portfolio's investments (including but not limited to the sale of Financial instruments, termination of Financial instruments or Deals, cancellation of encumbrances, exchanging foreign currencies (according to the exchange rate set by the Bank on the date on which the currency exchange is effected)) at its own discretion, as far as possible complying with the Investment Policy;

(e) the Client is aware and agrees that in order to fulfill the Client's Order the Asset Manager has to realize the Assets included in the Investment Portfolio within a limited time period and, as a result, their sales/termination price may differ from the market price and may be significantly lower than its possible price without unlimited time period; considering the above, the Client hereby waives any actions/claims against the Asset Manager in this respect;

(f) after realization of the Investment Portfolio Assets necessary for the fulfillment of the Order and as well as assessment and withholding of all the applicable Fees, taxes, duties and other charges, the respective amount of money within 10 (ten) Business Days shall be transferred to the Client's Settlement Account;

(g) if the Asset Manager is not capable to realize the Investment Portfolio to fulfill the Order within 10 (ten) Business Days, due to Assets, whose realization is impossible or impeded due to any circumstances beyond Asset Manager's control, the Asset Manager immediately notifies the Client about this; in this case the Asset Manager realizes the Investment Portfolio to the extent it is possible and ensures that within 10 (ten) Business Days the available part of the amount is transferred to the Settlement Account, but the remaining part of the amount will be transferred after realization of the respective Assets;

(h) circumstances beyond control of the Asset Manager, due to which realization of the Investment Portfolio Assets is impossible or impeded, provided by the previous Article 9.4.(g). of the General Rules, include but are not limited to the following:

- arrest, blocking or similar circulation restrictions imposed on the money or Financial instruments; and/or
- sale of Financial instruments at their market price being impossible or impeded, including low liquidity or absence of demand; and/or
- early redemption of the Financial instruments is impeded; and/or
- performance/termination of the executed Deals is hampered; and/or
- the Bank does not provide execution of Deals with the respective Financial instrument;

(i) the Asset Manager is under no obligation to buy the Financial instruments contained in the Investment Portfolio whose sale is impossible or impeded;

(j) before any Assets are transferred to the Client, any Fees



and other expenses, which are due, shall be withheld (including but not limited to the taxes and fees charged to the Client, service charges of the Bank or third parties);

(k) the Order shall be considered as executed at the moment when the Investment Portfolio Assets are realized in the required amount and the amount of money indicated in the Order is transferred to the Client's Settlement Account.

9.5. Subject to the Asset Manager's consent, a portion of the Investment Portfolio can be withdrawn in the form of Financial instruments. The portion of the Investment Portfolio to be withdrawn in the form of Financial instruments shall be withdrawn pursuant to the following procedure and in compliance with the following:

(a) the Client must submit a respective Order in accordance with the requirements set forth by the Articles 9.1., 9.2.(a) and 9.2.(b) of the General Rules, indicating in the Order:

- the names of the Financial instruments, which the Client is willing to withdraw as a portion of the Investment Portfolio, their ISIN codes and amounts;
- its financial instruments account (other than the Investment Portfolio Financial Instruments Account) with the Bank or another financial institution, to which the respective Financial instruments to be transferred;

(b) the Client's Order with regard to withdrawal of Financial instruments shall only be accepted subject to the Asset Manager's consent, which is executed in the form of a separate written agreement with the Client;

(c) the Client's Order is only fulfilled when the amount of the Financial instruments, which is sufficient for the Order to be fulfilled, is available in the Financial Instruments Account of the Investment Portfolio (inter alia, the amount is sufficient for fulfilling all the Asset Manager's previous orders and concluded Deals, and the respective Financial instruments are not attached, blocked, pledged or otherwise encumbered);

(d) the Asset Manager is entitled to refrain from fulfilling the Order with regard to the Financial instruments until settlement of all the applicable Fees, taxes, duties and other charges is possible.

9.6. Shall the Client be willing to follow a different procedure for the Investment Portfolio withdrawal, the Client shall conclude a prior separate agreement with the Asset Manager in writing.

9.7. The Asset Manager is entitled refuse to accept the Client's Order if any of the below circumstances has occurred:

(a) the Order is submitted contrary to the provisions set forth by the Agreement and/or Laws of the Republic of Latvia;

(b) the content of the Order is unclear, inexplicit, incomplete, self-contradictory or unlawful.

9.8. The Asset Manager is entitled to refuse to fulfill the Client's Order on withdrawal of the portion of the Investment Portfolio if:

(a) the amount to be withdrawn, which is indicated in the Order, is less than the minimal amount specified by the Agreement, including by the Investment Policy, which can be paid out to the Client in the case a portion of the Investment Portfolio is withdrawn; and/or

(b) shall the respective Order be fulfilled, the remaining value of the Investment Portfolio would become less than the Minimal amount of the Investment Portfolio for Management.

## 10. TERMINATION OF AN INVESTMENT PORTFOLIO

10.1. The Client is entitled to terminate the Investment Portfolio at any time by submitting a respective Order to the Asset Manager.

10.2. Termination of the Investment Portfolio is performed pursuant to the following procedure and subject to the following:

(a) in accordance with the procedure set forth by the Articles 9.1.(a) - 9.1.(d) of the General Rules, the Client shall submit to the Asset Manager the Order on termination of the Investment Portfolio, inter alia, providing the information specified by the Articles 9.2.(a) and 9.2.(b) of the General Rules;

(b) the Asset Manager immediately commences the realization of all of the Investment Portfolio;

(c) the Asset Manager is entitled, at its own discretion, carry out the activities, which are necessary for the realization of the Investment Portfolio (including but not limited to the sale of Financial instruments, termination of Financial instruments or Deals, cancellation of encumbrances, exchanging foreign currencies (according to the exchange rate set by the Bank on the date on which the currency exchange is effected));

(d) the Client is aware and agrees that in order to fulfill the Client's Order on termination of the Investment Portfolio, the Asset Manager has to realize the Assets included in the Investment Portfolio within a limited time period and, as a result, their sales/termination price may differ from the market price and may be significantly lower than its possible price without unlimited time period; considering the above, the Client hereby waives any actions/claims against the Asset Manager in this respect;

(e) after realization of all the Investment Portfolio Assets, as well as assessment and withholding of all the applicable Fees, taxes, duties and other charges, the money balance on the Money Account is transferred to the Client's Settlement Account with the Bank;

(f) if the Asset Manager, due to any circumstances beyond its control, cannot realize the Investment Portfolio in full within 10 (ten) Business Days of the receipt of the Order, the Asset Manager immediately notifies the Client about this; in this case the Asset Manager realizes the Investment Portfolio to the extent it is possible and ensure that until the scheduled date of termination of the Investment Portfolio and/or Agreement the available part of the amount is transferred to the Settlement Account, but the remaining part will be transferred after realization of the respective Assets;

(g) the Asset Manager is under no obligation to buy the Financial instruments contained in the Investment Portfolio whose sale is impossible or impeded;

(h) the Investment Portfolio and/or Agreement shall not be terminated if there are Assets, whose realization is impossible or impeded due to the circumstances beyond the Asset Manager's control, remain in the Investment Portfolio; in the case specified by this Article, the Agreement shall remain in effect to the extent necessary for the maintenance and termination of the Investment Portfolio, including but not limited to the Client's obligation to pay the Fees to the Asset Manager and to cover any expenses related to such Financial instruments;

(i) circumstances beyond control of the Asset Manager, due to which realization of the Investment Portfolio Assets is impossible or impeded, provided by the Article 10.2.(h) of the General Rules, include but are not limited to the following

- arrest, blocking or similar circulation restrictions imposed on the money or Financial instruments; and/or
- sale of Financial instruments at their market price being impossible or impeded, including low liquidity or absence of demand; and/or
- early redemption of the Financial instruments is impeded; and/or
- performance/termination of the executed Deals is hampered; and/or
- the Bank does not provide execution of Deals with the respective Financial instrument;

(j) in the cases specified by the Articles 10.2.(h). and 10.2.(i). of the General Rules, the Asset Manager is entitled at its own discretion to establish via the Bank a Financial collateral in respect of the Client's money, which would correspond to the applicable Fees and expenses (including but not limited to the taxes and fees charged to the Client, service charges of the Bank or third parties), which are likely to be incurred until realization of the portion of the Investment Portfolio Assets, which is impeded or temporarily impossible to be realized;

(k) before any Assets are transferred to the Client, any Fees and other expenses, which are due, shall be withheld (included but not limited to the taxes and fees charged to the Client, service charges of the Bank or third parties);

(l) on the Client's request, the Financial instruments, whose sale is impeded or impossible, can be transferred to a financial instruments account (other than the Financial Instruments Account of the Investment Portfolio) with the Bank or another financial institution indicated by the Client;

(m) shall the realization of the Investment Portfolio Assets, due to circumstances beyond the control of the Asset Manager, remain impossible or impeded for more than 3 (three) months, the Asset Manager is entitled to transfer such Financial instruments to a financial instruments account opened by the Asset Manager with the Bank in the Client's name or to another financial instruments account of the Client known to the Asset Manager, which is opened with the Bank or another financial institution;

(n) if within 12 (twelve) months of the termination of the Investment Portfolio the Investment Portfolio has not been established anew pursuant to the procedure set by the Agreement, the Asset Manager is entitled to consider the Agreement as terminated.

10.3. Shall the Client be willing to follow different procedure for the termination of the Investment Portfolio, including that all or part of Financial instruments of the Investment Portfolio are transferred to the Client, the Client shall conclude a prior separate agreement with the Asset Manager in this regard in writing.

10.4. The Client is aware and agrees that the Asset Manager is entitled to consider that the Client has submitted an Order on the termination of the Investment Portfolio (which means, inter alia, that the Asset Manager is entitled to apply the provisions of Articles 10.2.(b). – 10.2.(n). of the General Rules as well), if at least one of the following circumstances has occurred:

(a) the Client has performed any activities with regard to the Investment Portfolio without the consent of the Asset Manager; and/or

(b) the Client has violated the provisions of this Agreement (including provisions of these General Rules) and has not remedied such violation within one month of the receipt of the Asset Manager's respective written notice; and/or

(c) the total balance of the Assets on the Investment Portfolio Accounts is less than EUR 1000; and/or

(d) the Assets contained in the Investment Portfolio are irrecoverably lost due to the insolvency or bankruptcy of their issuer or another third party, or due to another situation resulting in the total loss of all of the Investment Portfolio Assets, including the cases where the applicable Laws provide the Client compensation of damages incurred as a result of the loss of the above-mentioned Assets; and/or

(e) the Client has submitted an order to the Bank for closing of the Settlement Account indicated on the front page of the Investment Portfolio Management Agreement; and/or

(f) in other cases specified by the Agreement, including these General Rules, including in the case of termination of the Agreement.

## **11. INVESTMENT PORTFOLIO MANAGEMENT**

11.1. Investment Portfolio Management is performed by the Asset Manager in accordance with provisions of the Investment Policy and the Agreement.

11.2. During the effective period of the Agreement, the Asset Manager is entitled to manage and deal with the Assets placed in the Investment Portfolio Accounts, subject to the Investment Policy, including but not limited to perform on the Client's behalf the following activities:

(a) to submit instructions/orders with regard to Deals with Investment Portfolio's money and Financial instruments, including to buy, sell, exchange or placing the Financial instruments;

(b) to execute derivative Financial instruments Deals, including forward, swap, repo;

(c) via the Bank to withhold any Fees or expenses related to the Investment Portfolio Management from the Client's assets in any of the Client's accounts opened with the Bank;

(d) to exchange currency;

(e) to pledge or otherwise encumber the Investment Portfolio's money and Financial instruments, including to use them as Financial collateral for the Bank or any other third party;

(f) to place deposits and conclude deposit agreements;

(g) to sign any documents related to the Management;

(h) to receive information addressed to the Client from the Bank, which is related to the provision of services specified by the Agreement;

(i) to perform any activities and take decisions with regard to the Events related to Financial instruments, including to vote at the general/shareholders meeting on the Client's behalf;

(j) to report the derivative Financial instruments to the respectively selected transaction registry;

(k) to invest in the Financial instruments issued by the Asset Manager, its parent company or subsidiaries (including the shares of open-end/closed-end UCITS/AIF investment funds of the Asset Manager) if such investments are specified by the Investment Policy;

(l) on the Client's behalf to conclude agreements on execution of Deals with the Client's money and/or Financial instruments, including master agreements for execution of forward, swap and repo Deals;

(m) via the Bank to withhold Fees and expenses from the Client's Assets; to make payments/transfers of

money/Financial instruments specified by the Agreement to the accounts with the Bank or other financial institutions;

(n) in the cases specified by the Agreement, to open any settlement accounts / financial instruments accounts on the Client's behalf;

(o) to perform all the necessary activities to recover the Client's investments, including to represent the Client in court in the proceedings of insolvency, bankruptcy and such like of the issuer or custodian of the Financial instruments;

(p) to request, obtain and submit any information to the Bank or any other third party, which is necessary for performance of the Agreement or Management of the Client's Investment Portfolio;

(q) in accordance with the Agreement and the Investment Policy to adopt any decisions for execution of Deals with the Investment Portfolio's money and Financial instrument Assets, including at its own discretion to select and engage the Bank or another Intermediary for execution of the order corresponding to such a decision, as well as to provide Financial collateral on the Client's behalf;

(r) to perform any other activities, including those with regard to the Bank or other third parties, enabling the Asset Manager to perform the Management of the Client's Investment Portfolio and/or to carry out the requirements prescribed by the Agreement, including by these General Rules.

11.3. While managing the Investment Portfolio, the Asset Manager is entitled to represent the Client and to adopt decisions with regard to the Events, as well as at its own discretion to exercise the rights vested in the Financial instruments contained in the Investment Portfolio, including but not limited to vote or abstain on the Client's behalf at general meetings, fund's investor meetings, shareholder meetings and other meetings. The Asset Manager is entitled to request the Client to submit an order concerning the decision to be adopted with regard to the Event. The Client submits the order referred by this Article either by:

- (a) sending it via the Bank's Online banking; or
- (b) arriving in person at the Asset Manager's office to submit and sign the order in writing; or
- (c) arriving in person at the Bank's customer service center or branch to submit and sign the order in writing; or
- (d) signing it with Electronic signature and sending it to the Asset Manager's e-mail address.

11.4. While managing the Investment Portfolio, the Asset Manager shall not transfer the Assets in the Investment Portfolio free of charge, or otherwise transfer them and/or use them as collateral for performance of its own obligations, including as Financial collateral unless these activities are related to the Management of the Investment Portfolio. In the latter case, the Client accepts the blocking of the Financial collateral in the Investment Portfolio Accounts.

11.5. The Client undertakes all the rights and obligations arising from the executed Deals, provided that the Asset Manager has acted in compliance with the Agreement while managing the Investment Portfolio, as well as all the rights and obligations related to the Financial instruments acquired as a result of the executed Deals and/or Events. The Client is aware and agrees that whenever Financial instruments are acquired or obtained as a result of Deals or Events, the Asset Manager consents to the acquisition terms of the respective Financial instruments, the prospectus (which may, inter alia, assign rights to third parties on the Client's behalf) and/or other requirements governing the issue and circulation of these Financial instruments.

11.6. The Client is entitled to submit Suggestions to the Asset Manager according to the form specified by the Articles 11.3.(a). – 11.3.(d). of the General Rules. The Suggestion shall be clear and contain unambiguous indication on execution of Deal. The Client is aware that the Suggestion is not binding to the Asset Manager and waives any actions/claims with regard to non-performance of the Suggestion.

11.7. The Asset Manager is entitled to decide at its own discretion on implementation or non-implementation of the Suggestions submitted by the Client.

11.8. The Client is aware and agrees that the Asset Manager's actions, expressed opinions and any decisions adopted with regard to the Client's Investment Portfolio (inter alia its portion) may significantly differ from the decisions adopted by the Asset Manager in the course of managing investment portfolios of other clients. The Client waives any actions/claims in respect to such differences regarding of activities of the Asset Manager and their consequences as well.

11.9. Neither the activities of the Asset Manager nor any oral/written information provided by the Asset Manager to the Client before and in the effective period of the Agreement (including any explanations in respect to the Management and/or either potential/existing Financial instruments of the Investment Portfolio) can be considered as an investment advice or recommendation, including to the Client's assets which are not covered by the Management.

11.10. The benchmark, with the help of which the Client may assess the results of the Management, is provided by the Asset Manager in the Costs and Charges Information submitted to the Client before entering the Agreement or making amendments to the Investment Policy. Rate of the benchmark in annual percentage terms and/or for the respective Reporting period can be specified in the Report at the Asset Manager's own discretion. The benchmark provided by this Article is of informative intent only and its determination, indication and such like shall not be considered as any warranty or obligation to reach or overreach such benchmark. The benchmark provided by this Article shall not in any way be determined by the benchmark provided by the Article 4.5. of the General Rules.

11.11. Subordinated bonds / subordinated securities shall not be accepted for the Management and included in the Investment Portfolio by the Asset Management.

## **12. EVENTS RELATED TO FINANCIAL INSTRUMENTS**

12.1. By vesting the Asset Manager with the authority to adopt decisions regarding the Events on the Client's behalf according to the Agreement, the Client waives his/her/its personal participation and decision-making rights in respect of these matters and irrevocably authorizes the Asset Manager at its own discretion to participate, vote and to take all the decisions necessary in this regard. This Article shall not be applicable if the Client has submitted the order requested by the Asset Manager, which is specified by the Article 11.3. of the General Rules. If necessary, on the Asset Manager's request the Client undertakes to issue a special power of attorney with regard to performance of the said activities.

12.2. If dividends, coupons or such like payments are applicable in respect of the Financial instruments of the Client's Investment Portfolio, they shall be included in the Investment Portfolio.

## **13. IDENTIFICATION OF THE CLIENT**

13.1. Prior to concluding the Agreement, the Asset Manager performs the Identification of the Client in accordance with the requirements provided by the Laws of the Republic of Latvia by obtaining or verifying the Client Identification data, including by requesting to present documents containing such data.

13.2. The Asset Manager performs the Identification of the Client every time before carrying out activities specified by the Agreement, including by accepting Suggestions, Orders or other documents from the Client. The Asset Manager accepts the submitted documents only if the Client or its representative can be identified pursuant to the Identification requirements of the Asset Manager.

13.3. The Client Identification shall be performed as follows:

(a) if the Client arrives at the office of the Asset Manager in person – the Asset Manager is entitled to request the Client and/or his/her/its representative to present the documents containing Identification data;

(b) if the Client is using the Bank's Online banking – the Client Identification is performed by the Bank, applying techniques specified by the agreement between the Bank and the Client on the use of the respective Bank's Online banking;

(c) if the Client is using e-mail – the Asset Manager verifies the identity of the Client by his/her/its Electronic signature;

(d) if the Client arrives at the Bank's customer service center or branch in person – the Client Identification is performed by the Bank in accordance with its requirements.

13.4. The Asset Manager is entitled to reject any document to be submitted by the Client, including Orders and Suggestions, if in the course of the Client Identification procedure the Asset Manager reasonably suspects that the document has not been submitted by the Client.

#### **14. PERSONS AUTHORIZED BY THE CLIENT**

14.1. If the Client authorizes a third party to represent its interests in connection with the Agreement, the Client must issue a written Power of Attorney executing it in accordance with the Asset Manager's requirements.

14.2. The Asset Manager is entitled but no under any obligation to verify the fact of the issue and validity of the Power of Attorney submitted by the Client.

14.3. The Power of Attorney submitted by the Client is in effect until its expiry date (if the Power of Attorney is issued for a definite time period) or until the Asset Manager receives a written statement of the Client indicating that the Power of Attorney is no longer effective (if the Power of Attorney is issued for an indefinite time period).

14.4. When recalling a Power of Attorney submitted to the Asset Manager or amending its content, the Client shall without delay notify the Asset Manager accordingly in writing. The Client undertakes full responsibility for any actions or consequences due to the failure to submit such a notice or not submitting it on time.

14.5. The Asset Manager shall not be held liable for any damages, which may be incurred due to an action and/or omission of the authorized representatives of the Client, including the cases where the Power of Attorney has been recalled or otherwise lost its effect but the Client has failed to inform the Asset Manager accordingly.

14.6. The Asset Manager is entitled to refuse to accept the Power of Attorney submitted by the Client, provide information and/or perform any actions requested by the person indicated in the Power of Attorney if the Asset

Manager has reasonable doubts with regard to the scope of authorization or the fact of the Power of Attorney being issued.

14.7. The Client undertakes to accept as binding upon itself any action or omission performed by the person authorized by the Client in respect of the Agreement and assumes full liability thereof.

14.8. When issuing a Power of Attorney, the Client shall comply with the requirements set forth by the Laws, including with regard to the legal form of issuing the Power of Attorney; as well as the Client, who is an individual (natural person) is not entitled to issue a Power of Attorney with regard to the information on the Client's investment objectives and financial situation provided by the Questionnaire.

14.9. The provisions of Chapter 14 of the General Rules are not applicable to the powers and authorizations issued to the Asset Manager by the Client for providing of the Management services.

14.10. If the Client, who is an individual, is represented by another person, or the Client is a legal entity or a similar establishment, the Asset Manager is entitled to request that the Questionnaire is filled and submitted by his/her/its particular representative, as well as to require which parts of the Questionnaire shall be filled by the Client's representative (for example, about investment knowledge and experience), but which by the very Client (for example, about the financial situation of the Client).

#### **15. INVESTMENT PORTFOLIO REPORTS**

15.1. During the effective period of the Agreement, the Client:

(a) is provided with the monthly Investment Portfolio Report prepared by the Asset Manager free of charge, which includes financial information of the Investment Portfolio as at the last date of the respective month, the report of Deals executed by the Asset Manager in the framework of the Investment Portfolio Management and as well as the report on the movement of Financial instruments and money in the respective month, as well as other information for such a report as required by the Laws;

(b) upon the Client's written request the Client may be provided with different type of report, statement or extract prepared by the Asset Manager for Fee specified by the Fees Schedule

15.2. The Asset Manager ensures that the Report is prepared not later than within 10 (ten) Business Days after the end of the month of the Report.

15.3. The Asset Manager provides the Report to the Client by means specified by the Agreement, unless the Asset Manager and the Client have separately agreed otherwise.

15.4. The Client's duty is to go over contents of the Report. Shall the Client disagree with any of the Asset Manager's actions indicated in the Report or shall the Client have any remarks with regard to the Investment Portfolio Management, the Client is entitled to submit to the Asset Manager the claims in writing within 30 (thirty) calendar days after the Report is sent. After expiry of this period, all the activities of the Asset Manager shall be considered as accepted by the Client and duly performed and the Client waives any claims against the Asset Manager in this respect.

15.5. The Asset Manager performs valuation of the Assets of the Investment Portfolio each Business Day based on the information provided by the Bank.



15.6. If the Base Currency is not specified by the Investment Portfolio Management Agreement, the EUR must be considered as the Base Currency.

15.7. The Asset Manager sends the monthly Investment Portfolio Report in at least one of the ways elected by the Client on the front page of the Investment Portfolio Management Agreement:

- (a) by e-mail to the address indicated by the Client;
- (b) at the Asset Manager's office on Client's request;
- (c) via the Bank's Online banking.

15.8. If the Client elected to receive the monthly Investment Portfolio Report by e-mail, the Client shall as well indicate on the front page of the Investment Portfolio Management Agreement a password for opening the Report file attached to the Asset Manager's e-mail. If the said password is not indicated, the Asset Manager reserves the right to refrain from sending the respective Report by e-mail until the Client provides the password in any of the following ways:

- (a) via the Bank's Online banking; or
- (b) arriving in person at the Asset Manager's office to submit and sign the respective application in writing; or
- (c) arriving in person at the Bank's customer service center or branch to submit and sign the respective application in writing; or
- (d) signing it with Electronic signature and sending it to the Asset Manager's e-mail address.

15.9. If the Client has access to the Bank's Online banking, when concluding the Agreement or during the effective period of the Agreement, the Client is entitled to elect to receive the monthly Investment Portfolio Report prepared by the Asset Manager by the means of the Bank's Online banking. The Asset Manager is not responsible for any of the reports prepared by the Bank, including their content or accessibility by the Client.

15.10. Shall the Asset Manager and the Client conclude a separate written agreement in this regard, the Asset Manager sends the monthly Investment Portfolio Report by mail charging the Fee specified by the said agreement and/or the Fees Schedule.

15.11. Investment Portfolio Assets are valued in Base Currency.

15.12. Mandatory information required by the Laws that shall be submitted to the Client can be provided by the Asset Manager by monthly Report and/or by any other separate document, for example by the *ex post* information on costs and associated charges of the Management.

15.13. Announcement regarding compliance of the Investment Portfolio's investments to the Clients, to whom a private client status is assigned, aims and other characteristics, is provided by the Asset Manager by the monthly Report intended by the Article 15.1.(a). of the General Rules as compliance of the respective investments to the Investment Policy and Risk Profile assigned to the Client.

15.14. Any requirements to the contents, frequency, deadlines, means of communication, delivery and such like of the Report, which are not provided by the General Rules or the Laws – including separate report for each Deal of the Investment Portfolio – are applicable only if so agreed between the Parties in Special Provisions of the Agreement.

16.1. The Parties are liable for non-performance or undue performance of the Agreement pursuant to the requirements of the Laws of the Republic of Latvia.

16.2. Each Party shall indemnify the other Party for any damage, which it has caused to the other Party, in accordance in the order and amount provided by the Laws of the Republic of Latvia.

16.3. The Asset Manager is not liable for the damages suffered by the Client due to any reasons beyond the control of the Asset Manager and/or where the Asset Manager has acted in the framework of the Agreement and the Laws of the Republic of Latvia.

16.4. The Asset Manager shall not undertake any liability with regard to the obligations or duties, as well as damage incurred by the Client due to any action/omission performed by the Bank or the Intermediaries engaged by the Bank, or any third parties.

16.5. Having accepted the Investment Policy (and the amendments thereto) by confirming it with its signature, the Client undertakes all the risks arising from the investments corresponding to the respective Investment Policy, which may cause damage/losses to the Client.

16.6. The Client is liable for the accuracy, completeness and timely updating of the data provided to the Asset Manager, including but not limited to the information on the Client's knowledge and experience in the field of investments, as well as any other information provided by the Questionnaire. The Client compensates to Asset Manager all damages caused as a result of providing untimely, inaccurate or incomplete information.

16.7. Where the Client refuses to provide, completely or partially, the information requested by the Asset Manager and/or required under the Agreement, or fails to inform timely the Asset Manager about any changes in the above-mentioned information, the Asset Manager shall not be responsible for any consequences incurred due to the lack of respective information at the Asset Manager's disposal. The Client is aware, that in case of submission of untrue or uncomplete information (including contained by the Questionnaire), as well as not updated on time, the Asset Manager is unable to completely evaluate the Client's suitability or adequacy of the provided services, including respective services, types and amounts of the Deals and Finance instruments, assigned Risk Profile and such like.

16.8. The Asset Manager shall not undertake any liability for damages and/or expenses incurred by the Client if:

(a) they were caused by an action/omission of third parties, including the Bank and Intermediaries, including if they fail to perform legally grounded orders of the Asset Manager regarding to execution of Deals, including performing settlements; and/or

(b) they were incurred due to initiated insolvency (bankruptcy), bankruptcy protection or similar proceedings in respect of a third party, including the Bank or the Intermediary, as a result of which its operation has been restricted and/or the Assets have been lost or any dealing with them has been limited; and/or

(c) the settlement for Deals or transfer of the Financial instruments is violated or failed due to the fault of the Client or a third party, including the Bank or an Intermediary; and/or

(d) such damages and/or expenses were caused due to the execution of the Agreement, unless of the bad faith or gross negligence of the Asset Manager's; and/or

(e) such damages and/or expenses were caused as a result of application of the foreign Laws or market practice, including the Laws on imposition of restrictions regarding to

## 16. LIABILITY OF PARTIES

circulation or transfers of the Assets, currency exchange, etc.; and/or

(f) such damages and/or expenses were caused due to materialization of risk events specified by the Agreement, including price fluctuations of the Financial instruments; and/or

(g) such damages and/or expenses were caused due to execution or non-execution of the Events related to Financial instruments, as well as where the Client is not informed of such an Event and/or an offer related to the respective securities; and/or

(h) the Client transferred, pledged or otherwise encumbered the Assets for the benefit of a third party, including in case the Asset Manager's consent to respective pledge was provided; and/or

(i) due to the action taken by governmental authorities and/or other parties, including the Bank, the Investment Portfolio or its portion has been blocked, seized, subject to enforcement, etc.; and/or

(j) such damages and/or expenses were caused as a result of the Client having breached the Agreement, including these General Rules; and/or

(k) the damages and/or expenses are due to the Bank's termination of providing services for the Client or due to the amendments to such provision of the services;

(l) the damages and/or expenses are due to the Asset Manager's reliance to the information provided by the Client (including information provided before entering in the Agreement) and/or due to the non-updating of such information in a timely manner; and/or

(m) any other case specified by the Agreement has occurred.

16.9. The Parties shall not be held liable for non-performance of the obligations set forth by the Agreement if:

(a) it was caused by an event of *force majeure*: natural disaster, fire, acts of war or terrorism, revolts, strikes, disruption of communication or information systems, amendments or supplements to the Laws or adoption or coming into force of such new enactments, rulings of the state, government or governmental authorities, as well as other similar events, which the Parties could not have foreseen or prevent and due to which the provision of services specified by the Agreement became impossible; and/or

(b) there are substantial adjustments to the laws of the Republic of Latvia or another country, including regarding to the operation of foreign currency exchange and stock exchange.

16.10. If either Party cannot perform its obligations due to events of *force majeure*, the respective Party shall notify the other Party within 5 (five) Business Days in writing about occurrence or coming to an end of the said events. As soon as the said events have stopped to exist, the respective Party shall perform its obligations under the Agreement without delay.

16.11. If the event of *force majeure* lasts more than 3 (three) months, the Party is entitled to terminate the Agreement.

16.12. Event of *force majeure* is not considered as justification to fail payments off the existing debts of the Party or any expenses, which have already been ascertained.

16.13. The Asset Manager shall not be held liable for the damages and/or expenses incurred by the Client if the Client has failed to get acquainted with the provisions of the Agreement (including but not limited to the General Fees Schedule and these General Rules) and/or information

contained therein and/or the provisions and fees provided by the Client's mutual agreement with the Bank.

## **17. MEANS OF COMMUNICATION AND INFORMATION EXCHANGE**

17.1. In order to exchange information, submit Suggestions or other documents, the Parties employ the Means of Communication elected by the Client. If the Client has not indicated any Means of Communication in the Agreement, it shall be considered that the Client has elected to receive the information to be provided in connection with the Agreement on paper to be delivered by mail to the Client's address.

17.2. In order to submit the Orders, the Client shall only use the Bank's Online banking or submit them in person, or sign it with the Electronic signature.

17.3. The Asset Manager is entitled to publish information related to its services, which is not addressed to the Client personally, on its Website, if the Client has affirmed having access to internet and on the front page of the Investment Portfolio Management Agreement has elected to receive information electronically.

17.4. It shall be considered that the Client has internet access, if the Client has indicated its e-mail address on the front page of the Investment Portfolio Management Agreement or otherwise made it known to the Asset Manager, or if the Client has used the Bank's Online banking.

17.5. If information is sent by mail, the Asset Manager is entitled to withhold a Fee in accordance with the Fees Schedule.

17.6. The Parties shall consider that the Client has received the information at the moment it has been sent by the Means of Communication, including published on the Asset Manager's Website or handed over to the Client in person. If the information is sent by mail, it is considered as received by the Client not later than on the 7th (seventh) calendar day after it was submitted to the post office, disregarding the actual delivery date.

17.7. The Client shall carefully become acquainted with all the information provided to him/her/it, including the information published on the Asset Manager's Website, and follow any modifications thereto.

17.8. If under the Agreement the Asset Manager is entitled to provide information to the Client in several forms and/or by several Means of Communication, the information shall be considered as provided by the Asset Manager if it has been done by at least one of the respective forms or means.

17.9. The Asset Manager is entitled to provide the Client with information on the Asset Manager's services as well as on products and services of third parties, including the Bank.

17.10. For the exchange of information, the Parties shall use the language elected by the Client. The Client is aware that the core working language of the Asset Manager's is Latvian and therefore not all of the documents can be made provided to the Client in other languages.

17.11. The Client shall ensure that the Asset Manager is able to reach the Client by the Means of Communication at any time. The Asset Manager shall not be held liable for any damage incurred by the Client where the Asset Manager had attempted to reach the Client by the Means of Communication but the Client was not reachable.

17.12. The documents submitted by the Client by the Means of Communications shall have the same legal effect as the documents signed in person, provided the Client has been authenticated as the submitter of the document.

17.13. On the Asset Manager's request, the Client shall submit to the Asset Manager the original of any document submitted by Means of Communication, including the documents, which are confirmed by the Client's own signature.

17.14. Prior to concluding the Agreement as well as during its effective period the Client shall immediately notify the Asset Manager as to whether the Client has been listed as a possessor of insider information by the issuer of the Financial instruments traded in a regulated market. For these purposes, the Client shall fill out the form for the possessors of insider information in accordance with the requirements set forth by the Asset Manager and/or the Bank.

17.15. The Client shall immediately notify the Asset Manager on any changes in the Identification data of the Client or in any other information specified in the Agreement and on the Asset Manager's request to provide all the necessary information and documents, executing them in accordance with the requirements set forth by the Asset Manager.

17.16. The Asset Manager is entitled to accept the Client's Questionnaire submitted electronically, provided that the Client has submitted it with confirmation of his/her/its Electronic signature or via the Bank's Online banking.

17.17. The information to be received by the Asset Manager from the Client (suggestions, recommendations, objections, complaints, etc.) shall be considered as received if it has been received from the Client at the Asset Manager's e-mail address [asset@cbl.lv](mailto:asset@cbl.lv) and confirmed with the Electronic signature or sent via the Bank's Online banking.

17.18. The information sent to the Client shall be considered as received by the Clients, if it is sent via the Bank's Online banking and/or to the address and/or e-mail address specified by the Agreement and/or provided by the Client in writing.

17.19. The Client is informed and agrees that the Asset Manager is entitled to record phone conversations, electronic communication and other communication between the Parties and to employ such records as evidence for dispute resolution, including in the court. If such a recording of phone conversation or electronic communication has been made, the Asset Manager ensures their storage on terms required by the Laws. Under written request to the Asset Manager the Client is entitled to obtain such above mentioned record within 5 (five) years.

## 18. TAXES AND DUTIES

18.1. Within the scope of this Agreement, the Asset Manager does not provide any tax advice or its estimation, and shall not be considered as the Client's representative in taxation matters.

18.2. Settlement of taxes, duties and other charges incurred by the Client with regard to the Investment Portfolio Management or as a result of Events, shall be performed by the Client himself/herself/itself unless the applicable Laws provide otherwise. In the latter case, the taxes, duties and other charges incurred by the Client as a result of Deals or Events as well as any expenses incurred by such withholding shall be withheld via the Bank.

18.3. The Client agrees that:

(a) the Asset Manager is entitled to process the documents received from the Client and the data contained therein, as well as to forward them to the respective third parties, including the Bank, the Intermediary, as well as the supervisory or tax authorities of the country of registration of

the issuer of Financial instruments or Intermediary engaged by the Bank;

(b) the Asset Manager is entitled unilaterally and without any further consent of the Client via the Bank to withhold from the Money Account any fines, taxes or other expenses incurred as a result of the Client's failure to provide the documents requested under the Agreement before the date specified by the Asset Manager.

## 19. CONFIDENTIALITY AND PROCESSING OF CLIENT DATA

19.1. Any information provided by one Party to the other Party shall be deemed confidential and shall not be disclosed to third parties, unless the respective information:

(a) is publicly available; and/or

(b) is being disclosed to a person authorized by the Client; and/or

(c) concerns the existence, amount, grounds or collateral of the Client's debt and is being disclosed for the purposes of debt collection or to the Bank of Latvia (*Latvijas Banka*) under the on the Credit Register Regulations (*Kredītu reģistra noteikumi*) adopted by the Bank of Latvia (*Latvijas Banka*); and/or

(d) is being disclosed to the Intermediary, the issuer of the Financial instrument or to the municipal, supervisory or judicial (arbitration) authorities of the Republic of Latvia or other countries, provided it is necessary for performance of the Agreement or where such information is being disclosed in accordance with the Laws of the country of registration of the issuer of Financial instrument or Intermediary holding the Assets; and/or

(e) is being provided to the Bank, the issuer of the Financial instrument, the Intermediary or to the competent tax or other supervisory authorities of the Republic of Latvia or other countries in order to apply due taxes or duties with regard to Deals or other income related to the Assets; and/or

(f) is disclosed to pursuant to the Laws, the Agreement (including these General Rules) and/or the Privacy Protection Rules; and/or

(g) the Client's separate consent is provided in this regard.

19.2. In case of doubt information and documents shall be considered as confidential and shall not be disclosed.

19.3. The applicability period of confidentiality requirements provided by the Agreement shall be unlimited. The confidentiality requirements shall remain effective either during the effective period of the Agreement and after the Agreement's termination as well.

19.4. The Client shall undertake full responsibility for the treatment of the confidential information by his/her/its representatives/employees, including after termination of respective employment or representation relations.

19.5. The Client agrees to a mutual exchange of information between the Asset Manager and the Bank with regard to Deals, the Client's accounts with the Bank and any other information, which is necessary for the Asset Manager in order to perform the Agreement.

19.6. The Asset Manager informs that the processing of the natural person data is carried out for the following purposes:

(a) for provision of services under the Agreement, including making of an automated individual decision on determination of the Risk Profile of a person, (b) for communication related to these services, (c) for receiving commissions and other payments, and (d) for discharge of



its obligations under the Agreement and regulatory enactments, provided that the rights of the person are exercised in accordance with the Asset Manager's Privacy Protection Rules. In the case of an above-mentioned automated individual decision, the Client has the right to request the Asset Manager to review it by involving employees of the Asset Manager in making the decision.

19.7. In cases and in accordance with the procedure set out by the Laws the Asset Manager is entitled to publish as well as disclose details of the Order, Transaction and other information of the Client to fulfil the duties provided for the Asset Manager by the Laws.

19.8. The Privacy Protection Rules of the Asset Manager is available to the Client on of the Asset Manager's Website or the office premises of the Asset Manager. The Asset Manager is entitled to unilaterally make amendments to the Privacy Protection Rules.

19.9. The Asset Manager is entitled to exchange information related to the Agreement and/or its services with the Bank, including any information about the accounts of the Client and transactions/Deals performed, and as well to submit to the Bank copies of this Agreement and documents related to it.

## 20. PREVENTION OF CONFLICTS OF INTERESTS

20.1. In the course of the Investment Portfolio Management, a conflict of interests may arise between the Asset Manager and the Client or between the clients of the Asset Manager.

20.2. The Asset Manager strives to take all the necessary and possible measures in order to identify and avoid or manage the conflicts of interests, which may arise between the Asset Manager (including its employees and executives) and the Client, as well as between the Client and other clients of the Asset Manager or related persons in the course of providing services under the Agreement.

20.3. For the purposes of identification and avoiding of the conflicts of interests, the Asset Manager has adopted the *Policy on Conflicts of Interests*, which description can be found by the Client at the office premises of the Asset Manager or on *Investment portfolios* section of the Asset Manager's Website.

20.4. If provided by the Investment Policy, the Asset Manager is entitled to perform the Investment Portfolio investments in the Financial instruments issued by the Asset Manager and/or the Asset Manager's parent company and/or its subsidiaries.

20.5. Shall the Investment Policy or its subsequent amendments provide for investments in Financial instruments issued by the Asset Manager and/or the Asset Manager's parent company and/or its subsidiaries, by approving such Investment Policy or its subsequent amendments the Client is aware and confirms that:

(a) the Asset Manager does not hide and does fully disclose the eventual conflict of interests in this regard;

(b) the Asset Manager has informed the Client of the actually existing alternatives to inclusion of the above-mentioned Financial instruments in the Investment Portfolio and the Asset Manager has not discouraged the Client from considering such actually existing alternatives;

(c) the Client has duly considered and found that the inclusion of the above-mentioned Financial instruments in the Investment Portfolio is in the Client's interests.

20.6. The Client agrees that in the course of Investment Portfolio Management the Asset Manager, inter alia, is entitled to execute the following Deals:

(a) to buy and sell Financial instruments, including those owned by the Asset Manager/Bank or issued by the Asset Manager/Bank; and/or

(b) to exchange the Client's Financial instruments for the Financial instruments owned by the Asset Manager/Bank or issued by the Asset Manager/Bank; and/or

(c) to buy the Financial instruments owned by the Client or sell them to the Asset Manager's shareholders; and/or

(d) to conclude Deals in which the Bank, the Asset Manager, their employees or authorized representatives at the same time represent the other party of the Deal; and/or

(e) to buy investment certificates of the investment funds managed and/or established by the Asset Manager and/or its subsidiaries, including via private placement; and/or

(f) to conclude Financial Instruments sale and repurchase Deals (*Repo*) with the Bank, provided this is provided by the Investment Policy; and/or

(g) to completely or partially aggregate the Deals executed in the Client's interest with the deals of other clients, provided such aggregation is carried out in compliance with the Transaction Execution Policy; and/or

(h) in order to mitigate the currency risk, price risk or the risk pertinent to any particular Asset in the Investment Portfolio or to the Investment Portfolio as a whole, to execute hedging Deals in order to provide security against eventual adverse changes in the market, including the use of derivative Financial instruments; the Client is aware that the eventual losses of such Deals are secured by all the Investment Portfolio and waives any claims against the Asset Manager for the damages incurred as a result of execution of the said Deals.

20.7. The Asset Manager hereby informs the Client that by executing the Deals referred by the Article 20.6. of the General Rules, a conflict of interests may arise and the Asset Manager may execute these Deals on a condition that they are executed at the market price at the moment the Deal is executed and the Asset Manager's *Policy on Conflicts of Interests* is duly complied with.

20.8. When providing Management the Asset Manager shall not accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by any third party, except minor non-monetary benefits provided by the Law, including, but not limited – participation in conferences, seminars and other training events on the benefits and features of a particular Financial Instrument.

## 21. ASSET MANAGER'S KEY INFORMATION

21.1. The key information of the Asset Manager – name: "CBL Asset Management" Ieguldījumu pārvaldes akciju sabiedrība; registered office and headquarters address: Republikas laukums 2A, Rīga, LV-1010, LATVIA; telephone: (+371) 67010810; facsimile: (+371) 67778622; registered with the Register of Enterprises of the Republic of Latvia (Latvijas Republikas Uzņēmumu reģistrs) on 11 January 2002 under unified registration No 40003577500.

21.2. The Asset Manager holds Investment Management Services License No 06.03.07.098/285 dated 15 February 2002 issued by the Financial and Capital Market Commission (Finanšu un kapitāla tirgus komisija), re-registered with the Licenses Registry of the Financial and Capital Market Commission on 10 December 2004, 30 September 2005, 5 December 2005 and 5 August 2010.

21.3. The Asset Manager operates under supervision of the Financial and Capital Market Commission of the Republic of Latvia (Latvijas Republikas Finanšu un kapitāla tirgus



komisija), address: Kungu iela 1, Riga, LV-1050, LATVIA, telephone: (+371)-67774800; facsimile: (+371)-67225755; e-mail: [fktk@fktk.lv](mailto:fktk@fktk.lv); internet website: [www.fktk.lv](http://www.fktk.lv).

21.4. The Asset Manager provides the cross-border provision of the Management in the territory of the Republic of Lithuania under requirements of the Directive 2009/65/EC of the 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) in collaboration with the AB "Citadele" bankas, Reg.No. 112021619, address: K.Kalinausko iela 13, 03107, Vilnius, LIETHUANIA, phone.: +370-52664600, fax: +370-52664601, e-post: <mailto:info@citadele.lv>.

## 22. CLAIMS AND DISPUTES RESOLUTION PROCEDURE

22.1. The Parties shall resolve their mutual claims and disputes pursuant to the procedure set forth by the Investment Portfolio Management Agreement and the General Rules.

22.2. The Asset Manager is entitled to request the Client to submit additional documents and information for ascertaining and evaluating the circumstances set forth by the claim, including to submit original of a duly executed statement of the claim.

22.3. The Asset Manager reviews the Client's claim within 30 (thirty) days (or within 15 (fifteen) Business Days, if the Client is considered as consumer as provided by the Consumer Rights Protection Act (Patērētāju tiesību aizsardzības likums) of the Republic of Latvia) of the receipt of the claim and all documents and information requested by the Asset Manager in accordance with the Agreement. The Asset Manager may extend the above-mentioned period for providing its reply to a maximum of 2 (two) months of the receipt of the claim by notifying the Client thereof in writing if the Asset Manager requires more time to ascertain and/or clarify the circumstances set forth by the claim.

22.4. The Asset Manager provides its reply to the Client's claim to his/her/its mail, e-mail or via the Bank's Online banking.

22.5. If the claim has been found justified, the recognized amount of damages shall be compensated within 20 (twenty) days of providing the reply to the Client's claim.

22.6. The Client may request that its claims or disputes are reviewed pursuant to the terms specified by the Asset Manager's *Procedure for Reviewing Suggestions and Complaints*.

## 23. TERMINATION OF AGREEMENT

23.1. The Agreement shall be terminated pursuant to the procedure set forth by the Investment Portfolio Management Agreement and the General Rules.

23.2. The Client's notice on the unilateral termination of the Agreement submitted in accordance with the Articles 9.1.(a). - 9.1.(d). of the General Rules shall be at the same time be considered as a Client's Order on termination of the Investment Portfolio as well as the Client's consent to the provisions of the Articles 10.2.(b). - 10.2.(n). of the General Rules.

23.3. Unilateral termination of the Agreement initiated by the Asset Manager shall be carried out in accordance with the following procedure:

(a) the Asset Manager shall provide written notice at least one-month prior to the planned termination of the Agreement, informing the Client of its intention to terminate

the Agreement;

(b) during the one-month period from sending the above-mentioned Asset Manager's notice, the Client is entitled to provide written instructions to the Asset Manager in respect of transmitting/transferring all the Investment Portfolio Assets from the Investment Portfolio Accounts to other settlement and/or financial instruments accounts with the Bank or another financial institution specified by the Client;

(c) shall the Client fail to submit the respective instructions with regard to all of the Investment Portfolio Assets within the period of time specified by the Article 23.3.(b). of the General Rules and/or if after expiry of the said period any Assets still remain in the Client's Investment Portfolio, it shall be considered that the Client has submitted its Order on termination of the Investment Portfolio and the termination of the Agreement, and the Asset Manager is entitled to perform the termination of the Investment Portfolio and Agreement pursuant to the procedure set out by the Articles 10.2.(b). - 10.2.(n). of the General Rules.

23.4. The Asset Manager is entitled to initiate termination of the Agreement immediately pursuant to the procedure specified by the Articles 10.2.(b). - 10.2.(n). of the General Rules as soon as one of the following events has occurred:

(a) within 3 (three) months of concluding the Agreement the Client has failed to transfer the initial amount of the Investment Portfolio specified by the Agreement in full to the Money Account and/or Financial Instruments Account, including the case where the Asset Manager has already commenced the Management of the partially transferred Assets; and/or

(b) the Client fails to ensure collaboration with the Bank due to which the Investment Portfolio Management has become impossible or burdened, including failure to ensure the exclusive rights of the Asset Manager to deal with the Investment Portfolio Assets; and/or

(c) the Investment Portfolio is terminated; and/or

(d) due to a partial withdrawal of the Investment Portfolio, the value of the Investment Portfolio assessed in accordance with the principles set forth by the Agreement has fallen below the Minimal amount of the Investment Portfolio specified by the Agreement; and/or

(e) at least one of the Investment Portfolio Accounts with the Bank has been closed; and/or

(f) the balance on the Financial Instruments Account has been zero or negative for over a year; and/or

(g) the Asset Manager reasonably suspects that the Investment Portfolio is being used for money laundering or is connected with financing of terrorism or proliferation; and/or

(h) the Asset Manager and/or the Bank has received a request from the competent governmental authorities/officials with regard to debt collection in respect to the Assets or encumbrances of the Investment Portfolio Accounts; and/or

(i) the Client does not provide his/her/its consent and/or submits objections regarding to the amendments of those General Rules, the General Fees Schedule and/or other parts of the Agreement; and/or

(j) insolvency or bankruptcy protection proceeding has been initiated or announced in respect of the Client; and/or

(k) the Client has failed to submit or obtain the Asset Manager's consent with regard to amendments to the agreement with the Bank on the custody and bookkeeping of the Client's Investment Portfolio initiated and/or accepted by

the Client; and/or

(l) the Client violates any provision of the Agreement or fails to perform any of its obligations to the Asset Manager, and has not prevented such violation/failure within 10 (ten) Business Days of the respective written notice given by the Asset Manager to the Client; and/or

(m) the Asset Manager has received reliable information about the death of the Client (a natural person); and/or

(n) the Client's agreement with the Bank on the custody and bookkeeping of the Client's Investment Portfolio is terminated or in dispute; and/or

(o) the Client does not agree with the provisions of the applicable Transaction Execution Policy, Sustainability and Engagement Policy or provisions provided by the information published on the Asset Manager's Website;

(p) at the request of the Asset Manager, the Client does not provide documents, data or information necessary for the provision of the Asset Manager's services, including, but not limited to, those required for the performance of the Asset Manager's prevention of money laundering, terrorism financing and/or proliferation procedures; and/or

(q) if the Asset Manager has information that the Client and/or a member of the Client's Group, its executive, employee, member, BO and/or any other representative is a person: (i) who is directly or indirectly, in whole or in part, subject to or covered by Sanctions; and/or (ii) who has directly or indirectly breached and/or taken action to breach or circumvent Sanctions and/or Sanctions-related legislation or applicable laws (incl. in the field of anti-money laundering, counter-terrorism and counter-proliferation), and/or (iii) who has directly or indirectly engaged in activities that meet the indications increasing the risk of sanctions as determined by the Asset Manager/Bank; and/or (iv) who does not comply and/or has failed to comply with the Bank's Prohibited Activities Rules (rules established by the Bank aimed at preventing certain prohibited activities that are not permissible for the Client (legal entity), a member of the Client's Group or their executives, employees and other representatives, as well as their BO); and/or

(r) if performance of the Agreement is impossible or impeded by the application of the Sanctions.

23.5. In all cases where the Agreement is terminated, the due Asset Manager Fees and all other expenses specified by the Agreement (including but not limited to taxes and fees charged to the Client, service fees of the Bank or third parties) shall be withheld via of the Bank from the amount of money transferrable to the Client.

23.6. In the cases of termination of the Agreement specified by the General Rules, the Asset Manager is entitled consider the Agreement to be terminated as soon as no Financial instruments remain in the Investment Portfolio's Financial Instruments Account and the balance on the Money Account is zero or negative.