

Pre-Contractual Information

for clients and potential clients on independent financial brokers and services of financial
intermediation provided by individual financial brokers

The company WEM Advisory a.s., Bottova 2A, 811 09 Bratislava, company reg. no.: 52 391 728, registered at the Business Register of City Court of Bratislava III, section: Sa, file no.: 6976/B (hereinafter referred to as the “Company”) provides financial intermediation as an individual financial broker, registered with the National Bank of Slovakia (hereinafter referred to as the “NBS”), based on NBS authorization no.: 100-000-194- 546 (case no.: NBS1-000-041-131) dated 30 September 2019, coming into force on 09 October 2019, in the sub-registry of (i) insurance or reinsurance; (ii) provision of loans, housing loans, and consumer loans; and (iii) capital market and financial intermediation; and in the sub-registry of accepting deposits, it provides financial intermediation as a subordinate financial agent of the company Finportal, a.s., with the registered office at Pribinova 4, 811 09 Bratislava, company reg. no.: 45 469 156.

The Company provides financial intermediation pursuant to Act No. 186/2009 Coll. on financial intermediation and financial advisory and on amendment and supplementation to certain acts (hereinafter referred to as “Act No. 186/2009 Coll.”), based on written non-exclusive contracts with several financial institutions. The Company provides financial intermediation in its own name via its employees or based on written contracts with subordinated financial agents. In the sector of accepting deposits, the Company provides financial intermediation as an independent financial agent of the company Finportal, a.s., with the registered office at Pribinova 4, 811 09 Bratislava, Company reg. no.: 45 469 156. The Company may provide intermediation of conclusion of financial contracts only if the Company has a written contract on financial intermediation with the client.

I. Basic Information on the Company

Business Name:	WEM Advisory a.s.
Registered office:	Bottova 2A, 811 09 Bratislava
Company reg. no.:	52 391 728
Registration:	Business Register of the City Court of Bratislava III, section: Sa, file no.: 6976/B registered with the National Bank of Slovakia (hereinafter referred to as the “NBS”), with NBS authorization no.: 100-000-194-546 (case no.: NBS1-000-041-131), under the registration no.: 251135
Authorization to Provide Financial Intermediation:	NBS Decree no.: 100-000-194- -546 (case no.: NBS1-000-041-131 dated 30 September 2019, coming into force on 09 October 2019
Provision of Services as SFA in Sectors:	(i) insurance or reinsurance; (ii) provision of loans, housing loans, and consumer loans; (iii) capital market
Provision of Services as PFA in Sectors:	accepting deposits
Website:	www.wem.sk
Email:	centrala@wem.sk
Phone Number:	+421 917 628 001
Form and Language of Communication:	The Company and the clients are authorized to communicate (i) in person; (ii) via the phone if it is adequate in terms of the type and scope of provided or requested service; (iii) in writing; or (iv) by email. The Company is able to communicate with its clients in (i) Slovak; (ii) Czech; (iii) English; or (iv) Bulgarian. The Company provides the clients with documents in Slovak or English. You can find more details on the communication of the clients and the Company in Terms and Conditions (hereinafter referred to as the “TC”).

II. General Instructions, Information for Clients and Information on Sectors of Financial Intermediation Provided by the Company:

Prior to providing its financial intermediation and services to the clients, the Company duly instructs and informs the clients:

- on the scope and purpose of the financial services. By signing the contractual documentation, they confirm that they have understood the scope and purpose of the financial services and that the intermediated financial services meet their requests and needs;
- that they understand the obligations based on the intermediated financial service; and
- that the recommended financial services meet their requests and needs; and that they conclude the contract on provision of financial services after thoroughly revising its terms and conditions and their needs, and not under duress, executing their free and serious will, and after making themselves familiar with the general business terms and conditions of the provider of the requested financial services, as well as other documentation of the provider of the requested financial services relating to the intermediated financial service.

By concluding the intermediated contract, the client and the financial institution acquire rights and obligations as listed in the respective intermediated contract and the respective general and special terms and conditions, which represent an integral part of the intermediated contract. Those are mainly rights and obligations related to financial payments, which depend on the scope and subject of the intermediated contract concluded. The agreed rights and obligations of the contracting parties and other terms and conditions may be changed only by procedure agreed on in the intermediation contract or upon agreement of the contracting parties. Early termination of the intermediation contract or violation of agreed contractual rights and obligations by any of the contracting parties may result in the other contracting party imposing the contractual sanction and/or claiming the contractual or general lawful damages and/or late payment interest. If the clients violate the rules and procedures agreed on prior to the conclusion of the intermediation contract, which they were informed about and with which they agreed prior to signing the contract, the expected financial goals and plans behind the conclusion of the intermediation contract may not be met.

In relation to the conclusion of the insurance contract by and between the clients and the financial institution as the business partner of the Company in the scope of intermediation of financial services in the sector of insurance or reinsurance, prior to the provision of the financial intermediation, the clients were informed that the conclusion of the insurance contract is not subject to any fees or costs. However, this does not affect the right of the financial institution as the business partner of the Company to charge fees related to the insurance under the contract concluded. The average costs of financial intermediation in the segments of life insurance are stated on the websites of financial institutions as business partners of the Company. Upon request, the Company is able to provide this information to the client in writing. If the clients are interested in intermediation of financial services other than insurance or reinsurance, the Company will inform the clients on the fees and other costs related to the intermediated financial services prior to the provision of such financial intermediation clearly, comprehensibly, unequivocally, fully, and exactly.

Based on a contract with the financial institutions, the Company provides also intermediation of housing loans to clients and the clients of the intermediation of such financial services (i.e., housing loans) are not obliged to pay any fees or other costs for the financial intermediation to the Company. Fees or other costs, which may be related to the intermediated financial services (i.e., housing loan) and which are to be paid by the clients are listed in the pricelists of the respective financial institutions and were given to the clients with this information.

In connection with the financial intermediation, the Company is entitled to a monetary or other payment from the financial institution, based on their agreement in the respective contract, however, in the maximum amount of 1 % of the volume of the mortgage loan with the financial institution. In case the clients cannot be informed about the monetary payment of the financial institution to the Company under Section 21 (5) point (b) of Act No. 90/2016 Coll., upon their request, they will be informed about the amount of the monetary or other payment later, as part of the information in the form (ESIS).

Pursuant to Section 21 (5) point (c) of Act No. 90/2016 Coll., the Company informs the clients about their right to request the information on the monetary payment in writing (the difference in the payments in percentage) as regards the provision of financial intermediation for more or several financial institutions (in the position of creditors).

The system of protection against failure of financial institutions to provide their services is based on supervision of the National Bank of Slovakia and other related mechanisms. The goal of the supervision of the financial market is to contribute to the stability of the financial market as such, as well as to the safe and healthy operation of the financial market, the protection of the clients, and compliance with the rules of fair competition. The risk-focused supervision works with analyses and assessments of quantitative indicators of the subjects under supervision. These include compliance with capital requirements, higher quality of risk assessment and effective allocation of capital and is applied to banking and payment institutions, electronic money institutions, the stock market, insurance companies, pension saving companies, financial intermediaries and financial advisors. The functional mechanisms of protection from failures of financial institutions include the Deposit Protection Fund established under Act No. 118/1996 Coll. and the Investment Guarantee Fund established by Act No. 566/2001 Coll., which can compensate the clients in case their deposits and assets become unavailable.

The **Deposit Protection Fund** is a legal entity managing activities, rights and obligations related to the system of deposit protection. The fund collects levies from banks and branches of foreign banks to accumulate a budget to compensate any deposits in those banks and manages the levies pursuant to the law. The fund also performs activities related to management of funds of the National Crisis Resolution Fund.

The **Investment Guarantee Fund** is a legal entity established to secure the assets of clients. It is to provide financial compensation for unavailable assets of clients accepted by security brokers to provide investment services as requested by their clients. The Investment Guarantee Fund collects levies from securities brokers and branches of foreign securities brokers and other subjects in order to accumulate budget to compensate for unavailable assets of clients accepted by those brokers to provide investment services and manages the levies pursuant to the law.

Prior to providing the requested financial service, the Company informed the clients that it is providing financial intermediation based on non-exclusive written contracts with the financial institutions as its business partners and that the Company's business partners may have a written contract also with other independent financial agents. Upon request, the client will receive a list of these financial institutions. This list is also available on the website of the Company.

The Company does not hold a qualified share of the registered capital or voting rights of any financial institution or subordinated financial agent with whom it has a written contract on intermediation. No financial institution or subordinated financial agent with which the Company has a written contract on intermediation or the persons controlling these financial institutions hold a qualified share of the registered capital or voting rights of the Company. The Company hereby informs the clients that the natural person of Mr. Bc. Peter Štadler, the shareholder of the Company, is also the shareholder of the business company Wealth Effect Management o.c.p., a.s., with the registered office at Bottova 2A, 811 09 Bratislava, Company reg. no.: 51 127 113, registered with: the Business Register of the City Court Bratislava III, section: Sa, file no.: 6652/B, with which it

has a written contract on intermediation in the position of a business partner. In both these companies, the above shareholder holds a qualified business share.

By signing the contract on financial intermediation, the clients declare and acknowledge that the provided investment services, financial instruments and products are linked to certain risks and that the Company has informed them about them duly. The clients acknowledge that the Company is not liable for inadequate risks taken and unsuitable financial services chosen by the clients.

Information for the Insurance and Reinsurance sector:

- there are insurance exclusions connected to denials or reductions of insurance payments;
- the repurchase value, during the first years of insurance or in case of an early termination of the agreement, may be null and the insurance benefit may be denied or reduced if the client failed to provide full information in the medical questionnaire (related to life insurance policies);
- the insurance benefit may require provision of additional documentation (e.g. certificates from physicians) (related to life insurance policies);
- previous proceeds are no guarantee of future proceeds (related to life insurance policies);
- the proceeds depend on the appreciation of insurance and technical reserves (related to life insurance policies); and
- in case the agreed insurance sum does not reflect the real insurance value, the insurance benefit may be reduced (underinsurance risk); in case the insurance relates to time prices, the insurance benefit may be reduced by wear and tear (related to property insurance).

Information for the Provision of Loans, Housing Loans and Consumer Loans sector:

- in case the debtor / guarantor is in delay with the regular payment, this can lead to extraordinary maturity of the loan / credit;
- failure to pay loan / credit payments may lead to negative entry in the loan register and complications when the debtor applies for another loan / credit in the future;
- in case the (co)applicant fails to meet all his/her liabilities under a contract on loan / credit, the liabilities will be transferred to the guarantor; and
- early pay-off of the loan / a part thereof may be charged (pursuant to the pricelist of the respective financial institution).

Information for the Capital Market sector:

- previous proceeds are no guarantee of future proceeds;
- investments may result in profits, but also losses;
- the anticipated profitability of securities is only an estimate based on experience, historical proceeds, comparison with similar securities, analysis of the base assets or forecasts based on the knowledge in economics; the profit is only anticipated, not guaranteed;
- only products clearly labelled as such may result in a guaranteed profit / guarantee that the investment will not create losses, indicating the method and scope of the guarantee;
- the higher the profitability of the product, the higher the volatility (fluctuation) of the price (reversed price drop) and the higher the risk of loss (irreversible price drop);
- early withdrawal of funds from the personal account is subject to respective rate plan and may be charged pursuant to the current pricelist of the financial institution; in case the payments of the client were exempt from tax and the client failed to comply with the requirements of tax exemption, he or she is obliged to pay tax on such tax-exempt payments additionally.

III. Measures to Prevent Conflict of Interest

The Company implemented, applies and maintains effective measures to identify and prevent conflicts of interest and their management, including conflicts of interest of top management, employees, persons connected to the Company in terms of direct or indirect control and of the clients and the Company or of the clients between each other, which may occur during the provision of investment services and of the services of the Company. The Company issued a specialised internal regulation for this purpose.

In the internal regulation and pursuant to the intention of the law, in order to prevent conflicts of interest, the Company regulates the procedures allowing identification, assessment and management of conflicts of interest in intermediation of financial services, which may negatively affect the client. The Company is aware that in order to support close and long-term relationships with clients, increase the customer satisfaction and establishing the necessary level of trust, it is important to have efficient mechanisms to prevent and manage conflicts of interest between the clients themselves, between the clients and the authorized employees of the Company, as well as between the clients and the Company. The procedures of conflict-of-interest management reduce the risk of preferring some clients over the others and protect the business interest and goodwill of the Company. At the same time, they specify the persons affected by the conflict of interest and establish a general procedure for identification, assessment and management of incompatibility arising from conflicts of interest.

More details on prevention of conflicts of interest and information and measures of the Company to prevent conflicts of interest are included in the internal regulation of the Company titled “Guideline for Prevention of Conflicts of Interest” available to the clients at the registered office or any branch of the Company.

IV. Information on Fees Related to the Company’s Services

The Company as an independent financial agent accepts payments for its activities from its business partners – the financial institutions whose products it intermediates in the individual sectors of financial intermediation. The sum and type of payment depends on the type of intermediated insurance or reinsurance (in the sector of insurance/reinsurance); on the type of the intermediated loan, amount of the loan and maturity period of the loan (in the sector of provision of loans, housing loans and consumer loans); and on the amount of the deposit of the client (in the sector of capital markets). The Company does not accept any non-monetary payment for its above activities from the client. The Company is entitled to charge its clients for financial intermediation in the capital market sector – i.e. for intermediation of portfolio management contracts pursuant to Act No. 186/2009 Coll. on financial intermediation and on financial advisory, as amended. The remuneration shall be transferred on behalf of the Company from the client’s account maintained at the securities broker, with whom the client concluded the intermediated portfolio management contract. The remuneration shall be agreed on by the Company and the client in the respective contract on financial intermediation. By signing the contract on financial intermediation, the client declares that he or she was – if requested – clearly, fully, exactly and comprehensibly informed on the financial payments and remuneration for the Company for the financial intermediation prior to the conclusion of the contract on financial intermediation and the intermediated contract requested by the client. The client declares that he or she was duly informed on the right to request information under the above sentence.

V. Information on Filing and Managing Complaints and Resolving of Disputes

The complaints may be filed in person or in writing at the registered office of the Company. The complaint must contain the details under Act No. 186/2009 Coll.. The complaint needs to be legible, understandable and written in Slovak or English. The period to process the complaint is 30 days from receipt by the Company. In justified cases, this may be prolonged to 60 days. The complainant must be informed on the prolongation and the reasons thereof. The complaint processing and the procedure of filing, processing and managing the complaints are stipulated by the Complaint Policy of the Company available at the website of the Company - at www.wem.sk, in the section of Documents. In case of disputes related to financial intermediation, they may be resolved in form of out-of-court settlement under special regulations - like Act No. 335/2014 Coll. on consumer arbitration proceedings, Act No. 244/2002 Coll. on arbitration proceedings, Act No. 420/2004 Coll. on mediation and amendments to certain acts, and Act No. 266/2005 Coll. on consumer protection in financial services at a distance and on amendments to certain acts.

VI. Final Information

The Company provides this pre-contractual information pursuant to Act No. 186/2009 Coll. and the respective legal regulations with sufficient advance prior to the conclusion of the contract on financial intermediation and of the intermediated contract, together with the terms and conditions of the contract on financial intermediation and its annexes. This pre-contractual information shall be available, without any restrictions of access to it, on the website of the Company and the clients may read it at any time. This pre-contractual information related to the Company and its financial intermediation activities is valid as of 15 April 2021.