

General Client Information

as per 01/18/2021

Table of contents

1.	Information on CMTA AG and its Services	3
1.1.	General Information on CMTA AG	3
1.2.	Information on Services offered.....	4
1.3.	Information on Client Categorisation.....	4
1.4.	Information on Investor Compensation.....	8
1.5.	Information on Reporting.....	8
1.6.	Information on Complaints Management.....	8
1.7.	Information on Recording	9
1.8.	Information on Costs and Associated Charges.....	9
1.9.	Standardized information on the business license regarding financial consulting.....	10
2.	Information on the Handling of Conflicts of Interest	11
2.1.	Examples of Conflicts of Interest.....	11
2.2.	Information on acceptance of inducements	11
2.3.	Information on Handling of Conflicts of Interest with CMTA AG.....	12
3.	Information on Data Processing according to the Prevention-of-Money-Laundering-Act on the Financial Market.....	12
4.	Best Execution Policy.....	13
4.1.	Priority of customer instructions.....	14
4.2.	Merge customer orders.....	14
4.3.	Allocation rules.....	14
4.3.	Places of execution.....	14
5.	Information and Risk Assessment of Financial Instruments	15
5.1.	General risks of investments	15
5.2.	Bonds.....	18
5.3.	Shares	20
5.4.	Money Market Instruments	21
5.5.	Information on Creditor Participation in the Event of the Restructuring or liquidation of a bank („Bail-In“).....	22
6.	Market-based Payments	23

1. Information on CMTA AG and its Services

1.1. General Information on CMTA AG

CMTA AG is an Austria investment firm, state-licensed by FMA. This state license comprises the investment services of investment advice as well as the acceptance and transmission of purchase orders concerning stocks and money market instruments applicable on the financial instruments.

CMTA AG
Schmiedgasse 38
8010 Graz
Austria

Telephone: +43 50 2682
Fax: +43 50 2682-90
E-mail: office@cmta.at
Web: www.cmta.at
comm. reg. No: FN477532d
VAT: ATU72959907

Regulating authority

FMA (Österreichische Finanzmarktaufsicht) serves as regulating authority, Otto-Wagner-Platz 5, A1090 Vienna, www.fma.gv.at

Legal Regulations

Applicable statutory provisions are in particular WAG 2018 (WertpapierAufsichtsGesetz) in the prevailing legal norms (<http://www.ris.bka.gv.at>) as well as the Commission Delegated Regulation (EU) 2017/565.

Communication

The main language is German. On request of the client, communication can also take place in English. In this case, CMTA AG shall provide all documents and information in the English language.

Preferred means of communication is the data service Bloomberg. Alternatively, personal contact can be established via telephone, letter, fax or e-mail. Communication can either take

place in German or in English. CMTA AG shall send the necessary information in written form in the language chosen in the contract.

Placing of an order shall be made either in written form (via Bloomberg or e-mail) or via telephone.

1.2. Information on Services offered

CMTA AG offers investment services of investment advice for financial instruments according to §3 Abs. 2 Z 1 WAG 2018 as well as the acceptance and transmission of orders, as long as these operations include one or more financial instruments according to §3 par. 2 Z 3 WAG 2018 concerning commercial papers being applied to financial instruments according to §1 par. 1 Z 5 WAG 2018 as well as money market instruments according to §3 par. 1 Z 6 WAG 2018.

CMTA AG points out that no investment advice on independent basis in terms of §§50 and 53 WAG 2018 will be given. The counselling is based on a limited analysis of various forms of financial instruments. The pallet of financial instruments, however, does not only comprise such financial instruments that are issued by institutions having close relations to CMTA AG, or conduct any other legal or economical relation, such as privities of contract, with the firm, which are so close that an independent consultation in terms of §§50 and 53 WAG 2018 is not possible. CMTA AG, moreover, does not offer a regular assessment of the applicability of the financial instruments recommended to the client.

CMTA does not provide services that involve the holding of third party funds, securities or other instruments so CMTA can not, at any time, be the debtor of its clients for the performance of such services.

In addition, CMTA AG has the business license of "Gewerbliche Vermögensberatung ohne Berechtigung zur Vermittlung von Lebens- und Unfallversicherungen, eingeschränkt auf die Personal- und Hypothekarkredit-vermittlung (commercial investment consulting without authorization to broker life and accident insurance, limited to the personnel and mortgage credit brokerage). Further information on this topic can be found under point 1.9. of this client information.

1.3. Information on Client Categorisation

A client according to the WAG 2018 is every natural or legal person for whom a legal entity renders investment services or ancillary services and every natural or legal person on which the legal entity has pre-contractual duties to attend to.

The client categorisation, mandatory by law, separates between eligible counter parties, professional clients and retail clients. According to §59 par.3 WAG, the CMTA AG has to categorise its clients. The regulations therefore issued are applicable for all investment services

and ancillary services regarding all offered financial instruments by CMTA AG.

CMTA AG only renders investment services for professional clients and eligible counter parties.

Professional clients

A professional client, according to §66 WAG 2018, is a client who possesses the experience, knowledge and expertise to make its own investment decisions and can properly assess the risks that these decisions incur. Professional clients are the following legal entities as well as those clients who are, according to §67 WAG 2018, treated as professional clients on request.

The following shall all be regarded as professionals in all investment services and activities and financial instruments for the purposes of the Directive.

1. Entities which are required to be authorised or regulated to operate in the financial markets. The list below shall be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under a Directive, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a third country:
 - (a) Credit institutions;
 - (b) Investment firms;
 - (c) Other authorised or regulated financial institutions;
 - (d) Insurance companies;
 - (e) Collective investment schemes and management companies of such schemes;
 - (f) Pension funds and management companies of such funds;
 - (g) Commodity and commodity derivatives dealers;
 - (h) Locals;
 - (i) Other institutional investors;
2. Large undertakings meeting two of the following size requirements on a company basis:
 - (a) balance sheet total: EUR 20 000 000
 - (b) net turnover: EUR 40 000 000
 - (c) own funds: EUR 2 000 000
3. National and regional governments, including public bodies that manage public debt at national or regional level, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.
4. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing

transactions. EN 12.6.2014 Official Journal of the European Union L 173/483

Eligible Counter Parties

CMTA AG is entitled to provide the investment service of the reception and transmission of orders. So it may bring about or enter into transactions with eligible counterparties without being obliged to comply with the obligations under §47 par. 1 bis 5, §48 par. 4, §49, §§50 to 52, §55, § 56 par. 1 and 2, §57 par. 1 to 3, §58, §59, §§61 bis 64 and § 65 par. 1 WAG 2018 in respect of those transactions or in respect of any ancillary service directly relating to those transactions.

CMTA AG shall act honestly, fairly and professionally and communicate in a way which is fair, clear and not misleading, taking into account the nature of the eligible counter party and of its business.

For the purpose of this article, the legal entities mentioned in §66 par. 2 Z 1 to 4 WAG 2018 are eligible counter parties. The legal entities mentioned in §66 par. 2 Z 1 lit. I WAG 2018 have to hold net sales of minimum €40 million.

A legal personality located at a third party country applies as eligible counter party if it is equal to those legal entities mentioned in §68 par. 3 WAG 2018.

In the event of a transaction where the legal personality is located in different jurisdictions of different member states, the investment firm shall defer to the status of the legal personality as determined by the law or measures of the legal personality in which it is established. In the event of CMTA AG concluding a business with such legal entities, it shall obtain the agreement of the legal personality to be treated as eligible counter party. This agreement can either be obtained as mutual understanding or on a trade-by-trade basis.

Retail Clients

Retail clients are clients who are neither professional clients nor eligible counter parties. CMTA AG does not undertake any business relationships, nor does it conclude any transactions with, those retail clients. In the event of a professional client intending to be classified as retail client, this case shall be considered by the management board. If need be, suitable procedures and processes shall be implemented in consent with the responsible agency so that the retail client can be supported properly.

Client Reclassification

All clients not being classified as professional clients according to §66 WAG 2018, including public sector bodies, local public authorities and private individual investors may request of

CMTA AG the classification and treatment as professional client in accordance with §66 par. 1 WAG 2018. Those clients waive the benefit of the protection of retail clients.

The classification and treatment as professional client is only possible under the following circumstances:

- the client must state in writing to CMTA AG that they wish to be treated as professional client, either generally or in respect of a particular investment service or transaction, or type of transaction or product
- CMTA AG must give the client a clear written warning of the protections and investor compensation rights they may lose
- the client must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections
- CMTA AG undertakes an adequate assessment of the expertise, experience and knowledge of the client, and makes sure that, in light of the nature of the transactions or services envisaged, the client is capable of making investment decisions and understanding the risks involved. In the course of this assessment, as a minimum, two of the following criteria shall be satisfied:
 - the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters
 - the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500 000
 - the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged

Professional clients are responsible for keeping the investment firm informed about any change, which could affect their current categorisation. Should the investment firm become aware however that the client no longer fulfils the initial conditions, which made him eligible for a professional treatment, the investment firm shall take appropriate action.

A legal personality classified as eligible counter party may either in general or for every business transaction separately be allowed to waive the application of the regulations of §68 par. 1 WAG 2018.

CMTA AG is allowed to classify a client on request or on its own terms according to art.45 DeIVO 2017/565 either as professional client or retail client, if the client could be classified as eligible counter party or as retail client, if the client can be classified as professional client.

The classification of the clients is applicable for all investment services, if not stipulated otherwise. In the case of reclassification on request, the fulfilment of the criteria must be reviewed once a year. This review has to be documented in the client record. If the criteria are not met any longer, the client must be reclassified into the subsequent client category in accordance with the protection level. The same applies with the withdrawal of the request.

1.4. Information on Investor Compensation

Based on the European Regulations, which Austria has implemented with the ESAEG (law on deposit guarantees and investor compensation), every investment firm legally bound to be part of a protection scheme, if said firm conducts investment services bound to protection levels.

CMTA AG, as an Austrian investment firm, is legally bound to the Austrian regulations on investor compensation and, thus, is member of the respective legal protection "AeW" (Anlegerentschädigung von Wertpapierfirmen GmbH, Rainergasse 31/8, 1040 Wien, office@aew.at, www.aew.at).

1.5. Information on Reporting

The transmission of the reporting is carried out according to the method of transmission preferred by the client – electronically, via mail or in any other way agreed upon. CMTA AG solely offers investment services outside portfolio management. Therefore, the respective regulations will be applied. Since CMTA AG itself is not directly involved in transactions of financial instruments, the client does not receive an execution confirmation from CMTA, because the client receives the confirmation from his respective transaction partner.

1.6. Information on Complaints Management

CMTA AG's first priority is the highest quality of the offered services as well as acting accurately and honestly in the best interest of the client. Nonetheless, objections and complaints may occur. In this case, the client shall contact CMTA AG via one of the possibilities mentioned in chapter 1.1.

Complaints must be handled immediately, or within three bank working days at the latest, regardless of CMTA obtaining information about this directly or indirectly. CMTA AG must confirm the receipt of the complaint within those three bank working days to the (potential) client and state a time line of the handling of the complaint. This should take no longer than two weeks.

When CMTA AG defines its position on the complaint to the client, the client must be informed on the possibilities available, including the possibility of redirecting the complaint to an authority for settlement of disputes and the right of lawsuit under civil law.

If you are not satisfied with the handling of the complaint, you have the possibility of approaching the arbitration board for consumer business (office@verbraucherschlichtung.at). In addition, you have the option to file a civil lawsuit.

On request of the person filing a complaint, the current state of handling will be communicated.

Employees of CMTA AG are trained constantly at complaint management so that the quality of complaint management is ensured.

1.7. Information on Recording

CMTA AG keeps records on its business transactions according to the legal regulations of §33 WAG 2018 as well as art. 72 to 76 DelVO 2017/565. It is pointed out to the clients that phone calls or communication between CMTA AG and its clients (possibly) leading to business transactions will be recorded. CMTA AG keeps copies of the recorded conversations and communications with the client for at least 5 years (CMTA will keep them for 7 years if required by the responsible authority (FMA)). Upon request CMTA will provide its clients with the recordings free of charge.

1.8. Information on Costs and Associated Charges

CMTA AG does not charge any costs and associated charges to its clients for investment services within the limits of the intermediation business. Thus, no entry of such costs and associated charges is carried out. For further information on accepting advantage of third parties in this business section refer to chapter 2.2 Information on accepting inducements.

CMTA AG charges for advice business and financial consulting on fee basis a fee which the client and CMTA AG had agreed upon beforehand. CMTA AG states an invoice at the end of the business transaction. For the financial instrument itself, the counterparty of the transaction charges the costs. No additional costs accumulate for the client. If not agreed otherwise with the customer, the cost disclosure in accordance with Art. 50 DelVO 2017/565 is provided directly before providing the respective investment service.

1.9. Standardized information on the business license regarding financial consulting

Identity and adress	<p>CMTA AG Schmiedgasse 38 8010 Graz Austria</p> <p>Telephone: +43 50 2682 Fax: +43 50 2682-90 E-mail: office@gmta.at Web: www.cmta.at comm. reg. No: FN477532d VAT: ATU72959907</p>
Register Information	<p>Registered in the Business Information System Austria (GISA) with the Registration number: 30747258 Internet address: https://www.gisa.gv.at/vkr</p>
Form of credit mediation	Unaffiliated credit intermediation
Consulting Services	There are no consulting services offered in the context described here.
Complaints	In case of complaints the arbitration board for consumer transactions Mariahilferstraße 103/1/18, 1060 Wien can be claimed under Tel.: 01 89 63 11, Fax: 01/ 890 63 11 99 or E-Mail: office@verbraucherschlichtung.at.
Payments	For the credit intermediation, the credit intermediary receives a commission. The commission is entitled to the credit intermediary as remuneration of its service. Consumers can request information about the respective commission levels of the loan agreements offered.
Information provided by credit seekers	Credit seekers have to provide information and verifiable evidence. This information must be accurate and complete enough to allow a proper creditworthiness verification. WARNING: The loan can not be granted if the loan seeker refuses to provide this information or evidence.

2. Information on the Handling of Conflicts of Interest

In compliance with the legal and regulatory requirements, CMTA AG established guidelines for the handling of conflict of interest. These guidelines define the proceedings being initiated and the provisions being taken to manage conflicts of interest.

2.1. Examples of Conflicts of Interest

Conflicts of interest may occur in connection with the execution of investment services, the acceptance and transmission of orders as well as with investment advice, particularly because of interests of sales and proceeds of CMTA AG or its employees.

Conflicts of interest may, in this context, occur by obtaining non-official information on financial instruments or their issuer, by the acceptance or warranty of advantages from a third party or to a third party for rendered investment services, by performance-based pay of employees or by provision of various services connected by conflict of interest and conducted by one and the same person.

2.2. Information on acceptance of inducements

The acceptance of inducements by third parties as well as the warranty of inducements to third parties in connection with investment services and ancillary services by the investment firm pose a (potential) conflicts of interest. Inducements in terms of §51 WAG2018 are fees, commissions, other payments or benefits not offered in monetary form. Inducements go beyond the usual fees rendered for services. Such financial incentives generally cause conflicts of interest since the investment firm promised such advantage may act against client interest.

CMTA AG only renders investment services to professional clients and eligible counter parties. Does CMTA AG render the investment service of acceptance and transmission of orders regarding financial instruments to eligible counter parties, the regulations regarding acceptance and granting of inducements (according to §§50 to 52 WAG 2018) are not applicable (according to §68 WAG 2018). CMTA AG provides this investment service in the context of its business areas of fee-based business and agency business.

In the agency business, CMTA AG mediates between one or more clients and a third party, showing them an opportunity to relocate a financial instrument. The contract is concluded between the client and the third party. The CMTA receives a commission from the third party. There are no costs for the client for the mediation of the transaction on the part of CMTA AG. Currently there is a cooperation with the company "Compass Asset Management SA" concerning the agency business of CMTA AG. The cooperation is based on the complementary know-how of the contracting parties in the field of trading securities. The agency business is open exclusively to clients who are classified by CMTA AG as eligible counterparty. Clients classified as professionals clients (as well as private customers which are generally not supported by CMTA AG) are excluded by CMTA AG from the agency business.

In the fee-based business, the CMTA connects clients directly to one another and invoices at least one of the clients for the successful conclusion of a contract. The contract is concluded between the clients, the CMTA AG itself is not a direct contracting party in the transaction.

The investment service of investment advisory is provided by CMTA AG within the business-area of the advisory business. The advisory business includes direct advice to clients. For this purpose, CMTA AG invoices a fee determined before the provision of the service, which accrues regardless of whether the advice results in a concrete transaction of securities or not. In this case, clients directly access the know-how of the employees of CMTA. We support the client with our knowledge and experience and provide him with a non-performance fee. CMTA AG exclusively provides non-independent investment advice within the meaning of § 53 WAG 2018.

The business areas of fee-based business and advisory business are open to professional clients, since the clients are charged directly and no inducements for third parties in the sense of WAG occur.

Nonetheless, CMTA AG is always careful to act in the best interest of its clients. CMTA AG ascertains a rendering of investment services in the best interest of its clients and that the granting and acceptance of advantages of third parties do not interfere with this ascertainment.

2.3. Information on Handling of Conflicts of Interest with CMTA AG

The responsibility of identification, prevention and management of conflicts of interests is assumed by an independent compliance officer directly subordinated to the CMTA board of directors. The firm takes numerous organisational steps against conflicts of interest influencing business behaviour in the best interest of the client. Should these steps render insufficient for the avoidance of conflicts of interest, CMTA AG will disclose the kind and source of these conflicts to its clients. The disclosure has to be considered an ultima ratio and renders no alternative to the management of conflicts of interest and, thus, does not free CMTA AG from its obligation to overcome such conflicts of interest. The disclosure will be saved on a permanent medium in such an extent that enables the client to take a decision on the services prone to a conflict of interest based on the necessary information. In such a case, the client has the possibility to withdraw from or to change an order, if this order has already been placed.

3. Information on Data Processing according to the Prevention-of-Money-Laundering-Act on the Financial Market

CMTA AG is legally obligated by the Prevention-of-Money-Laundering-Act on the financial market in accordance with its due diligence to prevent money laundering and financing of

terrorism to obtain and to retain certain information and documents from persons commencing a business relationship or on account of an occasional transactions. CMTA AG is obligated to determine and examine the identification of clients, economic owners or possible trustors of clients, to account the intended purpose and the kind of business relationship aspired by the client, to gain information on the origin of the capital employed as well as to observe the business relationship and the conducted transactions continuously. In particular, CMTA AG has to store copies of the documents and information necessary for the compliance of its due diligence and the receipts and records of financial transactions necessary for the identification of transactions.

The Prevention-of-Money-Laundering-Act on the financial market grants the CMTA AG the legal right in terms of the data privacy act (DSGVO) to use the above mentioned data of the clients within the frameworks of executing the due diligence to prevent money laundering and financing terrorism, to which the firm is legally obliged and which serves public interest. Data processing in the frameworks of the above mentioned due diligence measures are based on a legal obligation of CMTA AG. An objection of these data processing cannot be taken into account by CMTA AG.

CMTA AG is obliged to delete all data collected and saved in accordance with the Prevention-of-Money-Laundering-Act on financial markets after 10 years, except provisions of other federal laws require or allow a longer storage or the financial supervision agency (FMA) has determined longer periods of data storage within federal law. Personal data collected by CMTA AG in accordance with the Prevention-of-Money-Laundering-Act on financial markets shall only be used within the intended purpose. Personal data shall not be used commercially.

4. Best Execution Policy

In conjunction with the requirements of WAG 2018, CMTA AG has defined principles for how orders of clients are executed or forwarded.

CMTA shows clients places of execution in order to facilitate the best possible execution of their clients. The transactions develop between these parties. In doing so, the acting parties will review their respective execution policies as part of their business conduct. CMTA itself will never take part directly in these transactions.

When receiving and transmitting orders, CMTA strives to achieve the goal of consistently achieving the best possible results for all clients of CMTA. Client orders are executed on the basis of these principles, unless explicit instructions are given by the client. A review of the best possible execution of each individual client order before forwarding or execution does not take place.

The policy applies to provided investment services to professional clients. Acc. to § 66 WAG 2018 it doesn't apply on eligible counterparties.

4.1. Priority of customer instructions

The client has the opportunity to issue instructions. This is possible for individual transactions as well as in general. In any case, this directive takes precedence over the standardized implementation policy of the CMTA. If an order is fulfilled in accordance with the express instructions of the customer, the obligation to achieve the best possible result according to the scope of the instruction is deemed fulfilled.

4.2. Merge customer orders

Orders of clients can be combined to keep costs down or to facilitate the transaction. This merger only occurs if it does not adversely affect the client order.

4.3. Allocation rules

If it comes to partial executions when merging client orders, it must be clarified in advance with the client, whether such a desired. Taking into account the respective criteria of the client (for example, complete execution only, in certain steps, each nominal value possible, etc.) an allocation in percentages will take place. The allocation will be coordinated with the client prior to the provision of the investment service.

4.3. Places of execution

In context of the intermediation business CMTA AG currently works with Compass Asset Management S.A., Via Calprino 18, 6902 Lugano-Paradiso. A cooperation with other institutes is possible.

In 2020 CMTA AG mediated under the FMA license between its clients and the following trading partners:

Trading Partner	Clients	Quality of Execution
Compass Asset Management S.A.	69,51%	100%
Deutsche Apotheker und Ärztebank	24,39%	100%
Baader & Heins Capital Management AG	4,88%	100%
Donner & Reuschel Aktiengesellschaft	1,22%	100%

With this information, CMTA complies with its publishing obligation in accordance with Art. 65 (6) DelVO 2017/565.

5. Information and Risk Assessment of Financial Instruments

This section provides an overview on risk assessment of financial instruments CMTA AG provides according to §48 WAG 2018.

In this context, a risk is the failure to achieve an expected return on invested capital and/or the loss of invested capital up to its total loss, whereby the risk – depending on the design of the product – may be caused by the product, the markets or the issuer. Risks cannot be foreseen in advance, so the subsequent preparation is not conclusive. Special attention must always be paid to the creditworthiness of the issuer of a product, as this always depends on the individual case.

The investment products described here are based on the usual product features. The design of the concrete product can be different. A detailed examination of the concrete product, therefore, cannot be replaced by this risk assessment.

In accordance with Product Governance, CMTA AG defines a target market for each financial instrument or group of financial instruments. In providing investment advisory services, financial instruments are only sold to clients who are part of the defined target market. If the investment services provided by CMTA AG are merely an execution transaction, CMTA AG does not determine whether the clients is a part of the target market for the relevant financial instrument. However, an examination takes place as to whether the product is suitable for eligible counter parties and whether the product is only suitable for investment advice or for the acceptance and transmission of orders. CMTA AG offers its services exclusively to professional clients and eligible counter parties. The products listed below are intended for professional customers and eligible counter parties within the scope of distribution by CMTA AG.

5.1. General risks of investments

Currency Risk

If a transaction is concluded in a foreign currency, it is called a foreign currency transaction. In such a transaction, the return or performance of the transaction depends not only on the local return of the financial instrument in the foreign market, but also strongly on the development of the exchange rate of the foreign currency in relation to the investor's base currency (for example, Euro). If a change in the exchange rate occurs, the return as well as the loss of the investment net can be increased or reduced.

Risk of transfer

If a transaction is concluded abroad or with a drawing abroad, for example if the debtor comes from abroad, there exists a risk of transfer. This risk of transfer depends on the respective country. This gives rise to the additional risk that political or exchange rate measures will prevent or hinder the realisation of the investment. In addition, problems can arise when an order is settled. In the case of foreign currency transactions, such measures may also result in the foreign currency no longer being freely convertible, making it difficult to return it to the original currency, such as Euro.

Solvency risk

Solvency risk is the risk of the business partner becoming insolvent. The risk describes the potential inability of the business partner to meet its obligations on time or finally. These obligations can be dividend payments, interest payments, repayments, etc. Alternative forms for solvency risk are debtor or issuer risk. A rating is used to assess this risk. This is a valuation scale for assessing the creditworthiness of issuers. Ratings are issued by rating agencies, in particular the creditworthiness and country risk (see below) is assessed. The rating scale ranges from "AAA" for the best solvency to "D" for the worst credit rating.

Sovereign risk

Sovereign risk is the credit risk of a country. If a state represents a political or economic risk, this can have a negative impact on all partners resident in this state.

Foreign exchange risk

The foreign exchange risk describes the possible fluctuations in the value of individual investments. In the case of commitment transactions, the price risk (such as forward exchange transactions, futures, writing options) may necessitate hedging (margin) or increase their amount. This leads to liquidity being tied up.

Interest-rate risk

Interest-rate risk arises from the possibility of future changes in market interest rates. Rising market interest rates lead to price losses during the term of fixed- interest bonds, falling market interest rates lead to price gains.

Risk of total loss

The risk of total loss is the risk that an investment can become completely worthless, for example due to its construction of a limited right. A total loss may occur in particular if the issuer of a security becomes insolvent or is no longer in a position to meet its payment obligations for other economic reasons.

Liquidity risk

Liquidity means tradability. This describes the possibility of buying, selling or closing out an investment at market prices any time. A liquid market exists when an investor can trade his

securities without an average large order (measured against the usual market turnover volume) leading to noticeable price fluctuations and cannot be settled or only at a significantly short level.

Financing a purchase of shares through a loan

The purchase of shares through a loan significantly increases the risk of an investment. The loan must be repaid independently of the success of the investment. The cost of the loan also reduces the return of the investment.

Order placement

Buy or sell orders to a legal entity (investment firm, investment service provider, bank, insurance company or investment fund company as well as their subcontractors) are called order placement. The placement of an order must at least include which investment is to be bought/sold in which number of shares/nominals at which price over which period of time.

- price limit: the order suffix “best”, without specifying a price limit, means that you accept every possible rate. The required capital employed/sale proceeds are therefore uncertain. With a purchase limit you can limit the purchase price of a stock exchange order and thus the capital invested; purchases above the price limit are not carried out. With a sales limit you determine the lowest acceptable sales price; sales below the price limit are not carried out. Attention: A stop market order is not activated until the price formed on the exchange corresponds to the selected stop limit. The order is valid when activated as “best order” - without limit. The actual price achieved can thus deviate considerably from the stop-limit chosen, especially with market narrow titles.
- Time limit: you can limit the validation of your order by using a time limit. The validation duration of orders without time limit centres on the conventions of the respective stock exchange market.

Guarantees

Guarantee has various meanings. On the one hand, a guarantee is the consent of a third party (not the issuer) to satisfy the liability of the issuer. On the other hand, a guarantee can be the consent of the issuer himself, to perform a particular service independently from the development of certain indicators responsible for the extent of the liability of the issuer. Guarantees can apply on various other circumstances, however.

Capital-back guarantees, usually, are solely valid at the time of validation, which may lead to fluctuation in the rate during the validity period. The quality of a capital-back guarantee mainly depends on the solvency of the issuer of the guarantee.

Taxation law

This overview serves to inform about the risks. The final evaluation of the effect of the investments on your personal tax situation always depends on your personal circumstances and should be conducted together with your accountant.

5.2. Bonds

Definition

Bonds (=obligations, annuities) are securities in which the issuer obliges the holder (creditor, buyer) to pay interest on the capital received and repay it in accordance with the terms and conditions of the bond. Along these bonds exist obligations that differ considerably from the mentioned characteristics and the following description. CMTA AG refers to the obligations described in the section "structured products". The definition as bond or obligation is, therefore, not the determining factor but the correct arrangement of the product.

Return

The return of a bond consists of the interest of the capital and the possible difference between purchase price and procurable price at sale/clearance.

Thus, the return can only be specified beforehand when the bond will be kept until clearance. An income statement is not required when the bond has a variable interest rate. The yield (to final date) is used for the index for the earnings, calculated based on international standards. Presents a bond a yield notably above other yield of bonds with a similar period of validity, special reasons must be provided for this, such a higher solvency risk. When sold before clearance, the achievable selling price is unknown, the return can thus be higher or lower the originally accounted yield.

Solvency risk

There is a risk that the debtor will no be able to meet his obligations or will only be able to meet them in part, for example due to insolvency. In your investment decisions you must, therefore, take the creditworthiness of the debtor into consideration. A note of evaluation of the creditworthiness of the debtor may be the so-called rating (=credit rating of the debtor) conducted by an independent rating agency. The rating "AAA" or "Aaa" stands for best solvency (e.g. German federal bonds). The lower the rating (such as "B"- or "C-" ratings) the higher the solvency risk – the higher the interest rate (risk primum) of the security at the expense of an increased default risk (credit risk) of the debtor. From a "BBB" (or comparable) rating onwards, the bonds is called an "Investment Grade".

Foreign exchange risk

If the bond is held until maturity, you will receive the redemption proceeds agreed in the bond

terms upon redemption. In this context, please note the risk of premature redemption by the issuer – to the extent specified in the terms and conditions of the issuer. If you sell before the end of the term, you receive the market price. This depends on supply and demand, which depend among other things on the current interest rate level. For example, the price of fixed-interest bonds will fall when interest rates for comparable maturities rise, and vice versa when interest rates for comparable maturities fall. A change in debtor creditworthiness can also have an impact on the price of the bond. In the case of variable-interest bonds, the price risk for bonds whose interest rate is adjusted to capital market interest rates is significantly higher than for bonds whose interest rate depends on the level of money market interest rates as the yield curve becomes flatter or are flat. The extent to which a bond's price changes in response to a change in interest rates is described using the “duration” indicator. The duration depends on the remaining term of the bond. The higher the duration, the more changes have an effect on the general interest rate level, positive as well as negative.

Liquidity risk

Tradability of bonds depends on various factors, such as issue volume, stock market practices and market situations. A bond can also be difficult or not at all saleable and, in this case, would have to be held until redemption.

Bond trade

Bonds are traded either via the stock market or off-market. The legal entity at hand usually is able to provide on request a buying and selling price. However, there is no claim to tradability.

Bonds being traded at the stock market can vary in their prices from off-market prices. The risk of weak trading can be reduced by adding a limit.

Special cases of bonds:

- Supplementary capital bonds: are subordinated bonds issued by Austrian banks for which interest is only calculated for corresponding annual net income (in reserve). A capital repayment prior to liquidation will only be made if the net losses incurred during the entire term of the supplementary capital bond are deducted on a pro-rata basis.
- Subordinated capital bonds are bonds in which, in the event of the liquidation or bankruptcy of the issuer, payments are made to the investor only after all other non-subordinated liabilities of the issuer have been paid. An offsetting of the repayment claim from subordinated capital bonds against claims of the bond debtor is excluded.
- Other special cases: zero coupon bonds, option bonds, convertible bonds. These special cases cannot be stated here. On request, CMTA AG will gladly provide these informations to its clients.

5.3. Shares

Definition

Shares are securities which certify the participation in a company (stock corporation). The fundamental rights of a stockholder are the participation in the profits of the company and the right to vote in the annual stockholder's meeting (exception: preferred stocks).

Return

The return on equity investments is composed of dividend payments and price gains / losses of the share and can not be predicted with certainty. The dividend is the profit of the company distributed by resolution of the Annual General Meeting. The amount of the dividend is stated either in an absolute amount per share or as a percentage of the nominal value. The income from the dividend, based on the share price, is called the dividend yield. As a rule, this will be significantly lower than the dividend in percent. The major part of income from equity investments is regularly derived from the performance of the share price (see foreign exchange risk).

Foreign exchange risk

Shares is a security that is trades in most cases on the stock market. Normally, a rate is fixed based on supply and demand. Equity investments can lead to major losses.

Generally, the rate of a stock orients itself on the economic development of a company as well as on the general economical and political frameworks. Even irrational factors, such as opinions and sentiments can influence the development of the rate and this influence the return of the investment.

Solvency risk

A shareholder is has a share of a company. This share can become worthless, in particular when the company becomes insolvent.

Liquidity risk

Tradability can become problematic with tight market titles (especially quotes on unregulated markets, OTC trading). Also if a share is quoted on several stock markets, there can be differences in the tradability within different international stock markets. (quote of an American stock in Frankfurt, Germany).

Equity trade

Shares are traded via the stock market, sometimes even off-market. When trading via a stock market, the respective stock market practices (closing unity, order types, exchange rate regulations, etc.) must be observed. Is one share listed on different stock markets in different currencies (for example, a US-share is listed on the stock exchange in Frankfurt in Euros), the price risk includes also a currency risk.

Expenses on foreign stock markets

If shares are bought on foreign stock markets, it must be considered that “foreign” expenses will be charged. Foreign stock markets will charge those expenses in addition to the usual expenses.

5.4. Money Market Instruments

Definition

Money market instruments include secured money market investments and borrowings such as certificate of deposit (CD), cash obligations, global note facilities, commercial papers and all notes with a capital term of up to 5 years and fixed interest rates of up to 1 year. In addition, money market transactions include genuine repurchase agreements and cost transactions.

Income and risk components

Income and risk components of money market instruments correspond mainly to those of bonds. Particularities derive from the liquidity risk.

Liquidity risk

For money market instruments no regulated secondary market exists. This does not guarantee the saleability at any time. The liquidity risk becomes secondary if the issuer guarantees the re-payment of the assessed capital and own the necessary creditworthiness.

Types of money market instruments

- certificates of deposit: money market instruments with a validity of 30 to 360 days, issued by the bank
- cash obligations: money market instruments with a validity of up to 5 years, issued by the bank
- commercial papers: money market instruments, short-time certificates of debt with a validity of 5 to 270 days, issued by major enterprises
- global note facility: variant of a commercial paper facility, allows emission of commercial papers simultaneously in the United States and Europe.
- Notes: short-term capital market papers with a validity of approximately 1 to 5

years.

5.5. Information on Creditor Participation in the Event of the Restructuring or liquidation of a bank („Bail-In“)

In order to create uniform rules and instruments for the restructuring and settlement of banks throughout Europe, a corresponding EU directive was issued (Bank Recovery and Resolution Directive (BRRD)). This was implemented in Austria per Federal Law on the Restructuring and Settlement of Banks (Bundesgesetz über die Sanierung und Abwicklung von Banken, BaSAG).

The BaSAG governs the “Bail-In” of bank creditors in case of a regulatory resolution. This shall prevent the usage of tax money in case of impending insolvency of a bank.

In case of an imminent default of a bank, the competent authority may apply various settlement instruments:

Business sale:

The assets and/or liabilities of a bank are transferred in whole or in part to a buyer. For customers and creditors of the bank there is a change of the contracting party or the debtor, respectively.

Bridging institute:

A public institution assumes the liabilities and/or assets of the bank affected by the resolution. Again, there is a change of contractor/debtor for customers/creditors.

Disincorporation:

This is the so-called “bad bank” concept. The assets and/or liabilities of the bank concerned are transferred to special purpose entities for reduction. Again, there is a change of contractor/debtor for customers/creditors.

Creditor participation (“Bail-In”):

In the case of an officially mandated liquidation, the equity and debt capital of a bank are fully or partially written off or converted into equity. This approach is intended to stabilize the bank concerned. Shareholders and creditors may incur substantial losses as their claims can be reduced to zero in extreme cases without the consent of the competent authority.

Currently, the following order of loss transfer is provided:

1. Shares and other equity instruments
2. Subordinated liabilities (e.g., supplementary and subordinated bonds, “Tier 2”)

3. Unsecured subordinated financial instruments / receivables that do not count as additional core or supplementary capital
4. Unsecured, non-subordinated financial instruments and receivables (unsecured bank bonds and certificates)
5. Finally, deposits of companies and natural persons, which are not covered by the deposit insurance, are used.

Excluded from the “Bail-In” are deposits that are fully covered by the deposit insurance as well as covered bonds and separate estate (e.g. investment funds). The rules of the BRRD have been integrated into the laws of the member states throughout Europe. Creditor participation can, therefore, also be implemented for bank bonds from other EU countries, although the national rules may differ in detail.

Risk warning:

The statutory bail-in measures described can create a total loss of capital for creditors of a bank. A sale of bonds may also be difficult in the case of restructuring or liquidation and may be possible with a significant loss of value. Even if the original emission documentation or the promotional material of a bank product does not expressly describe the loss participation, this product may be legally covered by a bail-in measure.

For further information refer to the website of the Austrian National Bank: <https://www.oenb.at/Finanzmarktstabilitaet/bankunion/einheitlicherabwicklungsmechanismus/sanierungs-und-abwicklungsrichtlinie.html>

6. Market-based Payments

In accordance with §73 par. 9 WAG 2018, we hereby draw your attention to the publication of the FMA on the bandwidths for customary fees of the investment firms.

The fees customary in the market are regularly collected by the legal representation of interests of the financial service providers – in concrete terms the professional association of financial service providers of the Austrian Federal Economic Chamber – and published on the homepage of the Austrian Financial Market Supervisory Authority (FMA). The publication of bandwidths for standard market fees charges by investment firms is intended to provide guidance for clients when making use of investment services, also with a view to identifying possible conflicts of interest.

The following explanations of the WKO for the collection of the usual market charges are published in accordance with §73 par. 3 WAG 2018 prefixed:

All information on market rates are net figures without any sales tax due.

The WKO's investigation does not deal with the types of cumulative modalities applied.

The WKO's investigation has shown that in each category there are higher and lower prices in the market, which is related to different framework conditions and to the scope of services.

The FMA notes that the publication of bandwidths for customary fees is not a recommendation on the part of the FMA. The results of the survey of the WKO are statistical data from the past and do not make any statements about future developments of the customary fees. The market participants are free to decide to what extent customary fees will be charged above or below the published bandwidths.

The current publication of the market fees of the FMA is available at: www.fma.gv.at
=> Aufsicht => Finanzdienstleister => Wertpapierdienstleister => Marktübliche Entgelte