ANNEX 1

VALORI INFORMATION DOCUMENT ASSET MANAGEMENT SA

INFORMATION DOCUMENT

In accordance with the provisions of the MiFID II Directive (Directive 2014/65/EU on Markets in Financial Instruments "*MiFID II*") Valori Asset Management SA, (hereinafter, also, the "*Company*" or "*Valori AM*") provides its Clients or potential Clients through this information document ("*Information Document*") with *inter alia* information related to the services provided by the Company, on the nature and risks related to investments in financial instruments, as well as applicable fees, costs and charges. Based on the information provided, Clients or potential Clients will be able to make informed and knowledgeable decisions.

Prior to the provision of investment services, the Company will submit to the Client or potential Client a questionnaire to collect information on his/her knowledge and experience in the relevant investment markets, his/her/its financial situation and investment objectives. In addition, In accordance with the obligations set out in Article 25(2) of MiFID II and Articles 54 and 55 of the Commission Delegated Regulation (EU) 2017/565 ("*MiFID II Delegated Regulation*" and together with the MIFID II and any applicable law, regulation circular and guideline applicable to the Company and the provision of its services, is hereinafter referred to as the "*Reference Regulations*"), investment firms providing investment advice or portfolio management have to provide suitable personal recommendations to their clients or have to make suitable investment decisions on behalf of their Clients.

Potential Clients are advised to read the contents of this Information Document carefully before signing any agreement with the Company for the provision of investment services of any kind.

Any material changes to the information provided in this Information Document, which is relevant to the service provided by the Company, will be communicated in a suitable time. Clients or potential Clients shall expressly consent to the information contained in this Information Document and any material and essential updates to this Information Document shall be made available on the Company's website and notified to Clients.

This Information Document consists of the following sections:

SECTION 1. INFORMATION ABOUT THE COMPANY AND THE SERVICES PROVIDED

SECTION 2. NATURE, FREQUENCY AND DATES OF THE DOCUMENTATION TO BE PROVIDED TO THE INVESTOR TO REPORT ON THE ACTIVITY CARRIED OUT

SECTION 3. SYNTHETIC DESCRIPTION OF THE MEASURES ADOPTED BY THE COMPANY THAT HOLDS FINANCIAL INSTRUMENTS OR SUMS OF MONEY OF CLIENTS, TO ENSURE THE RELATED PROTECTION

SECTION 4. INFORMATION ON THE INSTRUMENTS AND FINANCIAL PRODUCTS TRADED

PART "A" INFORMATION ON THE NATURE AND RISKS OF FINANCIAL INSTRUMENTS

PART "B" INFORMATION ON THE NATURE AND RISKS OF FINANCIAL DERIVATIVE INSTRUMENTS

PART "C" INFORMATION ON THE NATURE AND RISKS OF A MANAGEMENT LINE

SECTION 5. COMPLAINTS

SECTION 6. CLIENTS CLASSIFICATION

SECTION 7. INFORMATION RELEASED BY CLIENTS

SECTION 8. CONFLICT OF INTEREST MANAGEMENT POLICY

SECTION 9. INFORMATION ON INCENTIVES

SECTION 10. BEST EXECUTION POLICY

SECTION 1. INFORMATION ABOUT THE COMPANY AND THE SERVICES PROVIDED

1.1 INFORMATION AND CONTACT

COMPANY	
Company Name	Valori Asset Management SA Luxembourg
Registred Office	43, Boulevard Joseph II, L-1840 - Lussemburgo, Grand Duchy of Luxembourg
RCS Number	B191483
CSSF Ref Number	P00000439
Phone Number	+352 26259065
E-mail Adress	info@valam.lu
Website	www.valori-assetmanagement.com
ITALIAN BRANCH	
Registred Office	Valori Asset Management SA Luxembourg
REA Number	2127412
Phone Number	
E-mail Adress	info@valam.lu

The Company is subject to the supervision of the Luxembourg financial services authority, the *Commission de Surveillance du Secteur Financier ("CSSF")*:

110, route d'Arlon, L-1150 Lussemburgo.
Telefono: (+352) 26 25 1 - 1 (central)
Fax : (+352) 26 25 1 - 601
E-mail: direction@cssf.lu
Website: www.cssf.lu

1.2 LANGUAGES INN WHICH THE CLIENT OR POTENTIAL CLIENT CAN COMMUNICATE WITH THE COMPANY AND RECEIVE FROM THESE DOCUMENTS AND OTHER INFORMATION

The language in which the Client or potential Client can communicate with the Company and receive documents from the same (i.e. contracts, reports, communications) shall be English or French or Italian.

1.3 METHODS OF COMMUNICATION TO BE USED BETWEEN THE COMPANY AND THE CLIENT

The method of communications between the Company and the Client or potential Client will be governed by the contract for the provision of investment services,

Clients or potential Clients may transmit any other communication or request for information to the Company by e-mail. The Client or potential Client acknowledges and accepts that telephone calls can be recorded for evidence and quality assurance purposes.

1.4 DECLARATION RELATING TO THE AUTHORIZATION OF VALORI ASSET MANAGEMENT SA: NAME AND ADDRESS OF THE COMPETENT AUTHORITY

Valori AM is an investment company authorized to operate as investment firm by the CSSF under the terms of the Luxembourg law of 5 April 1993 on the financial sector, as amended ("*1993 Law*"). In particular, the Company may provide is authorized to provide the following services:

Services performed by the Company
Reception and transmission of orders in relation to one or more financial instruments
Execution of orders on behalf of clients.
Portfolio Management
Independent Investment Advice
Auxiliary services
Investment research and financial analysis or other forms of general recommendation relating to transactions
Other status
Family Office
Authorised Family Office not performing actively the activity Family Office

1.5 CHARACTERISTICS OF THE INVESTMENT SERVICES PROVIDED BY THE COMPANY

a) Reception and transmission of orders in relation to one or more financial instruments (art. 24-1 of the 1993 Law):

This service entails the communication of the Company (or its agents) with a Client, with the aim of obtaining Client's instructions in relation to transactions involving particular or specific financial instruments (orders), the reception and the subsequent transmission of such orders to another investment firm, which is authorized to execute the Client order. The Company provides this service only within the context of the portfolio management activity.

b) Execution of orders on behalf of clients (art. 24-2 of the 1993 Law):

This service consists in acting to conclude agreements to buy or sell one or more financial instruments on behalf of Clients. The execution of orders includes the conclusion of agreements to sell financial instruments issued by a credit institution or an investment firm at the moment of their issuance. The Company provides this service only within the context of portfolio management activity.

c) Investment advice on an independent basis (art. 24-5 of the 1993 Law):

This service consists in the provision of personal recommendations to a client, either upon its request, or at the initiative of the credit institution or the investment firm, in respect of one or more transactions relating to financial instruments.

d) Portfolio Management (art. 1, comma 5, lett. d) del TUF):

This service consists in managing portfolios in accordance with mandates given by Clients on a discretionary client-by-client basis where such portfolios include one or more financial instruments.

SECTION 2. NATURE, FREQUENCY AND DATES OF THE DOCUMENTATION TO BE PROVIDED TO THE INVESTOR TO REPORT ON THE ACTIVITY CARRIED OUT

2.1 INFORMATION ON THE COSTS AND CHARGES RELATED TO THE INVESTMENT SERVICES PROVIDED BY THE INTERMEDIARY

Information on the applicable fees, costs, tariffs and charges associated with the investment services provided by the Company are given in the relevant contracts. Furthermore, the Company, in the manner envisaged by the relative contracts, fulfills the *ex-ante and ex post* transparency obligations regarding costs and charges related to *inter alia* its services and the financial products recommended or transacted, as opportune, for a Client.

2.2 REPORTS IN THE PORTFOLIO MANAGEMENT SERVICE

With reference to the portfolio management service, the Company shall:

a. provide the Client on a quarterly basis with reports containing the information required by the Reference Regulations;
b. inform the Client if the total value of assets under management undergoes, in the reference period, a depreciation of 10% and, subsequently, multiples of 10%. This communication is sent at the latest by the end of the working day in which the aforementioned threshold has been exceeded. If the threshold is exceeded on a non-working day, the communication is made by the end of the following working day. The methods for calculating the loss are determined according to the provisions of the Reference Regulations;
c. where requested by a Client, provide the essential information on the operations carried out from time to time with a communication confirming the operation, containing the information referred to in the Reference Regulations;
d. where a Client exercises the right referred to in point c) above and without prejudice to the exceptions provided for by the Reference Regulations, provide the periodic report every 12 months;
e. where a Client has opted for a management line characterized by a leverage effect, provide the periodic report at least once per month.

2.3 REPORTS IN THE INDEPENDENT INVESTMENT ADVISORY SERVICE

With reference to the investment advisory service, the Company shall:

a. deliver to the Client an explanatory document of the personalized recommendation provided;
b. assess the adequacy of the Client's portfolio at least once a quarter and send the Client a report containing the results of this assessment.

SECTION 3. SYNTHETIC DESCRIPTION OF THE MEASURES ADOPTED BY THE COMPANY THAT HOLDS FINANCIAL INSTRUMENTS OR SUMS OF MONEY OF CLIENT, TO ENSURE THE RELATED PROTECTION

The Company does not hold Client financial instruments or sums of money either with itself or with third parties.

SECTION 4. INFORMATION ON THE INSTRUMENTS AND FINANCIAL PRODUCTS TRADED

4.1 TYPES OF INSTRUMENTS AND FINANCIAL PRODUCTS

a. shares;
b. bonds, convertible bonds, cum warrant bonds, government bonds;
c. capital guaranteed structured bonds;
d. repurchase agreements;
e. certificates of deposit;
f. units or shares of collective investment undertakings such as harmonized mutual funds and SICAVs other than UCIs with leveraged or structured benchmarks, pursuant to Article 36 of Regulation (EU) no. 583/2010;
g. Exchange Traded Funds (ETFs) (excluding ETFs with leverage greater than 1);
h. Exchange Traded Commodity (ETC) (excluding ETCs with leverage greater than 1);
i. derivative financial instruments;
j. warrants and covered warrants (excluding those with unsecured capital or with leverage greater than 1);
k. structured products (excluding those traded in trading venues and in which the pay-off does not guarantee the full repayment of the invested capital upon maturity);
l. Class I, III, V and "multi-class" insurance policies;
m. investment certificates; and
n. "alternative" strategy financial instruments, such as (corporate shareholdings within the framework of) club deals, shares in private equity funds, shares in credit funds and shares in real estate funds.

The following information is intended to indicate the basic characteristics of the financial instruments and products handled by the Company and the risks pertinent to them.

PART "A" INFORMATION ON THE NATURE AND RISKS OF FINANCIAL INSTRUMENTS

1. THE TYPES OF PRODUCTS AND FINANCIAL INSTRUMENTS TRADED

1.1 EQUITY SECURITIES AND DEBT SECURITIES

First of all, it is necessary to distinguish between equity securities (the most common securities of this category are shares) and debt securities (among the most common debt securities we mention Government Securities and corporate bonds), bearing in mind that:

- by purchasing equity securities, one becomes a shareholder of the issuing company, participating in the economic risk of the same; those who invest in shares have the right to receive the annual dividend on the profits achieved in the reference period which the shareholders' meeting decides to distribute. However, the shareholders' meeting may decide not to distribute any dividends.
- shares grant the holder specific rights: administrative rights (right to vote, right to challenge shareholders' resolutions, right of withdrawal, option right) and economic-patrimonial rights (right to a dividend, right to a refund).
- main types of shares guarantee the right to vote, i.e. the right to participate in company affairs and in the formation of the will of the shareholders' meeting. Certain legal systems prohibit the issuance of shares with multiple votes, but allow the possibility of issuing special categories of shares characterized by certain differences or limitations in the exercise of the right to vote: shares without voting rights, shares with voting rights limited or subordinate. Other categories of shares differ, however, due to the different regulation of the economic-patrimonial rights associated with them. The shares must be of equal value and give their holders equal rights within the same category.
- the main special categories of shares, other than ordinary shares, are: shares subordinated in losses, which are characterized by the different incidence of the participation in losses; preferred shares in the distribution of profits, to which a higher share of profits is attributed with respect to that

pertaining to ordinary shares, or to which a temporal priority is attributed in the distribution of profits with respect to ordinary shares; savings shares, which are shares without voting rights, endowed with particular patrimonial privileges. A blue chip is a stock issued by a large capitalization company.

- Shareholders who decide not to subscribe to the option offer, for the part they are responsible for, could see their stake on the share capital actually issued diluted. Furthermore, if the holders of the option rights do not exercise them within the established terms, or do not proceed with the sale of the same, they could lose these rights without being entitled to receive any consideration.
- by purchasing debt securities, one becomes a lender of the company or entity that issued them and one has the right to periodically receive the interest envisaged by the issue regulation and, upon maturity, to the repayment of the loaned capital. Debt securities differ from equity securities (including shares) because, while the latter ensure their holder the right to participate in the management of the company and a dividend which is subject to the existence of profits, the former attribute to the holder only a credit right which must in any case be satisfied on the due date, regardless of the results of the financial year.
- in traditional bonds, the subscriber of the security pays the issuer a sum of money that produces interest and is repaid at a pre-established deadline. Interest can be paid periodically, during the life of the security, or upon maturity (zero coupon) and the measure can be fixed (fixed-rate bonds) or variable in relation to the trend in market rates (floating-rate bonds).

Some particular categories of bonds are described below:

a. Corporate bonds

In corporate bonds, the issuer, i.e. the debtor, is represented by a commercial company governed by private law. Each security represents a fraction of equal face value and equal rights. The holder of the bond becomes a creditor of the issuing company and has the right to receive the repayment at maturity of the amount envisaged by the loan regulation plus a remuneration by way of interest.

b. Sovereign bonds

They are bonds issued by international institutions and entities, among which the World Corporation (World Bank), the Inter-American Development Bank (IADB) and the European Investment Society (EIB) are the main issuers of supranational bonds.

c. Government bonds

Government bonds are public debt securities, i.e. debt securities issued by the Ministry of Economy and Finance to finance state needs.

A description of the main types of Italian public debt securities is provided below:

- Buoni ordinari del Tesoro (BOT)

They are short-term bonds issued with maturities equal to or less than one year and are admitted to listing on regulated markets.

- Certificati del Tesoro zero coupon (CTZ)

They are securities issued by the Italian government with a maturity of 24 months, subject to reopening which may reduce their original maturity. The remuneration is entirely determined by the issue discount, equal to the difference between the nominal value and the price paid.

- **Certificati di Credito del Tesoro (CCT)**

They are variable rate securities with a duration of 7 years.
Interest is paid with half-yearly deferred coupons indexed to the yield of Treasury bills; the issue discount, given by the difference between the nominal value and the price paid, also affects the remuneration.

- **Buoni del Tesoro Poliennali (BTP)**

They are medium-long term securities, with a fixed coupon paid every six months.

- **Buoni del Tesoro Poliennali indexed to European inflation**

These are securities in which both the principal repaid upon maturity and the coupons paid every six months are revalued on the basis of inflation in the Eurozone, measured by the Harmonized Index of Consumer Prices (HICP) excluding tobacco.

d. Convertible Bonds

Convertible bonds offer the subscriber the right to remain a creditor of the issuing company (and therefore to maintain the status of bondholder), or to convert the bonds into shares of the issuing company or of another company, thus becoming a shareholder of the company;

e. Drop Lock Bonds (Floating Rate Bonds Convertible to Fixed Rate Bonds)

They are bonds assisted by a particular guarantee clause which has the purpose of protecting the subscriber from an excessive reduction in interest rates. In the drop lock bond, a minimum yield threshold (trigger rate) is established right from the start, under which the automatic conversion clause of the fixed-rate loan is triggered, the latter generally slightly higher than the trigger rate.

f. Foreign currency bonds or "Eurobonds"

These are the so-called international bonds issued by major operators to finance their currency needs. Eurobonds are bonds issued in currencies other than those of the countries in which the bonds are placed.

g. Subordinated bonds

These are bonds which, in the event of insolvency of the issuer, are repaid only after the other non-subordinated bonds issued by the issuer.

1.2 CAPITAL GUARANTEED STRUCTURED BONDS

Bonds whose repayment and/or remuneration is indexed to the price trend of one of the following financial assets are defined as structured:

- shares or baskets of shares listed on a stock exchange or in another state;
- equity indices or baskets of equity indices;
- currencies;
- quotas or shares of collective investment undertakings; and
- goods for which there is a reference market characterized by the availability of continuous and updated information on the prices of the assets traded.

Structured bonds have as a common feature particular methods of calculating the coupon or the redemption value, sometimes particularly complex. Various types of bonds belong to the structured category. Some of these maintain the typical feature of the bond, i.e. the return of the invested capital, presenting specific

methods for determining interest. Examples of this type are bonds whose yield, as linked to events unknown at the time of issue, is uncertain (for example reverse floater and linked bonds), or those with coupons initially determined but not constant over time (for example, the so-called step down and step up). Other structured bonds, on the other hand, present significant differences with respect to the traditional concept of bond, since they do not guarantee the full repayment of the capital. This constitutes a feature of absolute importance for the saver, as it radically changes the risk profile of the investment and, especially in the past, this has not always been realized. Reverses belong to this type. Structured bonds may be admitted to official stock exchange listing. In this case, the issuers are required to publish the listing prospectus which describes, also through suitable examples, the characteristics of the product, the potential return against possible hypothesized future scenarios and the particular risk aspects associated with them. Not all structured bonds are listed on regulated markets and, if they are, the levels of liquidity observed are not high. This circumstance can create difficulties in the event that the subscriber wishes to sell his security in advance, as the prices may not reflect the real value, also because the saver may find himself in the position of having to sell the bond to the same issuer in the position of sole buyer in the market. All the bonds illustrated are characterized by the presence of specific methods for determining the coupon due to the subscriber. Particular attention should therefore be paid to the coupon structure of the proposed bond.

a. Reverse convertible bonds

Reverse convertibles are financial instruments that promise the subscriber a particularly high coupon. However, they involve the risk for the investor of receiving a number of shares on maturity, instead of the initially paid-up capital, the value of which is lower than the original investment.
The reverse convertible is a structured financial product as it has two components: one of the bond type (nominal plus coupon) and the other derivative (put option).

A reverse convertible, therefore, is a security linked to another security, generally a listed share, which gives the right to collect a coupon of a value significantly higher than the market yields. The high yield, however, must be evaluated in relation to the fact that the issuer of the reverse, with the purchase of the put option, has the right to deliver, instead of the equivalent value of the security (i.e. what was received by the investor), a quantity of shares established by the contract (in the case of reverse of the physical delivery type) or their equivalent in cash (cash type). Obviously, the issuer will have an interest in exercising the right only if the value of the share falls below a predetermined level. Therefore, those who buy a reverse convertible trust that the value of the underlying share will remain unchanged or even increase. In conclusion, reverse convertibles cannot be assimilated to traditional ones bond investment; unlike bonds, in fact, they do not guarantee the return of the invested capital which may decrease depending on the negative performance of the underlying share.

In theory, the invested capital can also be zeroed (without prejudice to the perception of the coupon), in the extreme case in which the value of the underlying share is canceled at maturity (or at another date set out in the issue regulation).

b. Linked bonds

These are bonds whose return is linked to the performance of certain financial or real products, such as shares or baskets of shares (equity linked), indices (index linked), exchange rates (forex linked), commodities (commodities linked), mutual funds investment (funds linked) or other. The interest rate paid is generally lower than the market rate, while repayment of the loan at par is guaranteed at maturity.

However, the saver has the advantage of being able to obtain a premium at maturity commensurate with the performance of the underlying financial product.

For example, by subscribing to an index-linked bond, the saver effectively buys both a bond and a call option on the underlying index. In reality, this option is not free, and the issuer recovers the cost by paying an interest rate lower than the market rate. The investor bears the typical risk of the buyer of an option: over

time the option loses value and only if the performance of the underlying stock exceeds the strike price set at the time of issue will he receive any coupon flow. A simpler version of a linked bond provides for the payment of the premium only at maturity, without the payment of interest coupons. In this case the premium also incorporates the flow of unpaid coupons over the life of the loan.

c. “step up” and “step down” bonds

In general, this type of bond is characterized by a predetermined coupon structure (therefore not subject to any uncertainty) but (in any case) variable over time. These issues, therefore, are very similar to fixed-rate securities, albeit with the particularity of paying a coupon flow at variable levels.
In particular, "step down" bonds are bonds with coupons that decrease over time: the first coupons are high, while the subsequent ones gradually decrease. In the "step ups" there is an inverse structure, where the final coupons are high, while the initial ones are lower.

d. Callable bonds

These are fixed-rate bonds with a clause that gives the issuer the right to repay the loan early. Obviously, the issuer will have an interest in repaying the loan when the market rate is lower than the fixed rate. This product makes it easier for the issuer to manage the risk associated with an unfavorable evolution of interest rates. The option that the issuer reserves must evidently have a value for the investor who therefore should receive a rate higher than the current market rates.

1.3 REPOS

The repurchase agreement transaction is carried out through two simultaneous purchases, one spot and one forward, of the same financial instruments. In essence, therefore, one of the parties buys a certain amount of securities spot (spot buyer, usually identified in the customer) which the other party (forward buyer) undertakes to repurchase on a certain date and at a fixed price.

The forward sale has obligatory effects; it follows that the financial instruments involved in the transaction remain in the property of the spot buyer until the expiry of the agreed term.
For the entire duration of the transaction, the rights relating to the financial instruments covered by the contract are due to the spot buyer customer.

The remuneration of the repurchase agreement contract consists of the amount resulting from the difference between the total forward value and the total spot value.

1.4 CERTIFICATES OF DEPOSIT

These are securities representing a restricted deposit characterized by the purchase of ownership of the sums deposited by the customer, with the obligation to return them upon expiry of the agreed term. The relationship is documented by the certificate, in the name or in the bearer form, which contains, among other things, the indication of the expiry date and, for fixed-rate certificates with payment of interest at the end of the relationship, of the total repayable sum. Reimbursement is made (a) for registered certificates of deposit, to the holder or to anyone who has been expressly delegated by them (b) for bearer certificates of deposit, to any holder of the security, even if this is in the name of a person or otherwise marked.

The risks associated with the Certificates of Deposit are:

- ***interest rate risk:*** in the event of fluctuations in market rates, the value of the coupon in progress and of all the coupons envisaged by the plan for variable-rate CDs may vary, while all coupons for fixed-rate CDs remain constant;
- ***exchange rate risk:*** determined by changes in the exchange rate between the reference currency (euro) and the foreign currency in which the investment is denominated;
- ***liquidity risk:*** linked to the impossibility for the investor to partially or totally liquidate the

investment before the established deadline;

- ***counterparty risk:*** this is represented by the possibility that the issuer may not be able to meet the obligations assumed in relation to the payment of coupons and/or principal.

1.5 OPTIONS RIGHTS

These are rights assigned contractually and representative of the right, attributed to shareholders and holders of convertible bonds, to subscribe, at the time of the capital increase or the issue of a new convertible bond loan, a number of shares proportional to the shares already held or potentially held in based on the conversion ratio relating to the convertible bonds still outstanding.

1.6 THE UNDERTAKINGS FOR THE COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES (UCITS)

Undertakings for collective investment (UCIs) usually refer to mutual investment funds and investment companies with variable capital (SICAV) and investment companies with fixed capital (SICAF).

UCIs are divided into UCITS and alternative UCIs. UCITS are mutual investment funds and investment companies with variable capital (SICAV) compliant with EU directive no. 2009/65/EC and subsequent amendments. With the enactment of the aforementioned directive, it was intended to provide a series of minimum requirements relating to the authorization procedures, control, structure, activities and information with which a UCITS must comply. In fact, compliance with these minimum harmonization requirements allows the asset management company or the variable capital investment company (SICAV) to offer in another member country of the European Union respectively the units of its own mutual funds and its own shares under the free marketing, being subject to control by the supervisory authority of their country of origin.

By alternative UCIs, on the other hand, we mean a particular category of mutual investment funds characterized by greater freedom of investment of the assets raised compared to harmonized funds. In fact, the constraints and limitations established by the Community law for UCITS do not apply to them. Hedge funds, by their nature, are alternative funds. In any case, it is specified that the alternative funds category includes all UCITS that do not comply with EU directive no. 2009/65/EC and subsequent amendments. SICAFs are also included among non-harmonised funds.

a. Mutual funds set up contractually

By mutual investment fund we mean the autonomous assets, divided into units, pertaining to a plurality of participants, managed upstream. The fund's assets, whether open-ended or closed-ended, can be raised through one or more issues. Mutual investment funds are set up and managed by asset management companies. The asset management company plays a central role in the operation of mutual investment funds: it manages the assets entrusted to it by savers. The management activity takes place through purchase and sale transactions and any other administrative deed that is deemed appropriate or useful for increasing the value of the fund and possibly distributing the proceeds to the participants and which is not precluded by the laws, by the provisions issued by the supervisory bodies and by the clauses of the fund regulation.

Mutual funds can be open-ended or closed-ended. By open-ended funds we mean those funds whose participants have the right to request, at any time, the reimbursement of units, according to the procedures established by the fund's operating rules. Closed-end funds are those funds whose right to reimbursement of shares is granted to participants only at predetermined deadlines. Each fund is characterized by having a predefined portfolio composition in terms of asset classes.

From this point of view, the funds are divided into securities funds and real estate funds; the following categories of funds belong to the category of securities funds: (i) equity, (ii) balanced; (iii) bonds; (iv) cash funds, (v) flexible.

Real estate funds, on the other hand, are mutual funds that invest mainly in real estate.

b. Investment company with variable capital (SICAV)

Investment companies with variable capital (SICAV) raise capital among savers and invest it in the financial markets. They differ from mutual funds mainly in that the subscriber does not buy equity shares but shares in the company. In fact, with an investment in a SICAV, one becomes a shareholder with the possibility of exercising the right to vote. SICAVs are often an umbrella instrument, dividing its assets into segregated sub-funds that can be joined. Once a Client has joined a sub-fund, the Client has the option of transferring your investment by converting the shares of one sub-fund into those of another. In addition to the different legal nature of mutual funds, their peculiarity consists in the high specialization of the individual sub-funds on different market areas and/or sectors capable of satisfying all investment needs.

c. Exchange Traded Funds (other than ETFs with leverage greater than 1)

Exchange Traded Funds (acronym ETF, literally "listed index funds") are a particular category of funds or SICAVs, characterized by having the same composition as a specific stock market index; the unit certificates are admitted to trading on a regulated market. In fact, ETFs passively replicate the composition of a market index (geographical, sectoral, equity or bond) and consequently also its return. ETFs can therefore be defined as open-end passively managed UCITS whose composition is linked to a reference benchmark, i.e. the basket of securities that makes up a given index

d. Exchange traded commodities (other than ETC with leverage greater than 1)

These are funds similar to Exchange Traded Funds which aim to replicate the performance of commodity price indices or commodity derivative contracts.

e. Hedge Funds

These are funds that generate returns uncorrelated with market performance through the use of a wide range of investment strategies. They enjoy maximum freedom in the choice of markets and assets to invest in (share, bond, derivatives or currency market).

The three main types of hedge funds, within which further sub-categories are identified, are:

- ***Macro Fund***: fund that speculates on the trend of interest rates, currencies or stock markets;
- ***Arbitrage Fund***: fund that carries out arbitrage operations; and
- ***Equity Hedge Funds***: funds that buy and sell shares short on regulated markets according to market trends.

f. Investment company with fixed capital (SICAF)

Investment companies with fixed capital (SICAF) are closed-end UCITS established in the form of joint-stock companies with fixed capital and have as their exclusive purpose the collective investment of the assets raised through the offer of own shares and other equity financial instruments; investors in the assets of a SICAF are bound to maintain their investment throughout the life of the Company.

1.7 WARRANT E COVERED WARRANT (EXCEPT THOSE WITH UNGUARANTEED CAPITAL OR WITH LEVERAGE GREATER THAN 1)

Warrants are financial instruments which give their holder the right to subscribe, to buy (warrant call) or to sell (warrant put) a specific underlying asset (typically shares or bonds) at a pre-established price at a certain expiry or in a series of intermediate maturities between the issue date of the warrant and its expiry date.

The warrant is an instrument that can circulate separately from the main security (stripping) and can be traded on regulated markets. The warrant differs from the option in that it is a security (and not a contract), in its longer duration and in the lack of a margin system.

In the case of call warrants, the issuer must ensure the possibility of exercising the right attributed by the warrant by providing, in good time with respect to the expiry, a capital increase to serve the issue of the new shares.

Covered warrants, like warrants, are also financial instruments which attribute the right to subscribe, buy or sell a certain underlying financial asset at a pre-established price but, unlike warrants, the underlying asset is not (necessarily) a share or a bond, but it can be any financial asset for which a price can be fixed, such as government bonds, interest rates, currencies, commodities, etc. Furthermore, the covered warrant may also provide for the collection of a sum of money as an alternative to the purchase or sale of an underlying financial asset. The exercise of a covered warrant may involve the physical delivery of the underlying or the monetary settlement of the difference, if positive, between the price of the underlying financial asset and the strike price (in the case of covered call warrants) or of the difference, if positive, between the strike price and the price of the underlying asset (in the case of put covered warrants).

With reference to the style of exercise, a covered warrant is of the American type if it can be exercised at any time during its life; on the other hand, it is of the European type if it can only be exercised on expiry.

The subject who invests in a covered call warrant has expectations of an increase in the underlying asset (similarly to the purchaser of a call option), as he benefits from a liquidation amount that is higher the higher the value of the underlying asset (vice versa for covered warrant puts).

Compared to a direct investment in the underlying asset, the monetary outlay necessary to invest in covered warrants (the premium) is lower, but the risk of losing all the invested capital is much higher: it is sufficient that the asset price at maturity underlying is lower than the strike price for calls, vice versa for put covered warrants. In this case the market risk is very high.

1.8 STRUCTURED PRODUCTS DIFFERENT FROM THOSE NEGOTIATED IN TRADING VENUES (AND IN WHICH THE PAY-OFF DOES NOT GUARANTEE THE FULL RETURN OF THE INVESTED CAPITAL AT MATURITY)

Structured products are financial products whose risk-return profile is obtained by combining the characteristics of an elementary instrument, in most cases a bond with or without coupon, and one or more derivative instruments (options or swaps). Structured products, although generated by the sum of two different risk profiles, are sold as a single instrument: the buyer implicitly assumes the position of buyer of the bond component and, at the same time, buyer or seller of the derivative component.

Structured products respond to two logics:

- the modeling of risk/return profiles of a certain investment, deviating from bonds with better ratings, but with lower profitability, thus trying to beat the market;
- the possibility of investing in markets where it is difficult to take positions directly.

The structured products in which the subscriber implicitly purchases the derivative are all products with guaranteed capital, vice versa, if the subscriber carries out an implicit sale of the derivative, the instrument becomes an atypical product and does not guarantee the full repayment of the paid-in capital .

Structured bonds belong to the category of structured products.

1.9 INSURANCE POLICIES

With reference to the insurance products the following categories of policies are considered:

- life insurance (Class I)
- life insurance, marriage assurance, birth assurance whose performance is directly linked to the value of UCITs or the so called “unit-linked” policy and “index-linked” policy; and
- capital redemption operations based on actuarial calculation whereby, in return for single or periodic payments agreed in advance, commitments of specified duration and amount are undertaken. These have not been harmonized and are therefore defined and detailed by the law of each member state.

Under the terms of art. 4 of the Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products ‘packaged retail investment product’ and ‘packaged retail and insurance-based investment product’ are considered as “PRIIPs”. PRIIP manufacturers — such as fund managers, insurance undertakings, credit institutions or investment firms — should draw up the key information document for the PRIIPs that they manufacture, as they are in the best position to know the product. They should also be responsible for the accuracy of the key information document.

The key information document should be drawn up by the PRIIP manufacturer before the product can be sold to retail investors. However, where a product is not sold to retail investors, there should be no obligation to draw up a key information document, and where it is impractical for the PRIIP manufacturer to draw up the key information document, it should remain possible for this task to be delegated to others. The obligations under said Regulation which are laid down in the provisions on drawing up, and the rules on revision of, the key information document should apply only to the PRIIP manufacturer and should continue to apply for as long as the PRIIP is traded on secondary markets. In order to ensure widespread dissemination and availability of key information documents, said Regulation should provide for publication by the PRIIP manufacturer of key information documents on its website.

1.10 INVESTMENTS CERTIFICATES

Investment certificates, or certificates, are securitized and listed derivative financial instruments. They replicate, with or without leverage, the performance of the underlying asset.

Through certificates without leverage effect, indirect trading of a financial instrument is often carried out, without it being necessary to trade on the instrument itself, thus allowing investors to obtain exposure to underlying financial assets (such as indices, currencies, futures on commodities, etc.) which can be more difficult to access directly. Other types of certificates, without leverage effect but through options of an ancillary nature, can allow the implementation of more complex investment strategies (such as, for example, the total or partial protection of the invested capital): in fact, the relative contractual clauses can provide for modifying conditions or termination of the certificate when the underlying financial asset reaches certain price levels.

Leveraged certificates, also called leverage certificates, can be both bull and bear. Bull leverage certificates are financial instruments that allow the investor to take a bullish position (precisely bull) on the underlying using only a fraction of the value required to purchase it; buying a certificate with leverage of the bull type is in fact equivalent, from a financial point of view, to buying the underlying and at the same time taking out a loan with the issuer for an amount equal to the value of the strike price. On the financed amount the investor pays in advance (or day by day through a daily strike update mechanism) a portion of interest. These instruments are also characterized by the presence of a stop loss level (or barrier), set above or at the same level as the strike price, upon reaching which the financial instrument terminates early. This allows the issuer to repay the loan granted to the investor without risk.

Bear leverage certificates are financial instruments that allow the investor to take a bearish position (precisely bear) on the underlying: buying a bear-type leveraged certificate is financially equivalent to selling the underlying short and at the same time making a deposit, at the issuer, equal to an amount corresponding

to the strike price, for a period coinciding with the residual life of the certificate. The deposit can be either interest-bearing, and in this case the interest is discounted from the price of the certificate in advance (or paid daily through a daily strike price update mechanism), or non-interest-bearing. These instruments, like the bulls, are also characterized by the presence of a stop loss level (or barrier), placed below or at the same level as the strike price, upon reaching which the financial instrument is extinguished early.

1.11 FINANCIAL INSTRUMENTS WITH "ALTERNATIVE" STRATEGY, SUCH AS (CORPORATE SHAREHOLDINGS WITHIN STRUCTURES OF CLUB DEALS, PRIVATE EQUITY FUND UNITS AND REAL ESTATE FUND UNITS

The residual category of products covered by the investment services provided by the Company - and generally suitable for professional customers - consists of corporate investments in club deal structures, units in private equity funds, units in credit funds or real estate funds.

Club deals can be established in a corporate or contractual form, such as a joint venture. In any case, these are structures not regulated by specific financial provisions.

They are characterized by the role of a promoter (origination company) and a (restricted) group of investors to whom various investments can be proposed from time to time, specific to the type of club deal - typically investments in the private equity sector (PE) or real estate. The difference between a club deal that invests in the PE or real estate sector and a mutual fund that invests in the same asset classes consists in the fact that the first structure, compared to mutual funds, lacks both a collecting society supervised, is a predefined and binding investment policy for asset management companies and investors. In particular, the investors adhering to a club deal reserve the right from time to time to invest in the individual investment proposals submitted to them by the origination company on the basis of each opportunity and, for their participation in the individual investment initiatives, they can also evaluate to subscribe not only to hard commitments, but also to soft commitments (subscription which indicates only a maximum availability and is not binding on the investment).

In conclusion, compared to mutual funds, club deals constitute tailor-made, more agile and, sometimes, even more opportunistic investment structures, which require a greater, informed and fully aware involvement of oblate investors.

Investing in units of PE mutual funds, real estate funds or credit funds is the same type of investment explained above in the section on mutual funds.

These funds all have in common the circumstance of (a) being set up in a closed-ended form and (b) directing financial resources towards portfolio companies and real economy activities (as indeed club deals also do), while they differ from each other in terms of the nature of the underlying:

- PE funds invest in shareholdings (majority or minority) of joint stock companies with shares not admitted to listing and which are in different life cycles of the company;
- Real estate funds invest (for no less than two thirds of the total value of their assets) in real estate, real estate rights, shareholdings in real estate companies or shares in other real estate funds;
- Credit funds invest in credits or securities representing credits, including credits deriving from securitization transactions.

If the subscription of units of these types of mutual funds is also open to retail investors, their management companies must comply with strict portfolio diversification obligations.

2. THE RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS/PRODUCTS

To appreciate the risk deriving from an investment in financial instruments, the following elements must be kept in mind:

a. Market risk

Market risk is the probability of obtaining a different return from the expected return from trading operations in financial instruments. It represents the potential loss or gain of a position or of a portfolio of securities, in a given time horizon, following changes in market variables (interest rates, share prices, commodity exchange rates, etc.). It can be broken down into the following main components:

- **Price risk** is defined as the variability in the value of securities or commodities determined by the performance of the financial markets. A distinction is made between the "generic" price risk which concerns the whole market (e.g. the stock market), and the "specific" one, which refers to a single security/issuer (e.g. a specific share). Price risk manifests itself as a potential reduction in the market value of the investment caused by changes in quotations.
- ***Interest risk*** occurs when the market value of the financial instrument is sensitive to changes in market interest rates. This risk is greater the further the maturity of the instrument is and is typical of bonds and interest rate derivatives. The rate (or rate) of interest represents the measure of the interest that the investor pays; it is expressed as a percentage for a certain period and indicates the "cost of money". The interest rate varies according to the reference currency, the risk associated with the issuer's solvency and the duration of the financial instrument.
- ***Exchange risk*** occurs when the financial instrument is denominated in currency other than the domestic currency and is sensitive to changes in exchange rates. These variations can lead to a loss of purchasing power of the currency held and a loss in the value of the financial instruments.
- Volatility risk is measured through an index which represents the percentage change in prices over time.
- ***Liquidity risk*** occurs when a financial instrument does not promptly transform into money without this leading to a loss in value. The liquidity risk depends on the characteristics of the market in which the instrument is traded. Instruments traded on regulated markets are usually more liquid than those traded on non-regulated markets since the high number of investors and the number of trades lead to the formation of more reliable prices. The liquidity of an investment may also be affected by any provisions or penalties in the event of disinvestment from a financial instrument.
- ***Leverage effect*** - the leverage effect is the mechanism that allows the investor to multiply the performance of the underlying invested. Investing in a leveraged product allows you to employ a smaller amount of capital than would be required for a direct investment in the underlying. This mechanism not only amplifies gains but also any losses.

b. Credit risk

Credit risk represents the possibility that an unexpected change in the creditworthiness of a counterparty generates a corresponding unexpected change in the price of the financial instrument traded and held by the investor. It can be divided into the following main components:

- ***Credit spread risk*** is defined as the yield differential between bonds issued by issuers with different credit ratings; the spread is higher in the case of low creditworthiness and smaller in the case of good creditworthiness.
- ***Risk of insolvency*** of the issuer represents the possibility that the issuer will not be able, in the future, to regularly meet the financial commitments undertaken (payment of coupons and/or repayment of capital) on the established dates.
- ***Sovereign risk*** represents the possibility that the sovereign issuer will not be able, in the future, to regularly meet the financial commitments undertaken (coupon payment and/or capital repayment)

on the established dates. Subordination risk is typical of subordinated bond issues which, in the event of insolvency and/or liquidation of the issuer, could generate higher losses than ordinary bonds.

c. Risk of complexity and information on complex and non-complex financial instruments

Non-complex financial instruments are shares admitted to trading on a regulated market or equivalent market of a third country, money market instruments, bonds and other debt securities (excluding debt securities bonds incorporating a derivative instrument), UCITS. All instruments for which there is a frequent possibility of negotiation, whose prices are publicly available or validated by independent validation systems, are also considered non-complex financial instruments.

In general, however, complex financial instruments/products (such as, in particular, the options described above, warrants, covered warrants, structured products and certificates) are to be considered those characterized by:

- optional elements (relating to one or more risk factors), conditions and/or mechanisms for amplifying the performance of the underlying (leverage effect) in the formula for determining the pay-off of the financial product, and/or
- limited observability of the underlying (e.g. proprietary indices, portfolios of securitized loans, assets not traded in transparent markets) with consequent difficulty in valuing the instrument, and/or
- illiquidity (e.g. instrument not traded on any trading venue) or difficulty in liquidating the investment (e.g. absence of institutional market counterparties, high disposal costs, exit barriers). From this perspective, trading in trading venues can be a way of containing the complexity factors represented by the illiquidity of the product.

In this regard, it should be noted that the Company as part of the portfolio management service:

- does not include in its range of offers, aimed at retail Client, highly complex financial products normally not suitable for retail Clients (so-called blacklist), nor does it allow its retail customers to purchase/subscribe to such products on their own initiative.
- includes complex and highly complex financial products (so-called gray list) in its range of offers.

With reference to services other than portfolio management, the Company does not include in its range of offers neither very complex financial products normally not suitable for retail Clients (so-called black list) nor those of very high complexity (so called gray list).

d. Risks deriving from the application of the reduction or conversion measures of the capital instruments and/or the bail-in

The European Directive 2014/59/EU "Banking Resolution and Recovery Directive", which was implemented in the Luxembourg legal system with the law of 18 December 2015 on the failure of credit institutions and certain investment firms, introduced a harmonized regime in the European Union on the subject of crisis prevention and management of banks and investment firms, based on the use of private sector resources, thus reducing the negative effects on the system cost-effective and preventing the cost of bailouts from falling on taxpayers.

Among the crisis management tools of banks and investment companies, in particular, measures have been envisaged for the reduction or conversion of shares or other capital instruments (including subordinated bonds) and resolution measures, which the resolution authorities can appeal when the procedure for the reduction or conversion of shares and other capital instruments does not make it possible to remedy the state of instability or risk of instability of the intermediary. Among the resolution measures, the bail-in (literally internal bailout) consists in the reduction, with the possibility of eliminating the nominal value, of the rights of shareholders and creditors or in the conversion of the rights of the latter into capital in order to absorb the losses and recapitalize the ailing Company. The bail-in is applied following a hierarchy whose logic provides

that those who invest in riskier financial instruments bear any losses or conversion into shares before the others. Only after exhausting all the resources of the riskiest category do you move on to the next category. In detail, the order of priority in the event of recourse to the bail-in is as follows: I) shares; II) other equity securities, III) subordinated bonds; IV) bonds and other eligible liabilities, including deposits above €100,000 of entities other than natural persons and small and medium-sized enterprises; V) deposits of natural persons and small and medium-sized enterprises for the amount exceeding €100,000.

To implement the measures for the reduction or conversion of capital instruments and the resolution measures, the Resolution Authority has specific powers. Among these, in addition to the power to reduce or eliminate the nominal value of capital instruments and liabilities of the entity under resolution (even in the absence of a formal declaration of insolvency by the issuer), we note the power to change the maturity of the securities, the amount of accrued interest or the date from which such interest becomes payable, even by suspending the related payment for a transitional period.

They are completely excluded from the scope of the bail-in, and therefore cannot be written down or converted into capital, among others:

- secured liabilities, including covered bonds and other secured instruments;
- deposits up to €100,000, i.e. those protected by the deposit guarantee scheme.

A separate discussion must be made with regard to derivative financial instruments and structured bonds, which consist of a derivative component and for which reference should be made to *PART "B" INFORMATION ON THE NATURE AND RISKS OF DERIVATIVE FINANCIAL INSTRUMENTS*.

e. Sustainability risks

Pursuant to art. 2 of Regulation (EU) 2019/2088 (the "SFDR"), sustainability risk is an event or condition of an environmental, social or governance type, the occurrence of which could cause a negative impact, real or potential, on the value of an investment. Sustainability risk can represent a risk in its own right or have an impact on other risks and can significantly affect other types of risks, such as market risks, operational risks, liquidity risks or counterparty risks.

Sustainability risk related to environmental issues includes for example climate risk, both physical and transitional. Physical risk derives from the physical effects of climate change, acute or chronic, for example: frequent and severe weather events capable of having an impact on products, services and supply chains. Transition risk, on the other hand, is linked to companies' ability to mitigate and adapt to climate change and their adaptation to a low-carbon economy.

Risks related to social issues can include, but are not limited to, labor rights and social relations with the community, issues such as inequality and inclusiveness, investment in human capital and accident prevention.

Governance-related risks may include, among others, the composition and effectiveness of the Board of Directors, management incentives, quality of management and alignment of management with shareholders, corruption and the use of unfair commercials.

In this regard - and with reference to the requirements of art. 6, paragraphs 1 and 2, of the SFDR - the Company does not consider and does not consider sustainability risks relevant in the provision of advisory and individual portfolio management services due to the size of the Company and its operations, as well as its type of customer and the broad diversification carried out in the context of the financial services just mentioned.

2.1 SPECIFIC RISKS RELATED TO EQUITY SECURITIES AND DEBT SECURITIES AND EXPECTED RETURNS UNDER POSITIVE AND NEGATIVE MARKET CONDITIONS

First of all, it is necessary to distinguish between equity securities (and in particular shares) and debt securities (including bonds, certificates of deposit and the money market instruments described above).

Other conditions being equal, an equity security is riskier than a debt security, as the remuneration due to the owner is more closely linked to the economic performance of the issuing company. The holder of debt securities, on the other hand, will risk not being remunerated only in the event of financial instability of the issuing company.

Furthermore, in the event of bankruptcy of the issuing Company, the holders of debt securities will be able to participate, with the other creditors, in the subdivision, which in any case takes place usually over a very long period of time, of the proceeds deriving from the realization of the Company's assets, while it is almost that holders of equity securities can see part of the amount invested returned.

a. Specific risk and generic risk

For both equity securities and debt securities, the risk can ideally be broken down into two components: specific risk and generic (or systematic) risk. The specific risk depends on the specific characteristics of the issuer and can be substantially reduced by dividing one's investment between securities issued by different issuers (portfolio diversification), while the systematic risk represents that part of variability in the price of each stock which depends on market fluctuations and cannot be eliminated through diversification.

Systematic risk for equity securities traded on an organized market arises from changes in the market generally; changes that can be identified in the movements of the market index. The systematic risk of debt securities originates from fluctuations in market interest rates which have an impact on the prices (and therefore on the yields) of the securities in a more accentuated way the longer their remaining life; the residual life of a security at a certain date is represented by the period of time which must elapse from that date at the time of its redemption.

b. Issuer risk

For investments in financial instruments, it is essential to appreciate the equity solidity of the issuing companies and their economic prospects, taking into account the characteristics of the sectors in which they operate.

It must be considered that the prices of equity securities reflect at all times an average of the expectations that market participants have about the earnings prospects of the issuing companies.

In particular, when making an investment in shares it is essential to evaluate the capital solidity of the issuing companies: the maximum theoretical risk for the shareholder is the bankruptcy of the company. In fact, in the event of the bankruptcy of a company, it is very difficult for the holders of shares of the same, as participants in the risk capital, to be able to see even only a part of the amount invested returned; generally, the shareholder suffers the full loss of the investment.

With reference to debt securities, the risk that the issuing companies or financial institutions are unable to pay the interest or repay the loaned capital is reflected in the extent of the interest that these bonds guarantee to the investor. The higher the perceived riskiness of the issuer, the higher the interest rate that the issuer will have to pay to the investor.

To assess the adequacy of the interest rate paid by a security, one must bear in mind the interest rates paid by issuers whose risk is considered to be lower, and in particular the yield offered by government bonds, with reference to issues with equal expiration. Furthermore, in order to assess the riskiness of a financial

instrument, the rating must be taken into account, the opinion assigned by an independent specialized agency, expressed by an alphanumeric code, concerning the creditworthiness of a securities company or a particular securities issue. The rating provides information on the degree of risk of the issuers, i.e. on the ability to punctually fulfill their payment obligations. The assignment of a rating also facilitates issuers in the process of pricing and placing the securities issued. Rating agencies assign a score (the rating, in fact) on the basis of a ranking (or rating scale). The judgment may also differ depending on the agency that conducted the evaluation. In providing their opinion, the rating agencies are based on a detailed analysis of the financial situation of the Company to be evaluated (financial profile), on the analysis of the sector to which the Company belongs and on its positioning within the sector (business) , on visits to the Company and meetings with management.

The rating judgment is also subjected to periodic reviews in order to promptly grasp any changes within the Company or the sector to which it belongs. In the case of improvement of the judgment we speak of an upgrade, while in the case of a deterioration of a downgrade. A distinction is made between an issuer rating and an issue rating.

The rating of an issuer (also called counterparty rating or issuer credit rating) provides a global assessment of the creditworthiness of a particular entity. The rating of an issue assesses the issuer's ability to repay the principal and pay interest on the set date. The rating is a useful tool for an investor as it allows him to evaluate the credit risk associated with investing in a specific financial instrument and, therefore, the expected return associated with it. As a rule, the higher the rating of a company, the lower the risk for the investor of not seeing his credit remunerated and therefore the lower the interest rate paid by the issuer. Below is a table with the rating scales of the two main specialized agencies (Standard & Poor's and Moody's).

Investment grade bonds

S & P	Moody's	Description
AAA **AA +**	Aaa Aa1	**It is the highest rating. Indicates that the issuer's repayment capacity is highly guaranteed.**
AA **AA-** **A+**	Aa2 Aa3 A1	**Bond more susceptible to market conditions. The ability to reimbursement by the issuer is in any case well guaranteed.**
A A- **BBB+**	A2 A3 Baa1	**Still good creditworthiness, but, in the face of particular market conditions, the issuer could have some more difficulty to repay.**
BBB **BBB-**	**Baa2** **Baa3**	**Issuer capable of repaying, but with potential solvency problems in the face of adverse economic conditions.**

Speculative grade bonds

S & P	Moody'	Description
BB+ **BB BB-**	Ba1 Ba2 Ba3	**Bonds with significant speculative characteristics. These are securities most exposed to market fluctuations. Issuer able to repay in the face of stable economic conditions.**
B B-	B2 B3	**Particular uncertainty regarding the repayment of capital at maturity: highly speculative securities.**

CCC+ CCC CCC-	Caa	**Very risky securities, as the capital characteristics of the issuer do not guarantee a sure repayment capacity in the medium/long term.**
CC Ca		**Possibility of insolvency of the debtor: very risky securities.**
C	C	**Minimum probability of repayment at maturity.**
D		**Insolvent Issuer.**

c. Interest rate risk

With reference to debt securities, the investor must bear in mind that the actual amount of interest continuously adjusts to market conditions through changes in the price of the securities themselves. The yield on a debt security will approach that embedded in the security at the time of purchase only if the security is held by the investor to maturity.

Should the investor need to sell off the investment before the security matures, the effective return could prove to be different from that guaranteed by the security at the time of its purchase. In particular, for securities which provide for the payment of interest in a predefined and non-changeable manner during the duration of the loan (fixed-rate securities), the longer the residual life, the greater the variability of the price of the security itself with respect to changes in market interest rates. For example, consider a zero coupon security - a fixed-rate security that provides for the payment of interest in a lump sum at the end of the period - with a residual life of 10 years and a yield of 10% per year; the increase of one percentage point in market rates determines, for the aforesaid security, a decrease in the price of 8.6%.

Furthermore, the lower the rates offered by the market, the greater the implied volatility since the residual life expressed in terms of financial duration of a security tends to increase with low rates and decrease with higher rates in an inverse relationship. It is therefore important for the investor, in order to evaluate the suitability of his investment in this category of securities, to verify within what time frame he may need to disinvest the investment.

d. Exchange rate risk

If an equity or debt security is denominated in a currency other than the reference currency for the investor, typically the euro, in order to assess the overall riskiness of the investment, it is necessary to take into account the volatility of the ratio exchange rate between the reference currency (the euro) and the foreign currency in which the investment is denominated. The investor must bear in mind that the exchange rates with the currencies of many countries, in particular those in the developing world, are highly volatile and that in any case the trend of exchange rates can condition the overall result of the investment.

e. Liquidity risk

The liquidity risk depends on the characteristics of the market in which the security is traded. In general, other things being equal, securities traded on organized markets are more liquid than securities not traded on such markets. This is because the demand for and supply of securities is channeled largely to these markets and therefore the prices recorded there are more reliable as indicators of the effective value of the financial instruments. However, it should be considered that the disinvestment of securities traded in organized markets which are difficult to access, because they are based in distant countries or for other reasons, may in any case lead to difficulties for the investor to liquidate his investments and the need to incur additional costs. The liquidity of an investment may also be affected by provisions or penalties in the event of disinvestment from a financial instrument.

f. Risk deriving from the application of the measures to reduce or convert capital instruments and/or the bail-in

Among the crisis management tools of banks and investment firms, measures have been envisaged for the reduction or conversion of shares or debt instruments (including subordinated bonds) and resolution measures, which the Resolution Authorities can appeal when the procedure for the reduction or conversion of the shares and other capital instruments does not allow to remedy the state of instability or risk of instability of the intermediary. Among the resolution measures, the bail-in (literally internal rescue) consists in the reduction, with the possibility of zeroing the nominal value, of the rights of shareholders and creditors or in the conversion into capital of the rights of the latter in order to absorb the losses and recapitalize the ailing bank. The bail-in is applied following a hierarchy whose logic provides that those who invest in riskier financial instruments bear any losses or conversion into shares before the others. Only after exhausting all the resources of the riskiest category do, you move on to the next category. In detail, the order of priority in the event of recourse to the bail-in is as follows: I) shares; II) other equity securities, III) subordinated bonds; IV) bonds and other eligible liabilities, including deposits above €100,000 of entities other than natural persons and small and medium-sized enterprises; V) deposits of natural persons and small and medium-sized enterprises for the amount exceeding €100,000.

To implement the measures for the reduction or conversion of capital instruments and the resolution measures, the Resolution Authority has specific powers. Among these, in addition to the power to change the maturity of the securities, the amount of accrued interest or the date from which such interest becomes payable, also by suspending the relative payment for a transitional period, also the power to reduce or cancel the nominal value of equity and liability instruments of the entity under resolution (even in the absence of a formal declaration of insolvency by the issuer).

2.2 SPECIFIC RISKS OF GOVERNMENT BONDS

In addition to the debt securities risks described above, please also consider the following specific risks associated with government bonds:

a. Market risk

The value of government bonds is directly influenced by the performance of the main market factors that determine their price, such as, for example, interest rates and the creditworthiness of the issuing state. By way of example, a fixed-rate security (such as a BTP/BUND) appreciates if, during the life of the security, the rates on the market tend to fall (as it will offer a better yield than those to be issued in the future), while it depreciates - that is, its price decreases – if market rates tend to rise (as newly issued securities will offer higher yields). The effect of interest rate movements on the value of the security is greater the greater the residual life of the securities. A variable rate security, on the other hand, tends to be less affected by the effect of changes in interest rates than a fixed rate security, since the amount of interest paid (the coupon) periodically aligns with the performance of the market interest rates.

With interest rates being equal, the price of a government bond (both fixed and floating rate) is also influenced by the movement in the creditworthiness associated with the issuing state: the operators present on the market express assessments on the creditworthiness of the issuer, quantified through the attribution of a specific risk premium (credit spread). These assessments are reflected in the prices of the financial instruments issued by the issuer: in general, an improvement in the creditworthiness of the issuing state corresponds to a positive change in the price of the government bond. Considering what has been represented up to now in relation to the possible causes of fluctuations in the price of a government bond, it is therefore important for the investor to evaluate beforehand within what time frame he may need to sell the investment.

b. Credit risk

The risk that the issuing Sovereign State is unable to pay the interest or repay the loaned capital constitutes

the credit risk associated with a government bond. The risk of bankruptcy of a state is remote compared to that of a private company, even if it exists nonetheless.

c. Liquidity risk

Liquidity risk is related to the difficulty or impossibility of liquidating your investment without loss of value compared to its fair price. It mainly depends on the characteristics of the market in which the security is traded. In general, all other things being equal, securities traded on regulated markets are more liquid than securities not traded on such markets.

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In positive market conditions, an increase in the price of the shares is expected with respect to the purchase price and the return on the investment through the payment of the dividend; in a negative market scenario, it is instead possible that the shares suffer a decrease in price compared to the purchase price and do not guarantee the payment of the dividend. In the event of insolvency of the issuer, shareholders could suffer the complete loss of their investment.

In positive market conditions, an increase in the price of the bonds is expected with respect to the purchase price and the return on the investment through the payment of the coupons; in a negative market scenario, it is instead possible that the bonds suffer a decrease in price compared to the purchase price and do not guarantee the payment of the coupons. Investment in bonds does not guarantee total or partial repayment of the capital, unless the bonds themselves are "guaranteed capital" (with a guarantee of 100% repayment of the invested capital) or "protected capital" (with a guarantee of repayment of part of the capital). In the event of insolvency of the issuer, bondholders could also suffer the full loss of the investment, unless the bonds guarantee the total or partial repayment of the invested capital.

2.3 SPECIFIC RISKS RELATED TO COLLECTIVE INVESTMENT UNDERTAKINGS (UCITS) AND EXPECTED RETURNS UNDER POSITIVE AND NEGATIVE MARKET CONDITIONS

a. The effect of investment diversification. Collective investment undertakings

As mentioned, the specific risk of a particular financial instrument can be eliminated through diversification, i.e. by dividing the investment among several financial instruments. However, diversification can be costly and difficult to implement for an investor with limited assets. Investors can achieve a high degree of diversification at low cost by investing their assets in units or shares of collective investment undertakings (mutual investment funds and open-ended investment companies - SICAVs - and fixed-end investment companies - SICAF). These bodies invest the funds paid by savers among the various types of securities envisaged by the regulations or investment programs adopted. With reference to open mutual funds, for example, savers can enter or exit the investment by buying or selling the units of the fund on the basis of the theoretical value (increased or decreased by the expected commissions) of the unit; value obtained by dividing the value of the fund's entire managed portfolio, calculated at market prices, by the number of units outstanding.

It should be emphasized that investments in these types of financial instruments may still be risky due to the characteristics of the financial instruments in which they intend to invest (for example, funds that invest only in securities issued by companies operating in a particular sector or in securities issued by companies headquartered in certain states) or due to insufficient diversification of investments.

b. Market risk

In the context of market risk, exposure to the main risk factors depends on the characteristics of the investment policy of the UCI. In particular:

- in the case of specialized funds (bond and/or equity), balanced and flexible, the changes in the value

of the fund's units will substantially depend on the risk factors which influence the price of the securities included in the specific asset allocation of the fund;

- in the case of guaranteed and/or protected funds, the adoption of specific management techniques aimed at guaranteeing/protecting the return of capital and/or a minimum level of return on specific future dates determines the reduction of the risk that the value of disinvestment of the investment may be lower than the guaranteed/protected value provided that the disinvestment takes place in the time ranges within which the guarantee/protection granted to the investor is valid;
- in the case of formula funds which tend to associate a guaranteed minimum performance with a derivative component by virtue of which the investor benefits from a further income flow upon the occurrence of certain conditions relating to market variables identified ex ante (e.g. a basket of indices), the value of the fund unit is conditioned or influenced by the frequency and extent of the movements relating to the price of the underlying financial instruments with specific reference to the derivative components which form an integral part of the overall financial structure of the product.

It should also be noted that, unlike direct investments in specific financial instruments (e.g. government bonds, bonds and/or shares), collective investment undertakings allow, through portfolio diversification, the substantial reduction of specific risk, as previously defined.

c. Exchange rate risk

If a financial instrument is denominated in a currency other than the reference currency for the investor, typically the euro, in order to assess the overall riskiness of the investment, it is necessary to bear in mind the volatility of the exchange ratio between the reference currency (the euro) and the foreign currency in which the investment is denominated. The investor must bear in mind that the exchange rates with the currencies of many countries, in particular those in the developing world, are highly volatile and that in any case the trend of exchange rates can condition the overall result of the investment.

d. Credit risk

Funds have separate assets from management companies. Therefore, the UCI units are not exposed to the risk of insolvency of the companies issuing the fund. Considering the credit risk in a broader sense, however, the fund remains exposed to the risk of insolvency of the companies issuing the individual financial assets included in the fund's asset allocation. However, it should be noted that the diversification guaranteed by the fund has a mitigating effect on the overall exposure to credit risk since the impact of any insolvency of a company issuing securities included in the portfolio will be limited and proportional to the weight covered by these securities in the fund's overall asset allocation.

e. Liquidity risk

It should be noted that, in general, for open-ended UCITS, the right granted to the investor to withdraw from the investment at any time makes the liquidity risk almost negligible, while for real estate funds, given their nature as listed instruments, the risk of liquidity is related to the difficulty or impossibility of liquidating one's investments without loss in value relative to their fair price. It mainly depends on the characteristics of the market in which the security is traded. In general, all other things being equal, securities traded on regulated markets are more liquid than securities not traded on such markets.

2.4 RISKS OF EXCHANGE TRADED COMMODITIES (ETCS)

In addition to the risks described above relating to UCITS, additional risks relating to Exchange Traded Commodities are indicated below:

a. Market risk

In the case of ETCs, the changes in the value of the units of the instrument will substantially depend on the risk factors affecting the prices of the commodities/benchmark indices. Through an investment in ETC, the saver can therefore take a position both on an index representative of a basket of commodities and on a single commodity (gold, oil, gas, sugar, soybeans, zinc, etc.). In the latter case, the investor will not be able to benefit from the positive effects deriving from diversification in terms of mitigation of the overall risk profile.

b. Credit risk

ETCs, being financial instruments issued by a SPV (Special Purpose Vehicle) have an exposure to the risk of insolvency of the issuing company which must be carefully evaluated in the issue prospectus, as not all issuers guarantee the full capital segregation of the SPV. In addition, the ability of the issuer to pay the redemption amount depends on whether the issuer receives payment from the counterparty of the commodity contracts entered into for the sale of the underlying.

2.5 RISKS OF EXCHANGE TRADED FUNDS (ETFs)

In addition to the risks described above relating to UCITS, further risks specific to ETFs are indicated below:

a. Market risk

In the case of ETFs, the changes in the value of the units of the instrument will substantially depend on the risk factors that influence the quotations of the reference index. Unlike investments in specific financial instruments (e.g. government bonds, bonds and/or shares), ETFs allow, through portfolio diversification, the substantial reduction of the specific risk of the instruments that make up the various reference indices.

b. Exchange rate risk

It is the risk that changes in the value of a currency cause changes in the market value of the investment.
If a financial instrument is denominated in a currency other than the investor's reference currency, typically the euro, or is linked to reference parameters listed in a currency other than the investor's reference currency, the in order to evaluate the overall riskiness of the investment, the volatility of the exchange ratio between the reference currency (euro) and the foreign currency in which the investment is denominated must be taken into account. The investor must bear in mind that the exchange rates with the currencies of many countries, especially developing ones, are highly volatile and that in any case the trend of exchange rates can condition the overall result of the investment.

c. Liquidity Risk

It is related to the difficulty or impossibility of liquidating your investment without loss in value compared to its fair price. It mainly depends on the characteristics of the market in which the security is traded. In general, all other things being equal, securities traded on regulated markets are more liquid than securities not traded on such markets.

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In positive market conditions, an increase in the value of UCITS units is expected with respect to the subscription value; in a negative market scenario, it is instead possible that the value of the UCITS units decreases with

respect to the initial subscription value. Investment in UCITS does not guarantee the total or partial repayment of the capital, with the exception of guaranteed and/or protected funds, aimed at guaranteeing the total or partial repayment of the capital and/or a minimum level of return, and for formula, which tend to associate a guaranteed minimum performance with a derivative component.

UCIs have separate assets from management companies; therefore, the UCI units are not exposed to the risk of insolvency of the companies issuing the fund. In the event of insolvency of the companies issuing the individual financial assets included in the asset allocation of the UCI, it is possible to suffer a decrease in the value of the fund unit; this risk is limited in consideration of the investment diversification guaranteed by the UCITs.

2.6 OTHER FACTORS SOURCE OF GENERAL RISKS

2.6.1 FEES AND CHARGES

Before starting operations, the investor must obtain detailed information regarding all commissions, expenses and other charges which will be payable to the Company. This information must in any case be reported in the contract concluded with the Clients. The investor must always consider that these charges will be subtracted from any gains obtained in the transactions carried out, while they will be added to the losses incurred.

2.6.2 TRANSACTIONS CARRIED OUT IN MARKETS LOCATED IN OTHER NON – EU JURISDICTIONS

Transactions carried out on markets based in non-EU countries, including transactions involving financial instruments also traded in national markets, could expose the investor to additional risks. Such markets may be regulated to offer limited guarantees and protections to investors. Before carrying out any operation on these markets, the investor should inform himself of the rules governing such operations. He must also consider that, in such cases, the supervisory authority will be unable to ensure compliance with the regulations in force in the jurisdictions where the operations are performed. The investor should therefore inform himself about the regulations in force in these markets and the possible actions that may be taken with respect to such transactions.

2.6.3 TRANSACTIONS CARRIED OUT OUTSIDE REGULATED MARKETS AND OUTSIDE MFTS

The Company may execute operations off regulated markets and off MTFs. For transactions carried out outside organized markets, it may be difficult or impossible to liquidate a financial instrument or appreciate its actual value and assess the actual exposure to risk, especially if the financial instrument is not traded on any organized market.

For these reasons, such operations involve the assumption of higher risks. Before carrying out these types of operations, the investor must acquire all the relevant information on them, the applicable rules and the consequent risks.

PART "B" INFORMATION ON THE NATURE AND RISKS OF DERIVATIVE FINANCIAL INSTRUMENTS

1. DERIVATIVE FINANCIAL INSTRUMENTS

The term "derivatives" indicates the main feature of these products: their value derives from the trend in the value of an asset or from the occurrence in the future of an objectively observable event. The activity, or the event, which can be of any nature or kind, constitutes the "underlying" of the derivative product.

The relationship - which can be determined through mathematical functions - which links the value of the derivative to the underlying constitutes the financial result of the derivative, also known as the "pay-off".
Derivative financial instruments are mainly used for three purposes:

- reduce the financial risk of a pre-existing portfolio (hedging purposes);
- assume exposure to risk in order to make a profit (speculative purpose);
- achieve a risk-free profit through combined transactions on the derivative and on the underlying such as to capture any differences in valuation (arbitrage purposes).

Derivatives are also distinguished in:

- derivatives traded on regulated markets;
- derivatives traded on unregulated markets, so-called. "over the counter ("*OTC*")".

a. Foward

A forward contract is an agreement between two parties for the delivery of a certain quantity of a certain underlying at a pre-established price (delivery price) and date (maturity date). The underlying can be of various types:

- financial assets, such as shares, bonds, currencies, derivative financial instruments, etc.;
- commodities, such as oil, gold, grain, etc.

The buyer of the forward contract (i.e. the one who undertakes to pay the delivery price at maturity to receive the underlying) opens a long position, while the seller (i.e. the one who undertakes at maturity to deliver the underlying to receive the delivery price) opens a short position.

Forward contracts are generally structured in such a way that, at the time of their conclusion, the two services are equivalent. This is obtained by setting the delivery price, i.e. the contract price, equal to the forward price. The latter is equal to the current price of the underlying (so-called spot price or, also, spot price) increased by the financial value of the time between the stipulation date and the expiry date.

It goes without saying that, if initially the forward price coincides with the delivery price, subsequently, during the life of the contract, it will change essentially due to the movements in the current price that the underlying gradually assumes.

Changes in the value of the underlying determine the risk/return profile of a forward contract, which can be summarized as follows:

- for the purchaser of the contract, i.e. the one who has to buy a certain asset on a certain date and at a price already fixed in the contract, the risk is represented by the depreciation of the asset. In this case, in fact, he would still be forced to pay the price already fixed in the contract for an asset whose market value is lower than the price to pay: if the buyer were not bound by the contract, he could more advantageously buy the asset on the market at a lower price. For the opposite reason, in case of appreciation of the underlying, he will accrue a gain, as he will buy at a certain price what is worth more
- for the seller of the contract, i.e. the one who has to sell a certain asset on a certain date and at a price already fixed in the contract, the risk is represented by the appreciation of the asset. The contractual commitment, in fact, forces him to sell the asset at a lower price than he would achieve on the market.

Instead, he will achieve a gain in the event of depreciation of the underlying, since, thanks to the stipulated contract, he will sell the asset at a price higher than the market price.

The execution of the contract upon expiry can be achieved with: (a) the actual delivery of the underlying asset by the seller to the buyer, upon payment of the delivery price: in this case we speak of physical delivery; (b) the payment of the differential in cash between the current price of the underlying, at the time of expiry, and the delivery price indicated in the contract. This difference, if positive, will be due by the seller to the purchaser of the contract, and vice versa if negative: in this case we speak of delivery for differential or cash settlement.

The main types of forward contracts are forward contracts and futures contracts.

Forward contract

Forward contracts are characterized by the fact that they are entered into outside regulated markets. The delivery price is also called the forward price. To understand how this tool works, it is useful to analyze the resulting cash flows, i.e. the payments that are exchanged between the two parties throughout the life of the contract.

In the forward contract, the only cash flows occur at maturity, when the buyer receives the underlying asset in exchange for the price agreed in the contract (physical delivery), i.e. the two parties exchange the difference between the market price of the asset upon expiry and the delivery price indicated in the contract which, if positive, will be due by the seller to the buyer and vice versa if negative (cash settlement).

On the other hand, no intermediate cash flows are envisaged during the life of the contract, although in this period the forward price of the underlying asset is subject to changes essentially depending on the trend of the related current market price. Normally, no cash flows are expected even on the date of stipulation, considering that, like all forward contracts, they are generally structured in such a way as to make the two services equivalents.

Future contracts

Futures are also forward contracts. They differ from forwards in that they are standardized and traded on regulated markets. Their price, which results, like all listed securities, from negotiations, is also called future price.

The future price corresponds to the delivery price of the forward contracts but, being listed, it is not properly negotiated between the parties since, like all listed securities, it is the result of the meeting of the purchase offers entered by those who want to buy with the offers of sales entered by those who intend to sell. It is usually indicated in “index points”.

In relation to the underlying asset, the future contract takes on different denominations: commodity future, if it is a commodity, and financial future, if it is a financial asset.

A further distinctive element with respect to forwards, connected to their trading on regulated markets, is the presence of a single counterparty for all transactions, the clearing house. His task is to ensure the successful conclusion of the operations and the liquidation (understood as a calculation) and daily payment of the profits and losses achieved by the parties.

The clearing house intervenes in all transactions concluded on the futures market: when two parties buy and sell a contract, they immediately notify the clearing house which proceeds to buy the future from the party that sold and sell it to the party that bought. In this way, in the event of default by one of the two parties, the clearing house replaces itself in its obligations, guaranteeing the successful outcome of the

transaction, only to take recourse against the defaulting party.

b. Gli swap

The literal translation of swap, i.e. exchange, identifies the substance of the contract: two parties agree to exchange payment flows (also called cash flows) on certain dates. The payments can be expressed in the same currency or in different currencies and their amount is determined in relation to an underlying. Swaps are OTC (over the counter) contracts and, therefore, not traded on regulated markets.

The underlying can be of various types and significantly influences the characteristics of the contract which can, in practice, take on various forms.

Swap contracts are generally constructed in such a way that, at the time of entering into, the expected benefits are equivalent. In other words, the initial value of the contract is nullified, so as not to generate any initial cash flow to compensate for the part burdened by the higher value performance. If at the time of signing the two services are equivalent, it is not said that they will remain so for the entire life of the contract. On the contrary, it is precisely the variation in the value of the services that generates the risk/return profile: the party that is required to provide a service whose value has depreciated with respect to the initial value (and, therefore, with respect to the consideration) will accrue a gain and vice versa.

The essential feature of swap transactions, i.e. that of exchanging cash flows connected to an underlying asset with other cash flows of different types, determines the creation of new financial opportunities that would otherwise not be achievable. These opportunities can be exploited according to multiple needs, which can be for hedging, speculation or arbitrage, depending on the objectives that the operator sets himself.

c. Options

An option is a contract that gives the right, but not the obligation, to buy (call option) or sell (put option) a given quantity of an asset (underlying) at a pre-set price (strike price or exercise price). within a certain date (expiration or maturity), in which case we speak of the American option, or upon reaching the same, in which case we speak of the European option.

The asset underlying the option contract can be:

- a financial asset, such as shares, bonds, currencies, derivative financial instruments, etc.;
- a commodity, such as oil, gold, grain, etc.;
- an event of various nature.

In any case, the underlying must be traded on a market with official or publicly recognized prices or, in the event of an event, objectively verifiable.

The two parties to the option contract are called the buyer (so-called holder) and seller (so-called writer) of the option. The buyer, upon payment of a sum of money, called the premium, acquires the right to sell or buy the underlying asset. The seller receives the premium and, in exchange, is obliged to sell or purchase the underlying asset at the request of the buyer. According to the terminology used by traders, the buyer opens a long position, while the seller opens a short position.

When the buyer of the option exercises the right, i.e. decides to buy (call) or sell (put), the following scenarios occur:

- in the case of a call option, the buyer of the call option will receive from the seller the difference between the current price of the underlying (so-called spot price) and the exercise price;
- in the case of a put, the buyer of the option will receive the difference between the strike price and

the spot price.

The difference between the spot price and the strike price, in the case of a call, and the strike price and the spot price, in the case of a put, is commonly called the intrinsic value.

The intrinsic value cannot assume negative values since the bearer has the right, but not the obligation, to buy or sell; therefore, in the event that the current price of the underlying at the time of exercise is lower than the exercise price of the call (or vice versa for the put), it will simply avoid exercising the right, with a loss limited to the sums paid for the premium. The relationship between the spot price of the underlying and the strike price also determines the so-called moneyness of an option. This concept expresses the distance between the two prices.

Moneyness distinguishes options into:

- at-the-money when its exercise price is exactly equal to the current price (the intrinsic value is therefore nil);
- in-the-money when the buyer receives a profit from the exercise (positive intrinsic value, so-called positive pay-off): therefore, a call is in-the-money when the strike is lower than the spot, while, on the contrary , a put is in-the-money when the strike is higher than the spot (when this difference is very large we speak of deep in-the-money options);
- out-of-the-money when the exercise of the right would not correspond to any positive pay-off for the purchaser (the intrinsic value would have a negative value which, moreover, as already mentioned, does not occur since the purchaser of the waiver option): therefore, a call is out-of-the-money when the strike is above the spot, while a put is out-of-the-money when the strike is below the spot. In the event that the difference is very large, it is called a deep out-of-the-money option.

The execution of the contract, for in-the-money options, can take place:

- with the effective delivery of the underlying asset, and then we speak of physical delivery;
- with the delivery of the difference in cash between the current price of the underlying and the exercise price (cash settlement).

2. THE RISKS OF INVESTMENTS IN FINANCIAL DERIVATIVE INSTRUMENTS AND EXPECTED RETURNS UNDER POSITIVE AND NEGATIVE MARKET CONDITIONS

Derivative financial instruments are characterized by a very high level of risk whose appreciation by the investor is hindered by their complexity.

It is therefore necessary for the investor to conclude a transaction involving these instruments only after having understood their nature and the degree of exposure to the risk that it entails. It should be noted that, in general, trading in financial derivative instruments is not suitable for many investors. Derivative financial instruments generally envisage the exposure of the Client's assets to the risk of losses even higher than the initially invested capital (so-called "leverage effect"), as well as, depending on the underlying, the exposure to exchange rate risk (when the underlying is a currency), to the risk of fluctuations in interest rates (when the underlying is, in fact, an interest rate) or in the value of indices, commodities or other underlyings.

In the case of financial instruments not traded on regulated markets, to these risks is added that of the reliability of the counterparty of the various derivative contracts.

The specific risks associated with derivative financial instruments are indicated below:

a. Market risk

In the context of market risk, the risk of volatility, price risk and leverage effect risk are particularly relevant:

Volatility risk

Volatility measures the uncertainty about future movements in the price of an asset or financial asset. As volatility increases, the probability that the performance is very high or very limited increases, i.e. the probability that the price movements are very large, both upwards and downwards, increases. Consequently, large fluctuations in the price can correspond to equally important profits or losses, resulting in a greater associated risk. The volatility of a security depends above all on three factors: the duration to maturity (the longer the duration of a security, the greater its volatility); the coupon (if it is a bond, volatility increases inversely with respect to the coupon); the level of return (the volatility of a security is all the greater, the lower the level of its return is;

Price risk

This is the risk relating to price fluctuations of the financial instrument, directly linked to the fluctuation in value of the underlying or to the exchange rate risk in the case of currencies. The price risk is potentially equal to the total loss of the invested capital.

Risk of leverage effect

Some financial instruments are characterized by conditions and/or mechanisms to amplify the performance of the underlying (leverage effect) in the formula for determining the pay-off of the financial product. In such cases, the leverage effect therefore has a multiplier effect on the positive or negative outcome of the investments made.

b. Exchange rate risk

Currency risk is the risk that changes in the value of a currency will cause changes in the market value of the investment. If a financial instrument is denominated in a currency other than the investor's reference currency, typically the euro, or is linked to reference parameters listed in a currency other than the investor's reference currency, the in order to evaluate the overall riskiness of the investment, the volatility of the exchange ratio between the reference currency (euro) and the foreign currency in which the investment is denominated must be taken into account. The investor must bear in mind that the exchange rates with the currencies of many countries, especially developing ones, are highly volatile and that in any case the trend of exchange rates can condition the overall result of the investment.

c. Credit risk

In the context of credit risk, it detects the issuer risk. When making investments in financial instruments, it is essential to appreciate the equity solidity of the issuing companies and their economic prospects, taking into account the characteristics of the sectors in which they operate. This risk is therefore connected to the possibility that the issuer, due to a deterioration in its capital solidity, is unable to honor its obligations in relation to the payment of the amounts due.

d. Liquidity risk

The liquidity risk depends on the characteristics of the market in which the security is traded. In general, other things being equal, securities traded on organized markets are more liquid than securities not traded on such markets. This is because the demand for and supply of securities is channeled largely to these markets and therefore the prices recorded there are more reliable as indicators of the effective value of the financial instruments. However, it should be considered that the divestment of securities traded in

organized markets which are difficult to access, because they are based in distant countries or for other reasons, may in any case cause difficulties for the investor to liquidate his investments and the need to incur additional costs.

e. Risks associated with value of the underlying

The value of the underlying of the derivative can vary in relation to various factors (macroeconomic factors, trend in interest rates, speculative movements). Historical data relating to the performance of the underlying are therefore not indicative of any future performance. Therefore, by subscribing to a derivative instrument, the subscriber is exposed to the risk of fluctuations in the reference indexes, the value of the shares, commodities, risk of fluctuations in interest rates (when the underlying is, in fact, an interest rate) or other underlyings, as well as exchange rate risks if the underlying of the derivative is a currency.

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By subscribing/purchasing a derivative instrument, the investor is exposed to the risk of fluctuations in the value of the underlying asset (reference indices, shares, commodities, interest rates or other underlyings), as well as to the currency risk if the underlying of the derivative is a currency). The risk/return of the investment is amplified, in some cases, by the leverage effect, which provides for an amplification of the performance of the underlying: in positive market conditions, there will therefore be a multiplier effect on the positive outcome of the investment carried out, while in a negative market scenario the loss could even be much higher than the invested capital.

The risks illustrated above are also common to complex financial instruments that have a derivative component (e.g. structured bonds). Some of the risk characteristics of the most common derivative financial instruments are illustrated below.

2.1 RISKS OF FUTURES

a. The leverage effect

Futures transactions involve a high degree of risk. The amount of the initial margin is reduced (a few percentage points) compared to the value of the contracts and this produces the so-called "leverage effect". This means that a relatively small movement in market prices will have a proportionally larger impact on the funds deposited with the broker: this effect may work against or in favor of the investor. The initial margin paid, as well as the further payments made to maintain the position, may consequently be completely lost. If market movements are against the investor, he may be called upon to pay additional funds at short notice in order to keep his futures position open. If the investor fails to make the additional payments required within the time limit communicated, the position may be liquidated at a loss and the investor owed any other liability arising.

Orders and strategies aimed at reducing risk

Certain types of orders aimed at reducing losses within certain predetermined maximum amounts may be ineffective as particular market conditions may make it impossible to execute such orders. Even investment strategies that use combinations of positions, such as “standard combination propositions” may have the same riskiness as individual “long” or “short” positions.

2.2 OPTIONS RISKS

Transactions in options involve a high level of risk. The investor who intends to trade options must first understand the functioning of the types of contracts he intends to trade (put and call).

a. Purchase of an option

Buying an option is a highly volatile investment and there is a very high probability that the option will expire worthless. In this event, the investor will have lost the entire amount used to purchase the premium plus fees.

Following the purchase of an option, the investor can maintain the position until expiry or carry out a reverse transaction, or, for "American" type options, exercise it before expiry. Exercise of the option may involve either the cash settlement of a difference or the purchase or delivery of the underlying asset. If the option relates to futures contracts, the exercise of the same will determine the assumption of a position in futures and the related obligations concerning the adjustment of the guaranteed margins.

An investor who is preparing to purchase an option relating to an asset whose market price is very far from the price at which it would be convenient to exercise the option (deep out-of-the-money), must consider that the possibility that exercise of the option to become profitable is remote.

b. Selling of an option

Selling an option generally involves assuming a much higher risk than buying it. In fact, even if the premium received for the option sold is fixed, the losses that can occur for the seller of the option can be potentially unlimited. If the market price of the underlying asset moves unfavorably, the seller of the option will be obliged to adjust the margin calls in order to maintain the position. If the option sold is of the "American" type, the seller may at any time be called upon to settle the transaction in cash or to purchase or deliver the underlying asset. If the option sold relates to futures contracts, the seller will assume a position in futures and the related obligations concerning the adjustment of the guarantee margins.

The seller's exposure to risk can be reduced by holding a position in the underlying (securities, indices or other) corresponding to that with reference to which the option was sold.

2.3 OTHER RISK FACTORS COMMON TO TRANSACTIONS IN FUTURES AND OPTIONS

a. Contract term and conditions

The investor must inquire with his intermediary about the terms and conditions of the derivative contracts on which he intends to operate. Particular attention must be paid to the conditions under which the investor may be obliged to deliver or receive the underlying asset of the futures contract and, with reference to options, the expiration dates and the methods of exercise. In certain particular circumstances, the contractual conditions could be modified by decision of the market supervisory body or the clearing house in order to incorporate the effects of changes concerning the underlying assets.

b. Suspension or limitation of exchanges and the relationship between prices

Particular conditions of market illiquidity as well as the application of certain rules in force on some markets (such as suspensions deriving from anomalous price movements, the so-called "circuit breakers"), can increase the risk of losses making it impossible to carry out transactions or liquidate or neutralize positions. In the case of positions arising from the writing of options this could increase the risk of suffering losses. In addition, the relationships normally existing between the price of the underlying asset and the derivative instrument may not hold when, for example, a futures contract underlying an option contract is subject to price limits while the option is not. The absence of a price of the underlying could make it difficult to judge the significance of the valuation of the derivative contract.

c. Exchange rate risk

Gains and losses relating to contracts denominated in currencies other than the investor's reference currency could be affected by changes in exchange rates.

2.4 RISKS OF TRANSACTIONS IN DERIVATIVE INSTRUMENTS CARRIED OUT OUTSIDE ORGANIZED MARKETS. THE SWAPS

Intermediaries may carry out transactions in derivative instruments outside organized markets. The intermediary to whom the investor turns could also act directly in exchange for the Client (i.e. acting on his own account). For transactions carried out outside organized markets, it may be difficult or impossible to liquidate a position or appreciate its actual value and evaluate the effective exposure to risk.

For these reasons, such operations involve the assumption of higher risks. Furthermore, the applicable rules for these types of transactions could be different and provide less protection to the investor. Before carrying out these types of operations, the investor must acquire all the relevant information on them, the applicable rules and the consequent risks.

2.4.1 CONTRACTS SWAPS

In certain situations, the investor may be called by the intermediary to pay guarantee margins even before the date of settlement of the differentials.

For these contracts, it is particularly important that the counterparty to the transaction is financially solid, since if the contract gives rise to a differential in favor of the investor, it can actually be received only if the counterparty is solvent. If the contract is entered into with a third party counterparty, the investor must inform himself of the solidity of the same and make sure that the intermediary will be liable on his own in the event of insolvency of the counterparty. If the contract is stipulated with a foreign counterparty, the risks of correct execution of the contract may increase depending on the rules applicable in the specific case.

2.4.2 WARRANTS RISKS

With reference to the Warrants, in addition to the risks set out above relating to derivative financial instruments, further risks of the Warrants are indicated below.

a. Market risk:

Any investment in warrants involves risks associated with the value of the underlyings. In the event that the performance of the underlying is negative, the investment in the warrants is subject to the risk of loss of the invested capital. Basically, in addition to the price trend of the underlying, the decisive factors for the evolution over time of the value of the options embedded in the warrants include, (I) the volatility, i.e. the expected fluctuations in the price of the underlying, (II) the time to expiry of the options embedded in the warrants, (III) the interest rates on the money market as well as, subject to exceptions, (IV) the expected dividend payments with reference to the underlying asset.

b. Credit Risk

Investment in warrants is subject to issuer risk, i.e. the possibility that the issuer, due to a deterioration in its creditworthiness, is unable to pay the settlement amount of the warrants upon maturity or physical delivery of the underlying.

c. Liquidity risk

It is related to the difficulty or impossibility of liquidating your investment without loss in value compared to its fair price. It mainly depends on the characteristics of the market in which the security is traded. In general, all other things being equal, securities traded on regulated markets are more liquid than securities not traded on such markets.

2.4.3 Covered Warrants risks

With reference to Covered Warrants, in addition to the risks described above relating to derivative financial instruments, further specific risks specific to Covered Warrants are indicated below:

a. Market risk

Any investment in covered warrants involves risks associated with the value of the underlyings. In the event that the performance of the underlying is negative, the investment in covered warrants is subject to the risk of loss of the invested capital. Basically, in addition to the price trend of the underlying, the decisive factors for the evolution over time of the value of the options incorporated in the covered warrants include (I) the volatility, i.e. the expected fluctuations in the price of the underlying, (II) the time upon maturity of the options incorporated in the covered warrants, (III) the interest rates on the money market as well as, subject to exceptions, (IV) the expected dividend payments with reference to the underlying asset.

b. Credit risk

Investment in covered warrants is subject to issuer risk, i.e. the possibility that the issuer, due to a deterioration in its creditworthiness, is unable to pay the liquidation amount of the covered warrants upon expiry or the physical delivery of the underlying.

c. Liquidity risk

It is related to the difficulty or impossibility of liquidating your investment without loss in value compared to its fair price. It mainly depends on the characteristics of the market in which the security is traded. In general, all other things being equal, securities traded on regulated markets are more liquid than securities not traded on such markets.

2.5 RISKS OF STRUCTURED BONDS

In addition to the risks described above, additional risks inherent in structured bonds are indicated below:

a. Market risk

In this context, particular attention should be paid to:

Volatility Risk

This is the risk associated with the fact that the price of bonds is affected or influenced by the frequency and extent of movements in the price of the underlying financial instruments.

Correlation Risk

This is the risk associated with the fact that the price of bonds is affected by the relationship between the performance of the underlying financial instruments. In particular, the higher the correlation, the higher the possibility that the performance of an underlying financial instrument affects the performance of the other instruments in a similar way.

Risk associated with the structured nature of the Bonds

It is the risk associated with the circumstance that the bond includes, in addition to the bond component, a derivative component. The investor must bear in mind that the yield of the bonds depends on the performance of an Indexing Parameter or of an Underlying; it is possible that the Indexing Parameter or the Underlying reaches a level equal to zero, in this case the investor would not receive interest on the investment made.

Risk associated with the possible presence of Cap and Floor options

If a Cap is envisaged, the derivative component consists of an option of the Interest Rate Cap type, implicitly sold by the investor upon subscription of the bond, on the basis of which he sees the maximum value of the variable coupons determined in advance. The Interest Rate Cap option is an interest rate option traded outside the regulated markets with which a maximum limit is set on the return of a given financial instrument. If a Floor is envisaged, the derivative component consists of an option of the Interest Rate Floor type, acquired implicitly by the investor upon subscription of the bond, on the basis of which he sees the minimum value of the variable coupons determined in advance. The Interest Rate Floor option is an option on interest rates traded outside regulated markets with which a minimum limit is set on the return of a given financial instrument. The simultaneous presence of an Interest Rate Cap and Interest Rate Floor option gives rise to a so-called Interest Rate Collars. Structured bonds include a bond component and a derivative component. With reference to the expected returns and losses in a positive and negative scenario, please refer to the indications respectively provided for bonds and derivatives.

2.6 CERTIFICATE RISKS

With reference to the Certificates, in addition to the risks mentioned therein and relating to derivative financial instruments, additional risks inherent in the Certificates are indicated below:

a. Market risk:

In the case of Certificates, the changes in value of the instrument will substantially depend on the risk factors which influence the prices of the underlying asset. In the case of leverage certificates, the leverage effect determines a fluctuation in the value of the certificate in percentage terms greater than the fluctuation of the related underlying: the greater the leverage (greater than 1), the more accentuated is the sensitivity of the value of the certificate to the variation of the underlying.

The yield of the Certificates cannot be predetermined but may vary according to the variations that will occur in the market values of the Underlying which expose the investor to the risk of losing part or all of the invested capital.

b. Credit risk

Except for cases in which the issue of certificates is guaranteed by a third party, investment in certificates is subject to issuer risk. This risk is therefore connected to the possibility that the issuer, due to a deterioration in its capital solidity, is unable to honor its obligations in relation to the payment of the amounts due.

c. Liquidity risk

It is related to the difficulty or impossibility of liquidating your investment without loss in value compared to its fair price. It mainly depends on the characteristics of the market in which the security is traded. In general, all other things being equal, securities traded on regulated markets are more liquid than securities not traded on such markets.

Part "C" INFORMATION ON THE NATURE AND RISKS OF A MANAGEMENT LINE

1. THE PORTFOLIO MANAGEMENT SERVICE

The individual portfolio management service allows the Client to make use of the knowledge and experience of professionals in the sector in choosing the financial instruments in which to invest and in executing the related transactions. The Client, with the pre-agreed methods, can intervene directly during the performance of the management service by issuing binding instructions for the manager. The riskiness of the management line is expressed by the variability of the economic results achieved by the manager. The investor can direct the riskiness of the management service by contractually defining the limits within which the management choices must be made.

These limits, considered as a whole, define the characteristics of a management line and must be reported in the appropriate written contract. The actual riskiness of the management line, however, depends on the choices made by the Company which, although they must remain within the contractual limits, are usually characterized by wide margins of discretion regarding the securities to buy or sell and the moment in which to execute the operations. The Company must in any case explain the degree of risk of each management line.

The investor must obtain in-depth information from the Company on the characteristics and degree of risk of the management line he intends to choose and must conclude the contract only if he is reasonably certain that he has understood the nature of the management line and the degree of exposure to risk that it entails. Before concluding the contract, once the degree of risk of the chosen management line has been appreciated, the investor and the Company must evaluate whether the investment is suitable for the investor, with particular reference to the financial situation, the investment and experience in the field of investments in financial instruments of the latter.

2. THE RISKNESS OF A MANAGEMENT LINE

The investor can orient the riskiness of a management line mainly through the definition: a) of the categories of financial instruments in which the saver's assets can be invested and of the limits established for each category; b) the degree of leverage that can be used within the management line.

2.1 THE FINANCIAL INSTRUMENTS THAT CAN BE INSERTED IN THE MANAGEMENT LINE

With reference to the categories of financial instruments and the assessment of the risk that these instruments entail for the investor, please refer to the part of this document on the assessment of the risk of an investment in financial instruments. The risk characteristics of a management line will tend to reflect the riskiness of the financial instruments in which they may invest, in relation to the share that these instruments represent with respect to the managed assets. for example, a management line that envisages the investment of a significant percentage of the assets in low-risk securities will have similar risk characteristics; on the contrary, if the percentage of low-risk investments envisaged is relatively small, the overall riskiness of the management line will be different and higher.

2.2 FINANCIAL LEVERAGE

The maximum leverage of the management line must be established in the management contract; leverage is represented by a number equal to or greater than unity. It should be noted that for many investors a financial leverage equal to one must be considered adequate. In this case, in fact, it does not affect the riskiness of the management line. Financial leverage, in short, measures how many times the Company can increase the counter-value of the financial instruments held under management on behalf of the Client with respect to the assets pertaining to the Client.

The increase in the financial leverage used leads to an increase in the riskiness of the asset management line. The Company can increase the extent of the financial leverage by resorting to loans or by agreeing

with the counterparties to settle the transactions on a deferred basis or by using derivative financial instruments (where envisaged by the management line). The investor, before selecting a maximum amount of financial leverage greater than one, in addition to assessing its adequacy with the Company in relation to his personal characteristics, must:

- understand that modest variations in the prices of the financial instruments present in the managed assets can lead to higher variations the greater the extent of the financial leverage used and that, in the event of negative variations in the prices of the financial instruments, the value of the assets can noticeably decrease;
- understand that the use of financial leverage greater than one can cause, in the event of negative management results, losses even exceeding the assets transferred to management and that therefore the investor could find himself in a debt situation towards the Company.

3. OTHER GENERAL RISKS ASSOCIATED WITH THE ASSET MANAGEMENT SERVICE

3.1 REMINDER

As part of the asset management service, the Company carries out operations on financial products on behalf of the Client.

3.2 FEES AND OTHER CHARGES

Before concluding the management contract, the investor must obtain detailed information regarding all the commissions and the methods for calculating the same, the expenses and other charges due to the intermediary. However, this information must be included in the brokerage contract.
In assessing the adequacy of the asset management fees, the investor must consider that the methods of applying the fees linked, directly or indirectly, to the number of transactions executed could increase the risk that the intermediary carries out unnecessary transactions.

4. COMPANY RESPONSIBILITY

The Company warns the Client that it does not provide any guarantee as to the result of the portfolio management carried out in favor of the Client.

The Client acknowledges that, except in the case of willful misconduct or gross negligence, the Company, its directors, managers, employees and agents and the other companies of the Group to which it belongs cannot be held liable in relation to:

- loss of opportunity if the value of a product or financial instrument that the Company has purchased or sold as part of the portfolio management service has increased or decreased; or
- to a decrease in the value of the products or financial instruments that the Company has purchased or sold as part of the portfolio management service, regardless of how this occurred; or
- to any tax or increase in taxes paid by the Client or as a consequence of the lack of insurance deriving from any action taken in connection with or as a consequence of the Contract or the services contemplated therein; or
- any error of fact or judgment of any kind; or
- the creditworthiness, actions or omissions of any broker, issuer, trustee, custodian, paying agent, securities depository or other third party by whom or under whose control a product or financial instrument of the Client (or document or certificate certifying the right of ownership).

In any case, none of the provisions of the Contract can exclude or limit, to the extent that this is prohibited by the laws or regulations in force, any possible obligation or liability of the Company towards the Client.

SECTION 5 CLAIMS

The Client or potential Client may send any complaints concerning the services and activities rendered by Valori Asset Management SA and having as content an economic prejudice and/or a failure to comply with rules or internal regulatory or procedural provisions by registered letter return receipt/email to the following address:

Valori Asset Management SA
Bd Joseph II, 43 L – 1840 Luxembourg
Email: info@valam.lu

The Company has adopted suitable procedures to ensure prompt handling of complaints and responds to the complaint within 60 days of receipt of the same.

If the Complaints Office has not provided a response within the indicated term, the response has not been wholly or partially favorable to the Client or the acceptance of the complaint has not been implemented, the Client may activate the alternative dispute resolution procedure before the CSSF.

The CSSF is competent to receive complaints from customers (natural or legal persons) of the professionals subject to its supervision and to act as an intermediary in order to seek an amicable settlement of these complaints.

The CSSF acts in its capacity as alternative dispute resolution ("*ADR*") entity, notably pursuant to the European legislation relating to the out-of-court resolution of consumer disputes that was transposed into Luxembourg law and introduced into the Consumer Code in 2016.

The CSSF is registered on the list of ADR entities within the meaning of Article L. 431-1 of the Consumer Code and on the list of ADR entities established and published by the European Commission.

The complaints that are sent to the CSSF are handled by its legal department: "*Legal Department Consumer Protection/Financial Crime*" of the CSSF.

The extrajudicial procedure of the CSSF aims at facilitating the resolution of complaints which are directed against professionals which are under the supervision of the CSSF.

The procedure is not a mediation procedure within the meaning of the Law of 24 February 2012 on mediation in civil and commercial matters, which has been introduced into the *Nouveau Code de Procédure Civile*.

The parties to the procedure before the CSSF undertake to keep confidential the communications and documents exchanged during the procedure. Unless agreed by the parties, neither the entity for the out-of-court resolution of consumer complaints nor the persons involved in the administration of the procedure may use, produce or rely on the documents drawn up, the communications made and the statements collected in the course of an out-of-court complaint resolution procedure. The out-of-court resolution of disputes takes place on a voluntary basis and is free of charge.

The opening of an out-of-court complaint resolution procedure with the CSSF is subject to the following cumulative conditions:

- the complaint must be aimed at a professional entity which is supervised by the CSSF (banks, professionals of the financial sector, investment firms, specialised professionals of the financial sector, support professionals of the financial sector, payment institutions, electronic money institutions etc.);
- the dispute must concern a financial product, a financial service or a statutory audit;
- the complaint must not concern the business policy of the professional;

- the complaint must have been first submitted in writing to the person responsible for the complaint handling at the level of the management of the professional aimed by the complainant (“manager responsible for complaint handling”);
- the complainant has not received a satisfactory answer nor an acknowledgement of receipt within one month as of the date the complaint was sent to the manager responsible for complaint handling;
- the complaint has not previously been or is not currently being examined by another ADR, an arbitrator, an arbitration tribunal or a court in Luxembourg or abroad;
- the complaint is not unreasonable, frivolous or vexatious;
- the complaint was filed with the CSSF within one year after the complainant has filed a complaint with the professional aimed at by the complaint;
- the complaint handling does not seriously impair the efficient functioning of the CSSF.

More detailed information in relation to the applicable procedure is available at https://www.cssf.lu/en/customer-complaints/

SECTION 6. CLIENT CLASSIFICATION

6.1 DEFINITION OF CLIENT CATEGORIES AND PROTECTIONS GRANTED

Before the provision of the service, each Client is classified by the Company.

The classification of the Clients in the envisaged categories leads to important differences in terms of rules applicable to the provision of investment services and activities and to investor protection.

Based on the reference legislation, the categories within which Clients can be classified, in relation to the portfolio management service, are as follows:

Retail client: are all clients that are not classified as professional clients and as eligible counterparties. Maximum protection is reserved for retail customers. Classification within this category therefore entails the application, with regard to the Client, of the entire discipline regarding investment services and activities, with particular regard to the rules of conduct and, in general, to the rule's investor protection.

Professional client: they are subjects in possession of particular experiences, skills and knowledge such as to lead to believe that they are able to consciously make their own decisions and to correctly evaluate the risks they assume. The applicable rules have identified the categories of subjects who by their nature are to be considered professional clients (so-called professional clients by right): these are, for example, banks, investment firms, insurance companies, asset management companies, pension funds, institutional investors, stockbrokers, large companies (i.e. those that meet at least two of the following size requirements: a) balance sheet total of €20,000,000; b) net turnover of 40,000,000 euros; c) own funds 2,000,000 euros).
Furthermore, public professional clients referred to in the reference legislation are also professional clients by right.

Eligible Counterparties: are the clients who possess the highest level of experience, knowledge and expertise in the field of investments and, therefore, need the lowest level of protection when the intermediary provides them with the services of receiving and transmitting orders, trading on behalf own or execution of orders.

A) The following entities are eligible counterparties: investment firms, banks, insurance companies, collective investment schemes, asset management companies, pension funds, financial intermediaries registered in the lists established by art 37-7 of the 1993 Law, electronic money institutions, banking foundations, national governments and their correspondent offices, central banks, supranational organizations of a public nature, as well as companies whose main activity consists in trading commodities and derivative financial instruments on commodities on their own account , undertakings whose business is to deal on own account in the markets for financial derivative instruments and, for hedging purposes only, in the spot markets, provided that they are guaranteed by members who are members of the clearing house of such markets, when the liability the successful conclusion of the contracts stipulated by these companies belongs to members who adhere to the clearing body of these markets, as well as the categories corresponding to those of the previous numbers of subjects from countries not belonging to the European Union. Eligible counterparties are also companies to which the aforementioned services are provided, which are qualified as such, pursuant to art. 24, paragraph 3, of Directive 2004/39/EC, by the legislation of the Community State in which they are based.

B) Eligible counterparties include large companies that present, at the individual company level, at least two of the following size requirements:

- balance sheet total: € 20,000,000.00.
- net turnover: €40,000,000.00.
- own funds: € 2,000,000.00.

The Company classifies the Clients referred to in point A) above as eligible counterparties.

Retail Clients, including natural persons, if they meet the requirements specified below, can request to be treated as professionals (so-called professional Clients upon request).

The Client may request to be treated as a Professional Client only on a general basis; therefore, the request cannot be limited to a particular service or investment transaction or to a type of product. It is the responsibility of the Professional Client to inform the Company of any changes which may affect the classification.

However, it is envisaged that in the presence of a professional Client, the Company may enter into a specific contract with this individual which provides for a lower level of protection.

In the event that the Client is classified as a Professional Client by right or upon request the Company, in providing the management service, has the right to assume that the Client has the necessary knowledge and experience to understand the risks inherent in the management of his portfolio.

6.2 METHOD OF COMMUNICATION OF THE ASSIGNED CLASSIFICATION

The Company informs the Client on a durable medium of the classification attributed to him on the basis of the information provided by the same.

The initial classification communicated by the Company to the Client may be changed during the course of the relationship, either on the Company's initiative or at the request of the Client.

The Client has the right to request a variation of the classification attributed to him by the Company, under the terms and conditions set out below.

The changes in classification upon request of the Client permitted by the intermediary are as follows: from Retail Client to Professional Client upon request (and any request from the Professional Client upon request to return to being classified as a Retail Client).

Acceptance of the request to change the Client's classification is left to the discretionary assessment of the intermediary.

6.3 CHANGE OF CLIENT CLASSIFICATION FROM RETAIL CLIENT TO PROFESSIONAL CLIENT (UPGRADING)

The Retail Client may request to be treated as a Professional Client upon request and acknowledges that the upgrade will result in the modification of the protections provided by the legislation. The non-application of the rules of conduct envisaged for the provision of services towards non-professional clients upon request is permitted if, after carrying out an appropriate assessment of the Client's competence, experience and knowledge, the Company can reasonably believe, taking into account the nature of the transactions or services envisaged, that the Client is able to make his own investment decisions consciously and to understand the risks he assumes. In this context, possession of the professional requirements envisaged for executives and directors of intermediaries in the financial sector can be considered as a useful reference for assessing the Customer's competence and knowledge.

In particular, in order to classify a Private Client as a Professional Client upon request, the Company must assess the existence of the requirements established by the reference legislation and therefore at least two of the following requirements must be met:

- the Client has carried out transactions of significant size on the relevant market with an average frequency of 10 transactions per quarter in the previous four quarters;
- the value of the Client's portfolio of financial instruments, including cash deposits, must exceed € 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 operations and services envisaged.

In the case of legal entities, the aforementioned assessment is conducted with regard to the person authorized to carry out operations and/or the legal entity itself.
If, on the other hand, it is a public Client who requests the Company to be treated as a professional Client upon request, the Company will apply the reference legislation applicable in that case.
Retail customers can waive the protections of the rules of conduct pursuant to the reference regulations, only once the procedure envisaged by the aforementioned legislation has been completed.

6.4 CLIENT OBLIGATIONS

The Client is obliged to inform the Company of all circumstances which may lead to a significant change in the classification assigned to him.

6.5 SUITABILITY ASSESSMENT INFORMATION

Before providing an investment service, the Company requests the Client, during a specific interview, information regarding his knowledge and experience in the field of investments, risk appetite, equity and financial capacity, investment objectives, expectations of income, time horizon.

The Client is required to collaborate with the Company for the collection and updating of such information required by the relevant legislation. The Company has the right to rely on the information provided by the same Client and it is the latter's responsibility to promptly inform the Company of any relevant changes relating to the same.

SECTION 7. INFORMATION RELEASED BY CLIENTS

The Company relies on the information provided by Clients or potential Clients unless it is manifestly out of date, inaccurate or incomplete. The Client, however, undertakes to promptly notify the Company of any changes to the information he/she/it has provided and reported in the questionnaire used by the Company for the purpose of assessing the adequacy and appropriateness.

SECTION 8. CONFLICT OF INTEREST MANAGEMENT POLICY

8.1 PREAMBLE

Pursuant to art. 13, paragraph 3, of the MiFID Directive and the rules through which it has been implemented, investment firms are required to maintain and apply effective organizational and administrative provisions in order to prevent identified conflicts of interest from negatively affecting the interests of Clients.

This document summarizes the corporate policy that the Company implements to manage conflicts of interest and provides the Client with appropriate information on conflicts of interest that cannot be eliminated.

8.2 DEFINITION OF CONFLICT OF INTEREST AND IDENTIFYING SITUATIONS OF POTENTIAL CONFLICT OF INTEREST

The notion of conflict of interest used in this document is that which assumes the existence of the conflict itself in all cases in which, at the time of the provision of investment and ancillary services, or a combination thereof, the interest of the investor it could be harmed to the benefit of the investment firm itself, its officers, employees, related agents or to the benefit of another Client.

In identifying the existence of a specific conflict of interest, the Company took into consideration the following:

a) the potential nature of the conflict, which according to the legislation must be appreciable ex ante;
b) the existence of a possible subordination of the Client's interest to that of the Company and/or to that of another Client;
c) the existence of a purpose, different and additional to that of the transaction carried out, pursued by the Company in order to derive its own benefit from it.

Furthermore, for the purposes of the correct and complete mapping of conflicts of interest and in compliance with the reference legislation, it was assessed whether the Company or a relevant person or a person having a direct or indirect link of control with them, could be in one of the following situations:

a) make a financial gain or avoid a financial loss, to the detriment of the Client;
b) be bearers of an interest in the result of the service provided to the Client, distinct from that of the Client himself/herself/itself;
c) have an incentive to favor the interests of clients other than the one to whom the service is provided;
d) carry out the same activity as the Client;
e) receive or be able to receive from a person other than the Client, in relation to the service provided to him, an incentive, in the form of money, goods or services, other than the commissions or fees normally received for this service.

In identifying potential conflicts of interest, the Company therefore considers situations in which a potential conflict may exist between:

1. the interests of the Company or of a "relevant person" - or of persons having direct or indirect control links with them - and the company's obligations towards Clients;
2. the divergent interests of two or more Clients to each of whom the Company has obligations.

By "relevant subject", we mean the subject belonging to one of the following categories:

1. the members of the corporate bodies, shareholders who, depending on the size of the investment held, may find themselves in a situation of conflict of interest, managers or financial consultants qualified for door-to-door selling which the Company makes use of;
2. employees of the Company, as well as any other natural person whose services are available and under the control of the Company and who participate in the provision of investment services and investment business by the Company;
3. natural persons who participate directly in the provision of services to the Company on the basis of an outsourcing agreement concerning the provision of investment services and the exercise of investment

activities by the same.

The Company has identified measures for the prevention and management of conflicts of interest primarily aimed at:

a) ensure that the "relevant persons" engaged in various professional activities involving a conflict of interest carry out these activities with an adequate degree of independence and on the basis of predefined procedures to eliminate/control such conflicts;
b) prevent or control the exchange of information between "relevant persons" involved in activities involving a risk of conflict of interest, when the exchange of such information could damage the interests of one or more Clients;
c) ensure the separate supervision of the "relevant persons" whose main functions involve the exercise of activities on behalf of Clients or the provision of services to Clients with potentially conflicting interests, or who otherwise represent different potentially conflicting interests;
d) guarantee the absence of any direct link between the remuneration of "relevant persons" who mainly carry out activities capable of generating situations of potential conflict of interest in relation to said activities;
e) prevent or limit the exercise of undue influence on the performance by a "relevant persons" of investment services or activities or ancillary services;
f) prevent or control the simultaneous or consecutive participation of a "relevant persons" in separate services or investment activities or ancillary services, when such participation could harm the correct management of conflicts of interest.
g) Manage the cases where the Company, in carrying out its consultancy activity on an independent basis, can recommend the investment in UCI units or asset management services performed by it or by companies connected to it.

The Company has adopted the following organizational measures in order to prevent and manage conflicts:

Information barriers

Procedures have been established to control the exchange of information between employees to prevent the interests of a Client from conflicting with the interests of another Client or with our own interests.

Separation of controls and segregation of duties

For activities in which there are situations in which the different interests of customers could potentially conflict with each other, or could conflict with those of the Company, adequate supervision and/or an appropriate functional segregation of the employees. These measures are intended to avoid the simultaneous involvement of a relevant subject (employee and/or collaborator) in separate services or any other activity in which such participation could compromise the correct management of conflicts.

Independence of the pay system

The adoption of measures aimed at guaranteeing the independence of the remuneration system of the subjects who carry out activities in potential conflict of interest, making the remuneration of the operators who provide the portfolio management service independent of the financial instruments included in the portfolios under management.

Definition of tasks, responsibilities and procedures

The Company has proceeded with the clear definition of tasks, responsibilities, and procedures, in order to ensure the distinction of responsibilities of the various offices, functions or processes involved in the provision of services, potentially suitable for generating conflicts of interest.

The Company provides the client with further information on the conflicts of interest management policy at the client's request.

8.3 COMMUNICATION OF CONFLICTS OF INTEREST IN RESPECT OF WHICH THE COMPANY IS NOT ABLE TO EXCLUDE, WITH REASONABLE CERTAINTY, THE NEGATIVE CONSEQUENCES FOR THE CLIENT

Where the organizational and administrative measures adopted by the Company to manage conflicts of interest are not sufficient to ensure, with reasonable certainty, that the risk of harming the interests of the Clients is avoided, the Company clearly informs the Client, before starting to lend the service, the nature and sources of the conflicts as well as the risks that are generated for the Client as a result of said conflicts and regarding the actions taken to mitigate them.

In this way, the Client can make an informed decision as to whether or not to use the investment or ancillary service in the context of which conflicts of interest arise.

8.4 INFORMATION TO CLIENTS ON NON-ELIMINABLE CONFLICTS OF INTEREST

The Client is informed that the organizational and administrative provisions adopted by the Company to prevent and manage the conflicts of interest detailed below are not sufficient to ensure, with reasonable certainty, that the risk of harming the Client's interests is avoided.

The Client declares to be fully aware and informed of such conflict situations and declares to be aware of the failure to eliminate or the impossibility of eliminating such risks of harming the interests of the Client.

In providing the Advisory Service on an Independent Basis or in the asset management service, the Company reserves the right to recommend/carry out (itself) subscription and redemption transactions for units or shares of undertakings for collective investment assets managed by the Company itself or by companies connected to it. In this case, the Company, which receives a consideration for the management of the UCITS proportionate to the assets of the same, has an interest in carrying out, as part of the portfolio management service, or recommending, as part of the advisory service on investments, subscription operations for units of the UCITS in question.

With reference to the conflicts identified above, there is the risk that the Company or a Relevant Person obtains a financial gain or an advantage to the detriment of the Client and that the latter incurs expenses, higher charges or losses connected with the investments made.

In order to mitigate these risks and manage the related conflict situations, the Company has adopted a series of specific operational and organizational controls for investing in the aforementioned products.
In providing the Advisory Service on an Independent Basis, the Company evaluates a suitable range of financial instruments (own and third-party) available on the market, which are sufficiently diversified in terms of type and issuers or product suppliers so as to ensure that the objectives of the client's investment are suitably satisfied. In the case of personalized recommendations that include products and/or services placed or managed directly by the Company or by companies connected to it, Valori SA provides adequate information to customers in the contractual documentation. The Company has no agreements which provide for any payment to the Company itself, in whole or in part, of the management commissions charged to the UCITS subject to investment advice.

In the case of recommendations by asset management Services of Valori SA, the Company re-credits to customers any retrocession of commissions of the UCITS of Assets SICAV underlying the individual asset management.

Where the Client's portfolio subject to the Independent Basis Advisory service coincides, in whole or in part, with the Client's portfolio subject to the Individual Management service provided by the Company, no performance commissions are applied to the same from this latter service , since these commissions have already been paid for the provision of the Consulting Service.

The Company reserves the right to carry out/recommend transactions for the purchase, sale or subscription and redemption of units or shares of UCITS for which the Company carries out consultancy, sub-management, sub-

advisory or management delegate activities. In this case, the Company, which receives a consideration for these activities proportionate to the assets of the UCI, has an interest in performing portfolio management services, or recommending investment advisory services, transactions subscription of units of the CIUs in question.

8.5 INFORMATION TO CLIENTS ON NON-ELIMINABLE CONFLICTS OF INTEREST

The Company guarantees constant monitoring and updating of conflicts of interest through:

- the verification and control, on a regular basis, at least once a year, of the organizational and administrative provisions adopted for the prevention and management of conflicts of interest in order to identify and, if necessary, correct any deficiencies;
- keeping and updating the register of conflicts of interest which shows the types of investment or ancillary services or investment activities carried out by the Company or on its behalf, for which it arose or, in the case of a service or an activity in progress, a conflict of interest may arise which risks harming the interests of one or more Clients.

SECTION 9. INCENTIVE INFORMATION

The term "*incentives*" means the fees, commissions and non-monetary benefits received by the Company in relation to the provision of an investment service or ancillary service by third parties other than the Client or by persons acting on behalf of such third parties or which are paid by the Company to the latter.
The reference legislation allows intermediaries to legitimately receive and pay incentives if they are aimed at increasing the quality of the service provided to the Client and do not prejudice the fulfillment of the obligation to act honestly, fairly and professionally in the Client's best interests.

The incentives are aimed at increasing the quality of the service provided to the Client if and insofar as:

- are justified by the provision of an additional or higher-level service for the Client, proportional to the level of incentives received;
- do not offer direct advantages to the intermediary, its shareholders or employees without tangible benefit for the Client concerned;
- the incentives received or paid on an ongoing basis are justified by the existence of an ongoing benefit for the Client.

The relevant legislation requires:

- inform the Client, before providing the investment or ancillary service, of the amount of monetary benefits received or paid;
- if the amounts of the monetary benefits received or paid cannot be immediately determined, to indicate the relative method of calculation and subsequently specify the exact amount of the payment or benefit received or paid;
- separately indicate and quantify non-monetary benefits and provide a description of minor non-monetary benefits.

The incentives received on an ongoing basis will be reported to Clients on an individual basis, at least once a year, with an indication of the actual amount of payments or benefits received or paid and also an indication of minor non-monetary benefits.

In the provision of the portfolio management service, the reference legislation requires intermediaries to fully transfer the monetary benefits received from third parties in favor of the Client while it prohibits intermediaries from accepting non-monetary benefits, unless they are of a smaller amount.

In the event that the Company were to change its operations, it will proceed to update this section of the document, informing Clients according to the methods indicated in the contract.

SECTION 10. BEST EXECUTION POLICY

The Company has adopted a Best Execution Policy to ensure that, when executing investment orders, it takes all necessary steps to obtain the best possible result for the Client. This considers price, costs, speed, likelihood of execution and settlement, size, nature, or any other consideration relevant to the execution of the order. Any material changes to the Best Execution Policy for orders will be notified to Clients. In addition, this policy will be reviewed on an annual basis.

The Company shall execute orders to trade financial instruments on the best possible terms considering all the information available at the time the order is placed. When executing the order, the Company shall consider all the following factors:

(i) price of the financial instrument;
(ii) cost of execution;
(iii) speed of execution;
(iv) probability of execution;
(v) regulation of the security;
(vi) size and type of order;
(vii) other relevant factors.

In determining the relative importance of the above factors, the Company considers the following criteria:

(a) characteristics of the Client, including its classification;
(b) characteristics of the Client's instruction, including where the order involves a securities financing transaction ("**SFT**");
(c) characteristics of the financial instruments that are the subject of the order;
(d) characteristics of the places of execution to which the instruction may be addressed.

In relation to financial instruments listed on foreign markets, the Company does not execute orders directly on foreign stock exchanges. Transactions on foreign stock exchanges are carried out by a third-party intermediary selected by the Company.

The Company maintains a list of the execution venues and counterparties to which it submits trading proposals in relation to each financial instrument. This list shall include the execution venues that enable the Company to consistently obtain the best possible result for the execution of Client orders. This list is reviewed, updated and approved periodically by the Board of Directors in order to ensure that there is a sufficiently large number of trading venues and counterparties, which are financially and organizationally reliable and can provide best execution performance for all financial instruments, markets and order types. The choice of the relevant venue or counterparty is made on a case-by-case basis, considering the characteristics of an order as well as the principles of best execution.

In line with the range of services offered by the Company, the Best Execution Policy applies to all orders related to financial instruments. Depending on the type of instrument, the importance of the decision-making factors may vary.

Choice of execution venues: the choice of an execution venue is made by observing the following methodology:

(I) When placing orders to execute the instructions given by Clients, the Company shall choose the execution venue that it considers most appropriate; to this end, the Company shall assess the available execution venues and find the one that allows it to achieve, on a consistent basis, the best possible result for the execution of the Clients' orders;

(II) When placing an order to sell financial instruments traded on a foreign stock exchange, the Company is obliged to use, as an execution venue, the services of the broker who holds custody of the financial instruments;

(III) The Company does not discriminate between places of performance

(IV) When processing investment orders, it may be prudent to acquire or dispose of individual financial instruments outside of regulated markets and Multilateral Trading Facilities ("MTFs") - multilateral trading facilities. This may be the case when the market liquidity of a financial instrument is too low to ensure a proper valuation or when orders can be executed as an internalized transaction by a dealing partner. The Client may choose not to allow the Company access to sources of liquidity or OTC trading counterparties, although this may limit the Company's ability to execute orders in certain types of instruments or products and/or to obtain the best possible result in the execution of orders on behalf of the Client. The Company will obtain the Client's express consent before proceeding to execute such an order outside a Regulated Market or MTF where the Client chooses to restrict the Company's ability to access OTC liquidity sources;

(V) For the execution of the investment order relating to a given financial instrument on best terms, where there is more than one competing venue for the execution of the order, in order to assess and compare the results for the Client that would be obtained by executing the order on each of the available execution venues capable of executing that order, the Company shall take into account, in that assessment, the fees and costs of executing the order on each of the eligible execution venues;

(VI) Execution venues are listed for reference purposes only. The Company reserves the right to use other execution venues where appropriate in accordance with the Best Execution Policy. The Company may add or remove any execution venue.

When placing an investment order, the Company acts in the belief that the best possible result will be achieved taking into account all the costs related to the transaction. Therefore, when deciding to place an order with a trading counterparty, considering the normal fluctuations of financial instruments, the Company must prefer counterparties that can guarantee a convenient, timely and full execution of the transaction. However, in some cases, it is possible that a specific factor may be considered more important than another for an individual transaction.

Order aggregation and allocation: when executing client orders, the Company shall ensure that orders are executed on behalf of the Client and that such orders are promptly and accurately recorded and allocated. The Company will execute Client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impractical, or the interests of the Client require otherwise.

The Company shall not aggregate the Clients' orders with orders of other clients or with its own orders, unless:

(a) the aggregation of orders and transactions is unlikely to result in an overall disadvantage to any Client whose order is to be aggregated; or

(b) each Client whose order is to be aggregated has been informed orally or in writing that the effect of aggregation may be to his disadvantage in relation to a particular order.

If the orders to be aggregated can only be partially executed, the relevant transaction is allocated to Clients on a

pro-rata basis.

Specific Client Instructions: any specific trading instruction from a Client may conflict with the Company's Best Execution Policy. Therefore, in such cases, the Company cannot guarantee best execution.

Reconciliations: The Company monitors the execution of orders by all approved trading counterparties on an ongoing basis. The Company performs regular reconciliations between the accounts held by the Company and those of any third parties holding custody of the instruments comprising the Client's portfolio.

Alternative placement in individual cases: due to system errors or exceptional market conditions, it may be necessary to place an order without fully respecting the principles of best execution. In these circumstances, the Company will still strive to obtain the best possible result for the Client.

Consent: the above information is considered to be the information that must be provided to Clients in accordance with MiFID II in relation to the Best Execution Policy. Therefore, by signing this Information Document, the Client consents to the use of the Company's Best Execution Policy.