



## **General information on MiFID and other Transactions**

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# I. General Business Conditions

## 1. Object and Scope

The following General Business Conditions govern the relationship between Aristo Investment Management AG (hereinafter referred to as "Company") and its customers, unless specified in separate agreements between the Company and a customer or in special regulations applicable to individual cases or to certain categories of business. For the purpose of simplicity, the masculine version has been used throughout this form. Where this appears, it naturally also refers to the feminine version.

## 2. Power of Disposition

Until written notice of revocation is received by the Company, instructions as to authorized signatures communicated to the Company in writing shall alone be valid, notwithstanding any information to the contrary in the commercial register or any public announcement. Instructions issued by electronic means are subject to separate provisions.

## 3. Verification of Signatures

The Company shall check carefully the signatures of its customers and their duly appointed agents. It shall not be bound to undertake any further examination with respect to identity. Unless the Company acts with gross negligence, it shall not be liable for any losses resulting from dispositions by unauthorized persons.

## 4. Legal Incapacity

The customer is liable for any damage resulting from incapacity to act on his own part or the part of a third party, unless notice of such incapacity in respect of his own person has been given in an official publication in Liechtenstein where it concerns his own person or has been communicated to the Company in writing where it concerns his agent or other third party.

## 5. Communications from the Company

Communications from the Company shall be deemed to have been duly transmitted if sent to the last address supplied to the Company by the customer or held for disposition. The date of dispatch shall be deemed to be the date shown on the copies or the mailing lists in the Company's possession. The customer is aware that the Company is not obliged, subject to any express agreements to the contrary, to carry out any administrative transactions without specific instructions from the customer. Where no mailing instructions are stated, the Company shall be regarded as the address for delivery.

## 6. Errors in Transmission

The Company shall not be liable for losses resulting from the use of the postal services, telephone, fax, telex, e-mail or other means of communication or transport, and in particular from loss, delay, misunderstandings, mutilation, distortion or duplicate dispatch, except where the Company has acted with gross negligence. The Company shall also not be liable for losses resulting from natural events, war, strikes, or other instances of force majeure.

## 7. Recording of Telephone Calls

The Company is entitled to tape telephone calls between the client and the various departments and to use these taped calls as evidence.

## 8. Inducements

The Principal acknowledges and accepts that inducements may be paid to the Company by third parties (including group companies) in conjunction with the acquisition/sale of collective capital investments, certificates, notes etc. (hereinafter called "the Products"; these also include such which are administered and/or issued by a group company) in the form of inventory payments or reimbursements of custody account fees, stock exchange and fiduciary commission, brokerage fees and other charges as well as acquisition commission payments (e.g. arising out of issue and redemption commission payments). The level of such inducements may vary, depending upon the particular product and product provider. As a rule, the level of inventory payments is determined based on the volume of a particular product or product group held by the Company. The level thereof normally corresponds to a percentage share of the management fees imposed on the respective product, which are periodically remunerated during the holding period. In addition, sales commission from security issuers may also be provided in the form of discounts on the issue price (percentage discount) or in the form of one-off payments, the level of which corresponds to a percentage share of the issue price. Acquisition commission payments are one-off payments. The level thereof corresponds to a percentage share of the respective issue and/or redemption price. The Principal may at any time



prior to the signing of this Agreement or prior to the commencement of the Company's management activities as well as at any time following the signing of this order or following the commencement of the management activities demand from the Company further details about the agreements concluded with third parties pertaining to such inducements. The entitlement to further information prior to the signing of this Agreement or prior to the commencement of the Company's management activities is limited to the period of 12 months preceding the enquiry. The Principal expressly waives the right to demand further information. If the Principal does not demand any further details prior to the signing of this Agreement or prior to the commencement of the Company's management activities, or if he signs this Agreement having obtained further information, then he shall expressly waive any possible surrender entitlement within the meaning of § 1009 ABGB.

#### **9. Public Holidays**

In all business relationships between the client and the Company, Liechtenstein public holidays and Saturdays shall have the same legal status as Sundays.

#### **10. Substitution**

The Company may appoint one or more sub-agents insofar as this is necessary for the Company to fulfil its mandate. In such cases the Company is only liable for the selection of the sub-agents.

#### **11. Voting Rights**

The Company shall exercise voting rights attaching to custody accounts only on the basis of a written power of attorney. The Company is entitled to refuse such orders.

#### **12. Data Processing**

The customer hereby consents to the Company outsourcing its data processing operations and transmitting data to the external computing centre in encrypted and anonymous form. Data which relates to customers and is specific to individuals will remain at the Company and at no other location.

#### **13. Termination of Business Relationship**

The Company reserves the right, at any time and at its own discretion, to terminate existing business relationships. Even where a period of notice exists or a due date has been mutually agreed upon, the Company shall be entitled to terminate business relationships with immediate effect if the client is in default with a payment, his financial situation has substantially deteriorated, and/or if bills etc. accepted by him are under protest, or if enforcement proceedings have been taken against him.

#### **14. Dormant Accounts**

The Company draws the client's attention to the fact that, under certain circumstances, business relationships may have to be classed as dormant accounts under the regulations applicable in the Principality of Liechtenstein. Dormant accounts will continue to be maintained; however, the Company reserves the right to apply charges for the costs it incurs in this respect and, without further notice, to terminate any business relationships classed as dormant accounts which show a debit balance.

#### **15. Limitation of Liability**

The liability of the Company is limited to the sum of CHF 1 million as prescribed by law and covered by insurance.

#### **16. Authoritative Language**

German is the authoritative language. In the case of foreign language texts, the German text shall be taken as an aid to interpretation.

#### **17. Salvage Clause**

Should individual or multiple provisions of the General Terms & Conditions of Business become unenforceable or invalid, or if the General Terms & Conditions of Business are found to contain a loophole, this will not affect the validity of the remaining provisions. The invalid provisions are to be interpreted or substituted in such a way that they reflect the intended purpose as closely as possible.

#### **18. Applicable Law and Venue for Legal Proceedings**

The official authoritative language of Liechtenstein is German. In the event of discrepancies between German and the foreign-language texts, the German text alone shall be authoritative. All legal relations between the customer and the



Company are governed by Liechtenstein law. The place of performance and the sole venue for any legal proceedings is Vaduz. The Company is entitled, however, to assert its rights against the customer before the courts of the customer's domicile or before any other competent court.

#### **19. Complaints Procedure and Arbitration Body**

Complaints have to be sent in writing using a standard form to the Company. The complainant has also the possibility of putting his case to extrajudicial arbitration body ([www.schlichtungsstelle.li](http://www.schlichtungsstelle.li)) between clients and financial services companies.

#### **20. Amendments to the General Business Conditions**

The Company reserves the right to amend the General Business Conditions at its discretion and to advise the customer thereof by circular letter or in any other suitable form such as the website ([www.aristo.li](http://www.aristo.li)).

#### **21. Validity**

These General Business Conditions shall enter into effect on 1 January 2016. They supersede all previous provisions.



## **II. Client Information within the Framework of New Statutory Provisions**

New statutory provisions for asset management companies are set to come into force on 1 November 2007 in the Principality of Liechtenstein within the context of the implementation of the EU Markets in Financial Instruments Directive (in short: MiFID). These provisions oblige all such companies to provide their clients with detailed information about offered services and products. The Aristo Investment Management AG (herewith called 'the Company') already provided you with extensive information within the framework of the conclusion of the contract. We now take the opportunity to comply with the further statutory regulations as follows:

### **1. Information about Financial Instruments**

In accordance with Art. 16 of the Liechtenstein Asset Management Act [Vermögensverwaltungsgesetz ("VVG")] in conjunction with the Directive concerning Client Information of the Bank Ordinance [Bankenverordnung] (Appendix 7.3), clients and potential clients must be provided with a reasonable level of information pertaining to financial instruments. This information must contain an adequately detailed general description of the nature and the risks of the financial instruments, thus enabling the client to take his investment decisions on an adequately informed basis. You will be able to find all of this information in the enclosed brochure published by the Liechtenstein Bankers Association on "Risks in Securities Trading", which contains all necessary information about financial instruments. If we have not yet provided you with a copy of this brochure, it is enclosed with this letter.

### **2. Client Communication**

You can contact Aristo Investment Management AG, Städtle 27, Postfach 1632, FL-9490 Vaduz, Liechtenstein, under the following telephone number: +423 235 00 80, fax number: +423 235 00 81, e-mail address: aristo@aristo.li. Insofar as client communication is not regulated in the asset management mandate, you may communicate with us at any time in German or English, and will always receive the corresponding documents of the Company in the German language. In your capacity as a client, the Company will as a rule communicate with you by letter, and if necessary by fax as well. If you contact the Company using electronic means of communication, e.g. e-mail, then the Company shall reserve the right to contact you by the same means. However, we wish to draw your attention to the fact that the use of e-mails entails certain risks with respect to confidentiality.

### **3. Financial Market Authority**

The Company is subject to the supervision of the Liechtenstein Financial Market Authority FMA, Landstrasse 109, PO Box 684, FL-9490 Vaduz ([www.fma-li.li](http://www.fma-li.li)).

### **4. Client Classification**

We wish to inform you that we have classified you as a non-professional client, because this means you enjoy the highest level of protection. You may apply to be reclassified to a lower level of protection, insofar as certain criteria are fulfilled. Upon request, we shall be pleased to explain the relevant conditions.

### **5. Client Reporting**

It is essentially the case that the Company will provide a statement of the asset management services on a six-monthly basis. This period may be reduced to three months, should you wish. If this is the case, we kindly ask you to notify us in writing. If a credit-financed financial portfolio has been approved between the Company and the client, then the Company will report on a monthly basis. Insofar as the client wishes to be given a settlement for each individual security, then the Company shall reserve the right to extend the reporting duty to an annual interval.

### **6. Measures to protect the entrusted client assets**

The Company merely renders asset management services. It does not itself hold any of the client's financial instruments for safekeeping.

### **7. Dealing with potential conflicts of interest**

We have enclosed a copy of Information on Dealing with Potential Conflicts of Interest with this document. For more detailed policies on dealing with conflicts of interest, see our homepage under [www.aristo.li](http://www.aristo.li).



## **8. Benchmarking**

To portray the financial portfolio administration in a transparent manner, we use a so-called benchmark as a valuation method. The benchmark differs in terms of the respective client portfolios, and is defined in accordance with the investment goal and investment strategy. In the case of individually compiled custody accounts and special client wishes, the benchmark will in each case either be individually agreed with the client, or the use of a benchmark will be waived.

## **9. Investment Objectives**

The Company will reach an agreement with you on the investment goals, the risk level which must be taken into account by the asset manager, and any possible special restrictions pertaining to this discretion, insofar as this has not already been done.

## **10. Valuation of Financial Instruments**

The Company will use the following valuation criteria to value the financial instruments held in the client portfolio:

- Investment funds will always be valued in accordance with the unit prices published by the respective investment fund company.
- The value of listed securities will be determined in accordance with the respective end-of-trading prices of the most liquid market for these securities.
- If no stock market price is provided for the financial instrument, then the Company shall determine the market value using general valuation principles.
- The valuations of the financial instruments in the client portfolio will be performed at the latest with respect to the agreed reporting deadlines.

## **11. Execution of Orders**

As a rule, the custodian bank will be responsible for the execution of orders. The custodian bank will report its order execution principles to its clients. Insofar as the Company presents its clients with a choice of custodian banks, or places orders with securities traders or brokers directly, then it shall inform its clients about the criteria which determined its choice in a so-called execution policy. The Company may possibly pool client orders, before forwarding these for execution in the form of a collective order. If this collective order is executed at different prices, then the Company shall arrange the allocation to the individual client custody accounts on the basis of average figures. This will minimise – but will not eliminate – the chance of a client being disadvantaged.

## **12. Costs**

The costs are set out in the asset management mandate, and can be studied there. It is possible that further costs and taxes may be imposed upon the client arising out of the asset management in conjunction with the financial instruments and securities services which have been procured on his behalf. These will not necessarily be covered by the overall fee, and will then be invoiced to the client. Payment will be performed by means of a debit from the asset management account of the investor using the direct debit procedure. This means the client will be able to raise an objection.

## **13. Information for Existing Clients**

As an existing client, you will have received a great deal of information from us in the past which may in part be duplicated by the present document. Insofar as this is made necessary by the new statutory provisions, whether with respect to the details for the client profile or in terms of the asset management agreement, we shall contact you within the next few weeks. In other respects, you may rest assured that the information provided to you in the present document complies with the new statutory provisions.



### III. Principles for Dealing with Potential Conflicts of Interest

Asset management companies endeavour to safeguard and to strike a proper balance between the interests of their clients, shareholders and employees. However, asset management companies which render a wide variety of high-quality financial services for their clients are not always entirely able to exclude conflicts of interest. In accordance with Art. 20 of the Liechtenstein Asset Management Act [Vermögensverwaltungsgesetz (“VVG”)] and Art. 12 b of the Liechtenstein Asset Management Ordinance [Vermögensverwaltungsverordnung (“VVO”)] we consequently take this opportunity to inform you as follows about the measures we have put in place to avoid possible conflicts of interest.

Conflicts of interest can arise between our Company, other companies within our Group, our company management, our employees, our contractually associated intermediaries or other persons who are associated with us **and** our clients or between our clients.

In order to prevent inappropriate interests influencing our consultancy services, order execution, asset management or financial analysis, for instance, we have committed ourselves as well as our employees to **stringent ethical standards**, such as the Code of Ethics and Professional Conduct of the Association of Independent Asset Managers in Liechtenstein VuVL ([www.vuvl.li](http://www.vuvl.li)) and the ethical codes and standards of the CFA Institute ([www.cfainstitute.org](http://www.cfainstitute.org)). We expect our employees at all times to act diligently and fair, legally and professionally, in accordance with market standards and in particular in accordance with **the interests of the client** at all times.

In order to avoid potential conflicts of interest from the outset, we have implemented the following **measures**, inter alia:

- the creation of a compliance function in our Company with responsibility for identifying, avoiding and managing possible conflicts of interest, and for taking appropriate measures, should these be necessary;
- the creation of organisational procedures to safeguard client interests in the fields of investment consultancy and asset management, e.g. approvals processes for new products;
- regulations regarding the acceptance and provision of inducements, as well as their disclosure;
- the delineation of business sectors from one another and the simultaneous control of the flow of information between business sectors (the creation of so-called areas of confidentiality);
- all employees for whom conflicts of interest may arise within the framework of their duties are identified and are obliged to disclose all of their transactions in financial instruments;
- regulations regarding transactions performed independently by our executives and employees;
- regulations regarding the acceptance of gifts and other benefits by our employees;
- in executing orders, we act in accordance with our best execution policy and the instructions of the client;
- higher fee volumes do not automatically lead to higher salaries;
- ongoing controls of all transactions performed by our employees;
- the ongoing training of our employees.

If conflicts of interest cannot be avoided, then we shall disclose this to the affected clients before concluding a transaction or providing consultancy services.

We wish to draw your attention in particular to the following points:

- In conjunction with the sale of securities, it is generally the case that we receive **inducements (portfolio commission or reimbursements)** on custody account fees, stock market and fiduciary commission, brokerage fees and other fees from banks, investment fund companies and security issuers. In addition, we may also be granted transaction commission payments such as placement commission and/or issue and redemption premiums. The collection of these payments and inducements enables us to provide more efficient and higher-quality infrastructures for the acquisition and sale of financial instruments. The level of these inducements is in line with normal market standards, and as a rule does not constitute an additional financial burden on the client. We shall be pleased to provide our clients with further details pertaining to the receipt or the granting of inducements upon request.
- In conjunction with our securities operations, other investment firms also provide us with **free inducements** such as financial analyses or other information, training and some technical services and equipment for accessing third-party information and dissemination systems. The acceptance of such inducements is not



directly connected to the services rendered to you; we use these inducements to provide the high quality of service which you expect, and to improve our services on an ongoing basis.

- We sometimes make performance-related **commission payments** and provide **fixed remuneration** to contractually-associated or independent **brokers** who mediate clients or individual transactions, with or without reference to a specific transaction. Furthermore, associated brokers may also receive direct inducements from third parties, in particular investment fund companies and security issuers, in addition to the commercial agent commission paid by us.
- Information pertaining to relevant potential conflicts of interest is also contained in the financial analyses drawn up or prepared by us.

At your request, we will provide you with further details regarding these principles.



## IV. Principles Governing the Execution of Orders in Financial Instruments within the Framework of the Asset Management (Execution Policy)

The following Principles apply to the **selection of a custodian bank by the asset manager** or to the **direct execution of orders via securities traders** which the asset manager places within the framework of the asset management mandate and the investment guidelines stipulated therein for the purpose of buying or selling securities or other financial instruments (e.g. options). Execution means that a corresponding financial transaction is concluded on the basis of the client order or management mandate on the account of the client with another party on a suitable market.

The Principles do **not** apply

- to the issue of **units in investment undertakings** at issue price or their redemption at redemption price via the respective custodian bank;
- to **fixed-price transactions**, i.e. if financial instruments are bought at a price which has been contractually agreed in advance;
- in the event of **exceptional market situations or market disruptions**. In this event, we shall act to the best of our knowledge and belief in the interest of the client;
- to **market-sensitive order processing**, i.e. we shall deviate from the Principles on a case-by-case basis if this is advantageous for the client;
- to a **pooling of orders**, provided this **does not result in any disadvantage** for the client;
- if the **client has issued instructions** which have precedence over the following Principles;
- if the **custodian bank is selected** by the client. In this case, the client must instruct the asset manager to place orders with one or more custodian banks chosen by him. In this conjunction, the naming of a custodian bank account by the client shall be deemed to constitute an instruction or selection of the custodian bank. In this event, the principles of the commissioned custodian bank or financial services provider shall apply with respect to the realisation of the best possible execution.

### 1. Principles in the Case of a Custodian Bank Recommended by the Asset Manager

The asset manager shall take steps to ensure that the best possible result is secured when executing orders for the client. The recommendation of a custodian bank, commissioned to execute the investment decisions of the asset manager, shall be done on the basis of the following **criteria**, whereby these shall be weighted to take account of the particular characteristics of the client and the financial instruments in question:

- best-possible overall price (costs)
- likelihood of the comprehensive execution and settlement of the order
- speed of the complete execution and settlement
- reliability of the settlement
- scope and nature of the desired services
- market conditions

### 2. Principles in the Case of the Direct Execution of Orders via Security Traders

The asset manager shall take steps to ensure that the best possible result is secured when executing orders for the client. The selection of a security trader shall be done on the basis of the following **criteria**, whereby these shall be weighted to take account of the particular characteristics of the client and the financial instruments in question:

- best possible overall price (costs)
- likelihood of the comprehensive execution and settlement of the order
- speed of the complete execution and settlement
- reliability of the settlement
- scope and nature of the desired services