

Information disclosed by the securities dealer pursuant to Section 74b of Act No. 566/2001 Coll. on securities and investment services, as amended, and pursuant to Article 46 of Regulation (EU) 2019/2033 of the European Parliament and of the Council on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014, as of 31 December 2024

Business name:	Wealth Effect Management o.c.p., a.s.
Seat:	Bottova 2A, 811 09 Bratislava, Slovak Republic
Company ID:	51 127 113
Registered in:	Commercial Register of the City Court Bratislava III, file no.: 6652/B, section: Sa

## I. **Risk management objectives and policies** (Article 47 of the Regulation 2019/2033)

### **Risk management objectives and policies, a summary of risk management strategies and practices, and a statement by the board of directors of the overall risk profile of the investment firm linked to the business strategy.**

The company makes every effort to ensure the best possible outcome in the provision of investment services, including by avoiding potential losses arising from the various risks to which the company is or may be exposed in the provision of investment services.

The primary objective of risk management is to identify, measure and limit the level of potential risks so as to limit losses from unexpected events and thereby ensure uninterrupted operations and the provision of investment services to the company's clients.

For the purpose of effective risk management, the company has established the prerequisites for risk management, in particular:

- has drawn up a Risk Management Strategy and System (hereinafter referred to as 'the Strategy');
- ensure an appropriate risk management organisation commensurate with the scale and complexity of the firm's activities, the investment services it provides and ancillary services;
- set up an information system;
- has established an adequate system for the execution of trades and has drawn up internal rules enabling it to implement the Strategy;
- set up a system for the introduction of new types of products, the provision of investment services or ancillary services, and new types of transactions in financial instruments.

The company's risk management system also includes the identification, measurement, monitoring and mitigation of risks and the determination of:

- methods for identifying individual risks;
- appropriate methods for measuring risks;
- methods for setting limits and for monitoring risks;
- risk mitigation activities and procedures.

The company has a system in place to regularly monitor and control the company's compliance with its obligations under the Strategy.

In order to mitigate certain significant risks, the company has established a system for assessing the adequacy of internal capital.

The company has prepared strategies to manage the following risks affecting the overall risk profile of the company:

- the credit risk of the company
- the company's market risk
  - of which systematic risk group:
    - currency risk
    - sovereign risk
    - general market risk
    - general equity risk
    - event risk
  - of which a group of non-systematic risks:

- share risk
- concentration risk
- specific market risk
- trade settlement risk
- liquidity risk
- operational risk of the company
  - within it a system for assessing the adequacy of internal capital

As part of its individual risk management organisation, the company:

- ensured the implementation of the risk management strategy into its internal processes;
- has established an organisational structure that enables the implementation of this risk management strategy;
- involve all staff in the risk management process;
- separated the activities and responsibilities of individual employees both organisationally and in terms of personnel so as to avoid conflicts of interest, in particular the separation of trading activities from activities related to the settlement of trades and from the activities of the staff responsible for controlling individual risks;
- establish and facilitate the use of appropriate information flows;
- adopt a system for regular review of risk management practices;
- adequately communicate this strategy and the company's system of individual risk management to the responsible employees of the company.

For the purposes of individual risk management, before introducing new types of products, the provision of investment services or ancillary services, and new types of transactions in financial instruments, the company shall take into account the following:

- definition of individual risks;
- defining the possible emergence of new risks not yet undertaken by the company;
- assess the overall impact on the acceptable level of each risk;
- assess the options for mitigating the risks undertaken;
- familiarise the responsible staff with the risk exposures in relation to new types of products, the provision of investment services or ancillary services, and new types of transactions in financial instruments;
- amend internal rules accordingly.

For the purpose of measuring individual risks and the appropriateness of individual risks, the company applies two basic measurement methods, namely severity measurement and frequency measurement. In connection with the measurement of risks, the company also evaluates the manner in which the risk is disclosed.

For the purposes of setting limits for individual risks, the company primarily follows the regulatory framework, the rules to which it has committed itself, the severity and prioritisation of the risk.

## **Objectives and policies for the management of selected risks**

### **Capital requirements**

The system for assessing the adequacy of internal capital shall be appropriate to the nature, scale and complexity of the activities it carries out and shall include:

- strategy for managing the volume of internal capital;
- a process for determining the appropriate amount of internal capital, the components of internal capital and the allocation of internal capital to risks;
- a system for maintaining internal capital at the required level

This system of assessing the adequacy of internal capital is based on the needs of the company, taking into account the previous classification of risks set out in this strategy. As the company has a smaller scale of operations, it can use simpler risk identification and measurement. In this context, the company has taken into account facts that have a direct impact on the amount of risk that is not high due to the scale and complexity of the activities carried out, such as the total volume of business and the smaller number of clients. Also, because of the company's retail client orientation, the company does not intend to provide services to a group of interconnected persons or to a small number of significant clients whose possible termination of the company's services would jeopardise its operations.

### **Concentration risk**

It means the risk of loss arising from a concentration of business against a person, a group of economically connected persons, a country, a geographical area or an economic sector.

Concentration risk management methods

We manage the above risk through the following limits, the specific value of which is set out in the relevant Investment Strategy:

- maximum share of one financial instrument (one title) in the portfolio/investment,
- the maximum share of the sector (business area of the issuer),
- the minimum market capitalisation of the issuer of the financial instrument acquired for the portfolio/investment
- minimum number of titles in the portfolio.

### **Liquidity risk**

It means the risk that a position in an asset cannot be sold, liquidated or closed out at limited cost and in a sufficiently short time.

Concentration risk management methods

The company manages this risk as follows:

- only daily traded financial instruments may be placed in the portfolio,
- only financial instruments that are tradable on a regulated market (on the date of purchase of the CP) may be placed in the portfolio,
- liquidity = 100%, i.e. the probability that one financial instrument (one title) in the portfolio cannot be sold within a given time is 0% (measured and evaluated by the Bloomberg Liquidity Risk Model);

For the purpose of market risk management, the company applies the principles and methods of valuation of trading positions:

All positions are valued against the market (Market-to-Market) or model (Market-to-Model) using transparent market prices. Valuations are performed on a daily basis. For market factors without a real-time price source, manually entered values, stored at the last revaluation, are used.

The limits used by the company for market risk management serve to limit the maximum risk exposure of the non-trading book and are mainly determined by formal conditions - meeting capital adequacy.

## II.

### Governance

(Article 48 of the Regulation 2019/2033)

#### Information on internal governance mechanisms

##### Governance

The company's governing body is the Board of Directors, which has two members with the following number of directorships:

**Bc. Peter Štadler**, Chairman of the Board of Directors, Chief Executive Officer (CEO):

Number of executive management functions: 9, all 9 executive management functions are within the same group

Number of non-executive management functions: 0

**Mgr. Matej Baššovanský**, Member of the Board of Directors, Chairman of the Risk Committee

Number of executive management functions: 1

Number of non-executive management functions: 1

The company's Supervisory Board has three members, with the following number of directorships:

**Ing. Norbert Gálik**, Member of the Supervisory Board

Number of executive management functions: 1

Number of non-executive management functions: 1

**Eva Jahelka Filipp**, Member of the Supervisory Board

Number of executive management functions: 0

Number of non-executive management functions: 1

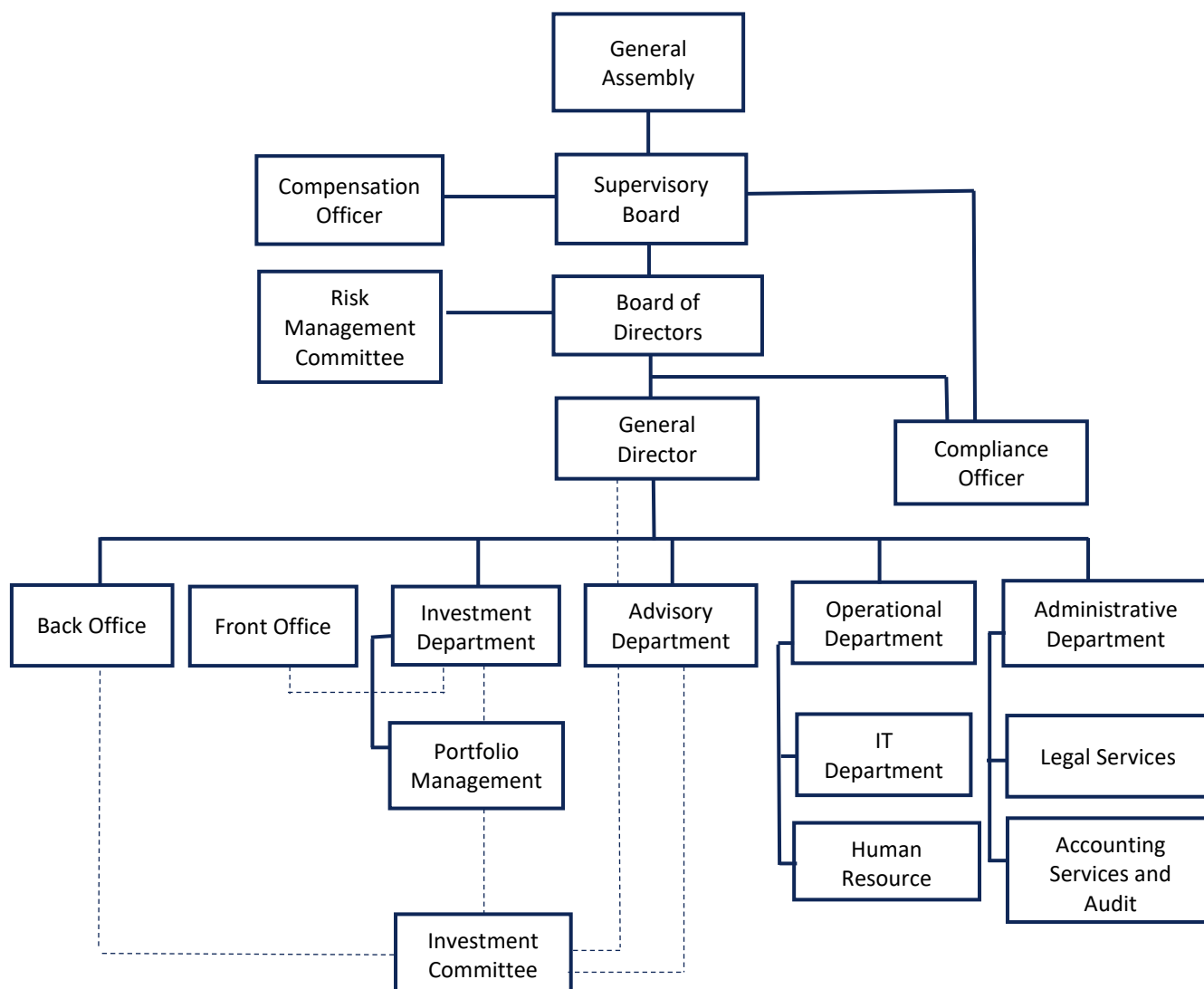
**Ing. Michal Kováč**, Chairman of the Supervisory Board

Number of executive management functions: 1

Number of non-executive management functions: 1

Total number of employees: 5

## Organisational structure



### **Diversity policy in relation to the selection of members of the governing body and information on the existence of a special risk committee.**

The diversity policy aims to ensure the comprehensiveness of the collective knowledge and experience of the company's governing body. Any candidate nominated as a member of the company's governing body must satisfy a number of criteria, in particular: having professional knowledge, experience and skills, a good reputation, meeting the criteria required for the issuance of the NBS's prior approval and criteria with potential conflicts of interest.

Each nomination as a member of the Board of Directors is subject to a legal approval procedure at the National Bank of Slovakia (NBS). Although the nomination for a member of the supervisory board is not subject to the prior approval of the NBS, the securities dealer is obliged to inform the NBS about the member of the supervisory board and to demonstrate his/her professional competence, credibility and experience.

The company does not have any additional gender or other criteria in relation to the selection of directors that could be considered discriminatory.

The established diversity policy objectives have been met on an ongoing basis during 2024.

The company has established a Risk Management Committee, which meets at least once a year and prepares and submits written reports on its activities to the Board of Directors of the company, in particular on compliance with the established limits of individual risks and proposes appropriate measures in the event of their exceedance.

### III. Own funds (Article 49 of the Regulation 2019/2033)

In the following tables (pursuant to Commission Implementing Regulation (EU) 2021/2284, Annex VI), the company publishes:

- a) data demonstrating a full reconciliation of the investment firm's Common Equity Tier 1 capital items, Additional Tier 1 capital items, Tier 2 capital items and applicable filters and deductions applied to the investment firm's own funds to the balance sheet in the audited financial statements of the investment firm. The audited balance sheet and financial statements shall be published by the company in the 2024 Annual Report on its website: <https://wem.sk/en/legal-publications/>

Own funds: reconciliation of regulatory own funds to the balance sheet in the audited financial statements				
		a)	b)	c)
		Balance sheet according to the financial statements as at 31.12.2024	Based on the regulatory framework for consolidation at 31.12.2024	Cross-reference to EU IF CC1
<b>Assets</b> – a breakdown by asset class based on the balance sheet as published in the audited financial statements				
1	Cash and cash equivalents	90132		
2	Receivables to clients	447 363		
3	Intangible assets	0		
4	Derivatives	0		
5	Securities for sale	304 842		
6	Tangible assets	2 947		
7	Tax receivables	15 692		
8	Other assets	9 418		
	<b>Assets total</b>	<b>870 394</b>		
<b>Liabilities</b> – a breakdown by class of liabilities based on the balance sheet as published in the audited financial statements				
1	Liabilities to banks due on demand	0		
2	Liabilities to clients	1 330 000		
3	Other liabilities to banks	0		
4	Liabilities from securities sold short from repo trades	0		
5	Derivatives	0		

6	Liabilities from loans and from repo trades	0		
7	Other liabilities	137 205		
8	Subordinated financial liabilities	0		
9	Tax liabilities	28 929		
	<b>Liabilities total</b>	<b>1 496 134</b>		
<b>Shareholders' equity</b>				
1	Registered capital	150 000		
2	Share premium	0		
3	Funds from valuation differences	0		
4	Funds created from profit after tax	30 000		
5	Retained earnings or accumulated losses from previous years	139 174		
6	Profit or loss for the accounting period	55 086		
	<b>Total shareholders' equity</b>	<b>374 260</b>		

b) a description of the main characteristics of the common equity Tier 1 and additional Tier 1 capital instruments and Tier 2 capital instruments issued by the investment firm.

<b>Template EU ICCA: Own funds: main features of own instruments issued by the company</b>		
1	Issuer	Wealth Effect Management o.c.p., a.s.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN: 1110019868
3	Public or private placement	private placement
4	Governing law(s) of the instrument	Slovak Republic
5	Instrument type (types to be specified by each jurisdiction)	ordinary registered shares
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	EUR 0,150
7	Nominal amount of instrument	EUR 150
8	Issue price	EUR 150
9	Redemption price	EUR 150
10	Accounting classification	shareholder's equity
11	Original date of issuance	20.9.2017
12	Perpetual or dated	perpetual
13	Original maturity date	not specified
14	Issuer call subject to prior supervisory approval	not specified
15	Optional call date, contingent call dates and redemption amount	not specified
16	Subsequent call dates, if applicable	not specified
	Coupon/dividend	not specified
17	Fixed or floating dividend/coupon	not specified
18	Coupon rate and any related index	not specified
19	Existence of a dividend stopper	no
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	fully discretionary



21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	fully discretionary
22	Existence of step up or other incentive to redeem	no
23	Non-cumulative or cumulative	not specified
24	Convertible or non-convertible	non-convertible
25	If convertible, conversion trigger(s)	-
26	If convertible, fully or partially	-
27	If convertible, conversion rate	-
28	If convertible, mandatory or optional conversion	-
29	If convertible, specify instrument type convertible into	-
30	If convertible, specify issuer of instrument it converts into	-
31	Write-down features	no
32	If write-down, write-down trigger(s)	-
33	If write-down, full or partial	-
34	If write-down, permanent or temporary	-
35	If temporary write-down, description of write-up mechanism	-
36	Non-compliant transitioned features	no
37	If yes, specify non-compliant features	-
38	Link to the full term and conditions of the instrument (signposting)	not specified

c) a description of any constraints applied to the calculation of own funds and the instruments and deductions to which those constraints apply:

Template EU IF CC1.01 - Composition of regulatory own funds (Investment firms other than small and non-interconnected)			
		a)	b)
		Amounts	Source based on reference numbers/balance sheet sheets in audited financial statements
1	<b>Own funds</b>	€ 319 174	II.
2	<b>Tier 1 capital</b>	€ 319 174	
3	<b>Common Equity Tier 1 capital</b>	€ 319 174	
4	Fully paid up capital instruments	€ 150 000	P 10. a)
5	Share premium		
6	Retained earnings	€ 139 174	P 14.
7	Accumulated other comprehensive income		
8	Other reserves	€ 30 000	P 13. a)
9	Minority interest given recognition in CET1 capital		
10	Adjustments to CET1 due to prudential filters		
11	Other funds		
12	(-) Total deductions from common equity Tier 1		
13	(-) Own CET1 instruments		
14	(-) Direct holdings of CET1 instruments		
15	(-) Indirect holdings of CET1 instruments		
16	(-) Synthetic holdings of CET1 instruments		

17	(-) Losses for the current financial year		
18	(-) Goodwill		
19	(-) Other intangible assets		
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities		
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds		
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds		
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment		
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment		
25	(-) Defined benefit pension fund assets		
26	(-) Other deductions		
27	CET1: Other capital elements, deductions and adjustments		
28	<b>ADDITIONAL TIER 1 CAPITAL</b>		
29	Fully paid up, directly issued capital instruments		
30	Share premium		
31	(-) Total deductions from additional Tier 1		
32	(-) Own AT1 instruments		
33	(-) Direct holdings of AT1 instruments		
34	(-) Indirect holdings of AT1 instruments		
35	(-) Synthetic holdings of AT1 instruments		
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment		
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment		
38	(-) Other deductions		
39	Additional Tier 1: Other capital elements, deductions and adjustments		
40	<b>Tier 2 capital</b>		
41	Fully paid up, directly issued capital instruments		
42	Share premium		
43	(-) Total deductions from Tier 2		
44	(-) Own T2 instruments		
45	(-) Direct holdings of T2 instruments		
46	(-) Indirect holdings of T2 instruments		
47	(-) Synthetic holdings of T2 instruments		
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment		
49	(-) T2 instruments of financial sector entities where the institution has a significant investment		
50	Tier 2: Other capital elements, deductions and adjustment		

**IV.**  
**Own funds requirements**  
(Article 50 of the Regulation 2019/2033)

In the context of Article 11(1) of Regulation (EU) No 2019/2033 of the European Parliament and of the Council on own funds requirements, the coverage is clearly determined by the minimum initial capital of EUR 150 000. This requirement significantly exceeds both the requirement based on K-factors and the requirement based on fixed overheads. This allows for significant organic growth in both assets under management and overhead without an acute need to replenish Tier 1 or Tier 2 capital.

<b>I 02.01 Own funds requirements</b>		
		Amount
		0010
Own fund requirement	0010	€ 150 000
Permanent minimum capital requirement	0020	€ 150 000
Fixed overhead requirement	0030	€ 84 598
Total K-Factor Requirement	0040	€ 22 398,84
Transitional own funds requirements	0049	
Transitional requirement based on CRR own funds requirements	0050	
Transitional requirement based on fixed overhead requirements	0060	
Transitional requirement for investment firms previously subject only to an initial capital requirement	0070	
Transitional requirement based on initial capital requirement at authorisation	0080	
Transitional requirement for investment firms that are not authorised to provide certain services	0090	
Transitional requirement of at least 250 000 EUR	0100	
Memorandum items	0109	
Additional own funds requirement	0110	
Additional own funds guidance	0120	
Total own funds requirement	0130	€ 150 000

<b>I 02.02 Capital ratios</b>		
		Amount
		0100
CET 1 Ratio	0010	212,78 %
Surplus(+)/Deficit(-) of CET 1 Capital	0020	€ 235 174
Tier 1 Ratio	0030	212,78 %
Surplus(+)/Deficit(-) of Tier 1 Capital	0040	€ 206 674
Own Funds Ratio	0050	212,78 %
Surplus(+)/Deficit(-) of Total capital	0060	€ 169 174

<b>I 04.00 K-Factor requirement calculations</b>			
		Factor amount	K-factor requirement
		0010	0020
Total K-Factor requirement	0010		€ 22 398,80
Risk to client	0020		€ 22 398,80
Assets under management	0030	€ 44 540 347,75	€ 8 908,07
Client money held - Segregated	0040	€ 3 129 632,15	€ 12 518,53
Client money held - Non-segregated	0050	€ 0,00	€ 0,00
Assets safeguarded and administered	0060	€ 0,00	€ 0,00
Client orders handled - Cash trades	0070	€ 972 245,13	€ 972 245,13
Client orders handled - Derivatives trades	0080	€ 0,00	€ 0,00
Risk to market	0090		€ 0,00
K-Net positions risk requirement	0100		€ 0,00
Clearing margin given	0110	€ 0,00	€ 0,00
Risk to firm	0120		€ 0,00
Trading counterparty default	0130		€ 0,00
Daily trading flow - Cash trades	0140	€ 0,00	€ 0,00
Daily trading flow - Derivative trades	0150	€ 0,00	€ 0,00
K-Concentration risk requirement	0160		€ 0,00

<b>I 03.00 Fixed overheads requirements calculation</b>		
		Amount
Row	Item	0010
0010	<b>Fixed overhead requirement</b>	€ 84 59
0020	<b>Annual fixed overheads of the previous year after distribution of profits</b>	€ 338 39
0030	<b>Total expenses of the previous year after distribution of profits</b>	€ 720 511
0040	Of which: Fixed expenses incurred on behalf of the investment firms by third parties	€ 20 204
0050	<b>(-) Total deductions</b>	€ -382 119
0060	(-) Staff bonuses and other remuneration	€ 0
0070	(-) Employees', directors' and partners' shares in net profits	€ 0
0080	(-) Other discretionary payments of profits and variable remuneration	€ 0
0090	(-) Shared commission and fees payable	€ 0
0100	(-) Fees, brokerage and other charges paid to CCPs that are charged to customers	€ -373 338
0110	(-) Fees to tied agents	€ 0
0120	(-) Interest paid to customers on client money where this is at the firm's discretion	€ 0

0130	(-) Non-recurring expenses from non-ordinary activities	€ 0
0140	(-) Expenditures from taxes	€ 8 781
0150	(-) Losses from trading on own account in financial instruments	€ 0
0160	(-) Contract based profit and loss transfer agreements	€ 0
0170	(-) Expenditure on raw materials	€ 0
0180	(-) Payments into a fund for general banking risk	€ 0
0190	(-) Expenses related to items that have already been deducted from own funds	€ 0
0200	<b>Projected fixed overheads of the current year</b>	€ 355 311,60
0210	<b>Variation of fixed overheads (%)</b>	5 %

**V.**  
**Remuneration policy and practices**  
(Article 51 of the Regulation 2019/2033)

a) Key conceptual features of the remuneration system

The company had simple remuneration procedures and all employees had only a fixed remuneration component, so no variable remuneration was paid to anyone. The company thereby ensured that its remuneration policies and practices applied to all relevant persons with direct or indirect influence over the investment and ancillary services provided by the company, thereby avoiding the creation of conflicts of interest or the inducement to act contrary to the interests of the company's clients.

The company has also ensured that the remuneration of its staff is not primarily based on quantitative business results, but that all staff consider the quality of service provided to clients. The company also ensured that remuneration was strictly related to the nature and quality of the work performed, with gender considerations playing no role in remuneration.

The company has established a Compensation Officer function within its organisational regulations, which is performed by a member of the Board of Directors, who is the person responsible for the remuneration system. The responsible person shall conduct a review of the remuneration policy once a year and prepare a report on the review of the remuneration policy.

b) the ratios between fixed and variable remuneration set out in Article 30(2) of Directive (EU) 2019/2034

Due to the absence of a variable component in the company's remuneration system, the calculation of the ratio between fixed and variable remuneration is irrelevant.

c) aggregate quantitative information on remuneration disaggregated by senior management and employees whose activities have a material impact on the company's risk profile:

Total remuneration of the Board of Directors: € 9 001,95 (for the full year 2024) of which € 9 001,95 is fixed and € 0,- is variable. Number of members: 2

Total remuneration of other employees with a direct impact on the investment and ancillary services provided: € 103 400,00 (for the full year 2023) of which the fixed remuneration component is € 103 400,00 and the variable remuneration component is € 0,-. Number of employees: 5

For the year 2024, the remuneration of any officer or member of the governing body did not exceed the threshold of EUR 1 million.

No awards in the form of shares, share-linked instruments or other types of remuneration were paid to employees.

Amount of deferred compensation granted for prior measurement periods: EUR 0,-

The amount of deferred remuneration vesting in the accounting period that is paid during the accounting period and reduced as a result of performance-based adjustments: EUR 0,-

Guaranteed variable remuneration granted during the financial year and the number of recipients of such granted remuneration: EUR 0,-

Severance payments recognised in prior periods that were paid during the accounting period: EUR 0,-

Amount of severance payments granted during the accounting period: EUR 0,-

d) information on whether the company benefits from the exemption provided for in Article 32(4) of Directive (EU) 2019/2034:

In 2023, the company did not benefit from the exemption provided for in Article 32(4) of Directive (EU) 2019/2034, as no variable remuneration components were paid to anyone, even though it formally met both conditions of the exemption in question.

## **VI.**

### **Investment policy**

(Article 52 of the Regulation 2019/2033)

The company has made use of the exemption provided for in Article 32(4)(a) of Directive (EU) 2019/2034 not to disclose in this document information on investment policy strictly within the intent of Regulation 2019/2033 and the related RTS.

The investment policy itself is overseen by the company's Investment Committee, which meets at regular intervals throughout the year as part of its statute. Although the company holds shares in investment portfolios, none of these exceeds the threshold of 5% of the total voting rights attached to the shares in issue.

## **VII.**

### **Environmental, social and governance risks**

(Article 53 of the Regulation 2019/2033)

The company has made use of the exemption provided for in Article 32(4)(a) of Directive (EU) 2019/2034 not to disclose in this document information on environmental, social and governance risks within the intent of Regulation 2019/2033.

Published on 31 March 2025