MYRIAD CAPITAL

DESCRIPTION OF FINANCIAL INSTRUMENTS AND THEIR INHERENT RISKS

1. This document provides a summary description of financial instruments (FIs) and their inherent risks so that the client can make an informed investment decision. However, these are not all the risks and other important aspects of investing in FIs. It should be noted that a particular FI may have additional terms and risks associated with it. It is the client's responsibility to read this document before making an investment decision. A client should only make an investment decision to enter into a transaction if he/she understands the nature of the risks associated with a particular FI and is comfortable with the level of risk.

2. You should carefully consider whether investing in specific FIs is suitable for you personally, taking into account your investment experience, knowledge, investment objectives, financial situation and commitments, and other circumstances relevant to you.

3. A positive return on investment is the investor's ultimate goal. However, all investments involve risk, so an investment may not give the expected return or may even be unprofitable. As a rule of thumb, the higher the expected profit, the greater the risk of loss. The risk varies from one FI to another. One way to limit the risk of losses is to invest in a set of FIs rather than in one or more similar FIs. This is to avoid negative impacts on all FIs at the same time and to spread the risk more evenly. Investing in foreign currency-denominated FIs carries the additional risk of exchange rate fluctuations.

4. The client is personally responsible for the decision to invest in one or another FI, irrespective of whether he/she has been personally advised to invest in the FIs. The client must regularly monitor the state of their investments.

Shares

5. Shares are equity securities that confirm the holder's (shareholder's) participation in the share capital and entitle shareholders to property rights (e.g. the right to receive dividends) and non-property rights (e.g. the right to attend and vote at the meeting of shareholders). If the company issuing the shares (the issuer) makes a profit, part of the profit may be distributed to the shareholders in the form of dividends.

6. Shares are perpetual securities, so in order to withdraw the funds invested, the shares must be sold on the secondary market. Income from shares can be expected from capital gains or dividends.

7. Risks inherent in shares:

    7.1. No source of income is guaranteed. The price of shares depends on supply and demand, the performance of the issuing company, developments in the economic sector in which the company operates, and national and global economic conditions.

    7.2. There can be no guarantee that the share price will rise in the future.

    7.3. The fluctuations in share prices are the highest compared to debt securities or units of investment funds.

    7.4. When trading shares, there is a greater risk of losses due to a lack of information on the company's performance and its analysis.

    7.5. The company that issued the shares may become insolvent (e.g. in bankruptcy or restructuring proceedings), which could cause the shares to lose some or all of their value.

Bonds

8. A bond is a non-equity security. The company, government or other institution (the issuer) that issues the bond becomes the bondholder's debtor.

9. Fixed-rate bonds. Periodic interest (coupon) is paid once or several times a year. A zero-coupon bond is underwritten at a price below par and redeemed at par, i.e. no periodic interest is paid.

10. A structured bond is a financial instrument consisting of a bond and one or more derivatives. Derivatives allow investors to benefit from changes in the price of another (often unrelated) financial instrument or asset. The value of a structured bond therefore depends on the value of both the bond and the derivative. Interest on structured bonds is generally not guaranteed. Money that would be used to pay interest on a normal bond is used to buy a derivative or set of derivatives. Typically, a financial institution issuing structured bonds will use its market knowledge and purchasing power to acquire derivatives on terms favourable to the investor.

11. Risks inherent in bonds:

11.1. Issuer default risk: the issuer is responsible for the redemption of the bonds and payment of periodic interest. Bond underwriters are not liable for the obligations of the issuer. Investors bear the risk that the issuer may be unable or refuse to redeem the bonds and/or pay interest. Issuers often finance the redemption of bonds with additional borrowing on the capital markets. If market conditions deteriorate (e.g. demand for debt securities falls or interest rates rise), it may be difficult or impossible for the issuer to borrow further and the bonds may not be redeemed.

11.2. Warning on high-yield bonds: high bond yields are usually directly linked to a high risk of issuer default. It is therefore not advisable to invest a significant proportion of your assets in such bonds.

11.3. The yield stated in the bond issue documents is guaranteed only if the bonds are held to maturity. Selling bonds early can result in yields that are both lower and higher than the yields quoted at the time the bonds were issued. In the case of early sale/redemption, the yield may also be negative, i.e. the investor may get back less than he/she invested.

11.4. Interest rate risk: if interest rates change in the market, the price of a bond, and therefore its yield, can rise or fall. As interest rates rise in the market, the price of bonds falls, and vice versa. Interest rate risk is not relevant if the bonds are held to maturity and the issuer redeems them and pays all amounts due.

11.5. Low turnover risk: during the life of the bond, the investor can sell the bond on the secondary market, if available. However, as the interest rate changes, the price of the bond changes in proportion to the maturity of the bond – the longer the maturity, the greater the impact. It should be noted that the lower the turnover of bonds on the secondary market, the more their market price fluctuates. Often, bonds are underwritten and the secondary market is supported by a single broker. If this broker significantly reduces the price of the bonds, it may be difficult to find a selling alternative. It is important to note that bond quotations are often indicative and do not in themselves guarantee the marketability of these bonds.

11.6. In the case of structured bonds, the investor may lose part of the amount invested if the financial instrument to which the structured bond is linked does not reach the minimum growth threshold set out in the terms of issue, or if the financial instrument declines to a specified threshold, which results in a reduction of the structured bond's redemption price.

Investment funds

12. An investment fund is a collective investment undertaking whose capital is divided into shares or units. When an investor purchases units in an investment fund, he/she becomes a shareholder in the fund and is entitled to a share in the fund's profits. Investment funds usually invest most of their capital in shares, bonds or derivatives. The performance of an investment fund depends on how the value of the assets in which the fund has invested changes.

13. The Synthetic Risk and Reward Indicator (SRRI) is one of the key indicators in the EU harmonised Key Investor Information Document (KIID) for investment funds, showing a fund's risk and potential return. Low-risk funds have SRRI of 1, 2, 3; medium-risk funds – 4, 5; high-risk funds – 6, 7. The SRRI is usually determined by taking into account the fluctuations in returns over the previous 5 years, or over the period

since the fund's inception date if the period is shorter.

14. Risks inherent in investment funds:

14.1. The market value of an investment fund can fluctuate over the investment period, being higher or lower than the amount initially invested, depending on prevailing market conditions. Past performance of an investment fund does not affect future performance but can be useful in determining the volatility of the fund's value over time.

14.2. Investment fund strategy risk: investment strategies of investment funds vary from conservative, investing only in financial instruments with guaranteed returns, to aggressive, investing in equities or commodities from emerging markets. The more aggressive the strategy, the greater the risk of losses due to market volatility.

14.3. Manager's expertise risk: funds with similar investment strategies may achieve different investment results due to differences in the experience and expertise of their managers. The performance of funds managed by less experienced managers is less predictable and the risk of losses is higher when investing in funds managed by such managers in volatile market situations.

14.4. Liquidity risk: there may be some difficulties in withdrawing funds invested in an investment fund if the fund is unable to realise the financial instruments that make up the fund's assets promptly. This is particularly relevant for funds investing in shares or illiquid financial instruments in emerging markets. It should be noted that the value of less liquid financial instruments fluctuates more in the market, which in turn affects the value of the fund's unit. This volatility is exacerbated by the redemption of larger quantities of the units of the fund (which then causes the value of the fund to fall). It should be noted that closed-end funds are those whose units or shares are redeemed at the end of the fund's period of operation as set out in the fund's instruments of incorporation. An investor in a closed-end investment fund does not normally have the right to request the redemption of its units at any time.

14.5. The fund's instruments of incorporation and the charges levied on investors vary, which can result in different investment costs and different procedures for the purchase and redemption of units in the fund, which can affect the final return on investment.

Derivative financial instruments

15. Derivative financial instruments are transactions involving an indirect investment in a selected underlying asset, which may be shares, bonds, gold, oil, indices, interest rates, etc.

16. Derivative FIs can be used to:

16.1. reduce the risk of adverse changes in the price of the underlying asset (hedging);

16.2. increase the yield on an investment by using less capital than would be needed to achieve the same yield on a direct investment in the underlying asset to which the derivative FI is linked;

16.3. take advantage of the differences in prices in different markets (arbitrage).

17. The investor should be well aware of the purpose for which he/she is investing in derivative FIs (hedging, profit enhancement, financial arbitrage) and should have a clear idea of the likely changes in the price of the underlying asset to which the FI is linked. The value of a derivative FI depends mainly on changes in the market price of the underlying asset and the remaining life of the derivative FI. If the market prices of the underlying assets develop contrary to the investor's expectations and the positions taken, it is possible not only to lose the full amount invested, but also to end up owing significant additional sums.

18. A forward is an agreement by which the parties agree to buy and sell an underlying asset (share, currency, commodity, etc.) at a pre-agreed price, but to settle at a future date. Settlement of the forward transaction is mandatory. If the underlying asset is delivered as agreed, then the full agreed price is paid. If the underlying asset is not delivered as agreed, then the difference between the agreed price and the

market price is paid. Forward transactions are executed outside the regulated market, so they are not liquid and may be impossible to sell if needed.

19. A forward seller commits to sell the underlying asset in the future. The seller also bears the risk that the market price of the underlying asset may rise. On the due date, the seller must deliver the underlying asset at the agreed price, which is lower than the market price, or pay the price difference if the underlying asset is not delivered.

20. A forward buyer commits to buy the underlying asset in the future. The buyer is exposed to the risk that the price of the underlying asset may fall. On the due date, the buyer must pay the full agreed price, which is higher than the market price, or pay the price difference if the underlying asset is not delivered.

21. A forward transaction may be a suitable financial instrument for investors who have future foreign currency payments, raw material payments, etc., and who seek to lock in their income and expenses in advance, regardless of the future price of the underlying asset. A forward transaction may also be a suitable financial instrument for other investors who have their own individual expectations about the price movements of the underlying asset and are seeking trading profits.

22. Futures are standardised contracts to buy and sell a specified instrument (share, currency, commodity, etc.) at a pre-agreed price, but to settle at a future date. Futures are traded on regulated markets. The purpose and risks of the transaction are broadly equivalent to those of a forward.

23. An option is an agreement under which the buyer of an option acquires the right to buy or sell an underlying asset (share, currency, commodity, etc.) at a specified price in the future. The buyer of the option pays the seller a fee (the premium) for this right. The risk to the option buyer is limited to the amount of the premium paid.

24. There are two types of options: the right to buy (CALL), the right to sell (PUT).

    24.1. Buyers of CALL options expect the market price of the underlying asset to rise in the future, while sellers of CALL options expect the market price of the underlying asset not to rise in the future to an extent that would make it worthwhile for the buyer to exercise the option. The buyer of a CALL option has the right to choose whether or not to buy the underlying asset.

    24.2. Buyers of PUT options expect the market price of the underlying asset to fall in the future and sellers of PUT options expect the market price of the underlying asset not to fall in the future to the extent that it would be worthwhile for the buyer to exercise the option. The buyer of a PUT option has the right to choose whether or not to sell the underlying asset.

25. There is a distinction between European-style and American-style options. Under a European-style option, the buyer of the option decides on the last day of the option's life whether or not it is worthwhile to exercise the transaction. If the buyer of an option calls the transaction, the seller of the option is obliged to sell/buy the underlying asset at a pre-agreed price. If the option is not profitable to exercise, the right and obligations are automatically terminated. In the case of an American-style option, the buyer has the right to choose to exercise the option on any day before the option expires.

26. Options may be entered into outside a regulated market, which makes them illiquid and may make it impossible to sell them when needed.

27. A contract for difference (CFD) is an agreement between two parties, i.e. a buyer and a seller, whereby one of the parties pays the price difference between the current price of the underlying asset and the original price on the transaction date.

28. CFDs can take two different positions: (i) when the CFD buyer expects the price of the underlying asset to rise in the future (i.e. a long CFD position). In this case, the CFD buyer makes a profit if the value of the underlying asset rises from its value on the day the CFD was made, and a loss if the value of the underlying asset falls; (ii) when the CFD buyer expects the value of the underlying asset to fall in the future (i.e. a short CFD position). In this case, the CFD buyer makes a profit if the value of the underlying asset falls from its

value on the day the CFD was made and a loss if the value of the underlying asset rises.

29. A CFD is a derivative financial instrument whose price can be derived from the prices of shares, share indices, commodities or other instruments.

30. CFDs are a good alternative to a direct investment in underlying assets (shares, commodities, etc.) as the price of a CFD fluctuates in line with the price of the underlying asset. Investors get the same result (positive or negative) as if they had invested directly in the underlying asset. However, unlike shares, CFDs do not confer ownership or voting rights in the issuer's meeting of shareholders.

31. CFDs are executed outside the regulated market, so they are not liquid and may be impossible to sell if needed.

Margin trading

32. Margin trading or leverage trading allows an investor to trade FIs without having the full amount of money. The investor provides the broker with a relatively small deposit not less than the Margin Requirement. The deposit is held in a special margin account which is pledged to the broker. The broker will only repay the money from the margin account once it is satisfied that the investor's obligations under the margin contracts have been met. At the maturity of a margin transaction, the financial instruments that are the subject of the transaction are not delivered and only the price difference is paid to the relevant counterparty.

33. Margin trading offers the potential for both huge gains and huge losses relative to the equity invested. Margin trading is very risky, regardless of whether the investor is the buyer or the seller in the transaction and regardless of the underlying asset. If the market prices of the underlying assets move in the opposite direction to the positions taken by the investor, it is possible not only to lose all the equity invested, but also to end up owing significant additional sums. If the market price of the underlying asset changes, and hence the value of the corresponding margin transaction, the investor may be obliged to replenish the deposit during the life of the transaction, failing which the investor's transaction may be terminated, resulting in a corresponding loss.