

**RULES**

**CAPITAL BREEDER**

Open-end investment fund with public offering

On the basis of the regulation of point 2, paragraph 1 of Article 183 of the Act on open-end investment funds with public offering (NN 44/2016), the Management Board of Global Invest d.o.o. has, on 26 September 2013, 23 March 2016 and 23 September 2016, with the approval of the Supervisory Board of Global Invest d.o.o. and Raiffeisenbank Austria d.d. as the Depository, adopted the

# **RULES OF THE OPEN-END INVESTMENT FUND WITH PUBLIC OFFERING CAPITAL BREEDER**

## **I. General**

### **Article 1**

1.1. These Rules of the CAPITAL BREEDER open-end investment fund with public offering (in further text: the Rules) regulate the fiduciary relationship between the Global Invest Limited Liability Company for managing investment funds (in further text: the Company) and the investors as well as between the CAPITAL BREEDER open-end investment fund with public offering (in further text: the Fund) and the investors in accordance with regulations of the Act on open-end investment funds with public offering (Official Gazette number 44/2016) (in further text: the Act).

1.2. The Rules are published after obtaining an approval of the Croatian financial services supervisory agency (in further text: the Agency)

1.3. The fiduciary relationship between the Company and investors is based on the investment contract and it exists between the Company and the Fund's unitholder.

1.4. If the investor is not acquainted with the rules of the Fund at the time of conclusion of the investment contract, the regulations of these Rules of the Fund do not affect the investor, and the investment contract is null and void.

1.5. More detailed information about the Fund and investing in the Fund is available in the Fund's Prospectus.

1.6. These Rules form an integral part of the Fund's Prospectus and are available together with the Fund's Prospectus.

## **II. Basic rights, obligations and responsibilities of the Company towards an investor and the Fund, and of the investor towards the Company and the Fund, as well as the manner and conditions for their realization and protection**

### **Article 2**

2.1. According to the investment contract, the Company is obligated to issue a unit to the investor, make an entry in the unit register about that issuance, redeem the investor's unit upon investor's request, and continue to further invest such funds and manage the Fund on its investors' joint account and undertake all other legal affairs and actions required to manage the Fund in accordance with the directives of the Act on open-end investment funds with public offering, the Prospectus and these Rules of the Fund.

When the initial unit is acquired, the investment contract is concluded when the investor has submitted a complete request for issuance of the unit and has made a valid payment in the amount stated in the request, and the Company did not refuse to conclude the contract. In all other cases,

the investment contract is concluded when the Company, i.e. register manager, enters the acquirer into the unit register.

2.2. Units in the Fund are freely transferable non-materialized financial instruments. Number of units is not limited.

2.3. The Company may refuse to enter into an investment contract:

- a) if it considers that the purpose of the payment or the Purchase Request is to exploit the inefficiencies resulting from legally or otherwise prescribed obligations relating to the procedure for calculating the unit price;
- b) if by entering into a contract, or accepting an investor's offer, damage would be caused to other investors, or the Fund would be exposed to the risk of illiquidity or insolvency, or the investment objective and the investment strategy of the Fund would be compromised;
- c) c) if the relations between the Company and the investor are severely damaged (the existence of a court or other such procedure, wantonly behavior from the investor or the potential investor, etc.);
- d) if there are grounds for suspicion that money laundering or terrorist financing has been committed or could be committed, in accordance with the regulations governing such activities.
- e) if the investor refuses to provide information relevant to the implementation of the FATCA Agreement and the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (SL, EU L 359 of 16 December 2014) required by the Company to fulfill the obligations prescribed by law regulating the relationship between taxpayers and tax authorities applying tax and other public tax regulations

2.3.1. If the Company refuses to enter into an investment contract, it is considered that the investor's offer for the conclusion of the investment contract is not accepted.

2.3.2. When the Company refuses to enter into an investment contract, it is obliged to notify the investor about it. Refusing to enter the contract is possible before an entry into the register has been made, if the registry is managed by the Company, or until the request for entering the register has been submitted, if the register is managed by a third authorized party.

2.3.3. In case a payment has been transferred to the Fund's account, the Company will return it in the nominal amount to the account from which the payment was received, if the account data is known to the Company.

2.4. All units in the Fund give investors the same rights. Based on the investment contract, the investor acquires a co-authorized person position on the objects, rights and claims belonging to the Fund's separate common assets.

2.5. Fund's assets do not belong to the Company and are not a part of its assets, its liquidation or bankruptcy mass nor can it be subject to execution for settlement of claims against the Company. Fund's assets are held and kept separate from the Company's assets.

2.6. Everything the Company acquires based on the rights that belong to the Fund or on the basis of activities related to the Fund's assets, or what the person who is authorized to manage the Fund acquires as a fee for the right belonging to the Fund, also belongs to the Fund and forms the Fund's assets.

2.7. The Fund is not responsible for the Company's obligations.

2.8. Investors in the Fund are not responsible for the Company's obligations arising from legal affairs which the Company has concluded on its behalf and for the investors' joint account. The Company cannot conclude legal affairs that would result in a direct obligation for the investor. All legal affairs opposed to this item are null and void.

2.9. Any power of attorney by which the Company may represent the investors is null and void.

2.10. Claims for reimbursement of costs and fees that occurred from concluding legal affairs for the investors' joint account, the Company can settle exclusively from the Fund's assets, without the possibility of directly charging the investors for the mentioned claims.

2.11. The Company cannot issue power of attorney to investors to exercise voting rights from financial instruments belonging to the Fund's assets. The Company will, either by itself or through a depositary, with a clearly given voting instructions, exercise the voting right from financial instruments that form the Fund's assets. Voting right from the stocks that form the Fund's assets can also be exercised by a plenipotentiary, to whom the Company will in that case issue a special written power of attorney with clear voting instructions.

2.12. No investor may require a division of the Fund's separate common assets. Division of the Fund's separate common assets also cannot be requested by a pledge or fiduciary creditor, executor or the bankruptcy manager of individual investor.

2.13. The Company is responsible to the Investors for the proper and conscientious performance of the activities prescribed by the Act, regulations based on the Act, Prospectus and these Fund's Rules.

In case the Company does not perform or it fails to perform, completely or partially, or if it improperly performs any task or duty prescribed by the Act, Prospectus or these Fund's Rules, the Company shall be responsible to the unitholders for damage caused to the Fund's separate assets as a result of the Company's failure to perform and execute its duties. The Company is responsible to the unitholders in accordance with the criterion of assumed guilt. The Company is not responsible for the damage that is caused by vis major.

2.14. The Company has organized its activities to keep an up-to-date business documentation and other administrative or business records in a way that allows one to check progression of individual activity that the Company has performed for its own account, the Fund's account or the investor's account at all times. The Company shall keep all documentation and information regarding all activities performed with financial instruments for at least 5 years after the end of the year in which the activity has been performed.

2.15. The Company is authorized and obliged to exercise the investor's right towards the depositary on its own behalf. The Company is authorized and obliged to submit a legal remedy on its own behalf, if the process of execution of the Fund's assets is initiated in respect of requests and claims for which the Fund does not guarantee or is responsible. In that case, investors do not have a possibility of submitting such legal remedy.

2.16. The investor has the right to receive a certificate of acquisition of the unit, upon request. The Company will issue the certificate of acquisition to the investor without delay.

2.17. The Company will annually provide investors with an excerpt on the balance and turnover of the Fund's units. Regardless of the preceding sentence, the Company shall, upon request of investors

or their representatives, provide an excerpt on the balance and turnover of the units in the Fund whose holders they are.

2.18. The Company is responsible for managing the Fund's unit register even if the Company has delegated that task to a third party.

2.19. Units and related rights are acquired by registering in the Fund's unit register.

2.20. The deadline for entry into the unit register is seven days from the date on which the investor filed a properly filled-out Purchase Request and paid the amount stated in the Request, unless the Company does not refuse to conclude the contract within that time period or the investor did not submit proper documentation on unit disposal.

2.21. A holder of the Fund's unit has the right to dispose of his units (purchase, gift, transfer, etc.) or burden them (pledge, fiduciary) on the basis of proper documentation which represents a valid legal basis for such disposal.

2.22. If a third party has a right or a burden on the Fund's unit, the unit may only be disposed with consent from the person benefitting from those rights or burdens. Any disposal of units by a holder that is in contrast with the aforementioned shall be null and void. A unit in the Fund may be burdened by only one pledge.

2.23. The Company manages and disposes of the Fund's separate assets and exercises all rights arising from it on its behalf and for the joint account of all holders of the Fund's units in accordance with the regulations of the Act, Prospectus and these Fund Rules.

2.24. The Company is responsible, in accordance with the criterion of assumed guilt, for the damage to unitholders that occurred due to:

- a) Issuance or redemption of the Fund's units
- b) Failure to redeem the Fund's units

If the unitholder made these actions or failures based on documents or information in the Prospectus, these Fund Rules, Key Investor Information, semi-annual and audited annual reports or other prescribed announcements or notices from the Company containing inaccurate or incomplete data and information or misleading data and information or based on information and documents that are forwarded to the unitholder by persons who perform tasks of offering Fund's units on behalf and for the account of the Fund.

2.25. The Depositary is authorized and obliged to exercise the claims and rights of the investor towards the Company on its behalf due to violations of the regulations of the Act, the Prospectus and these Fund Rules. This does not prevent investors from exercising their property-legal requests individually and independently of the Company. The Depositary is obliged to return to the Fund's assets all that has been paid out of it without a valid legal basis. The Company is authorized and obliged to exercise the investor's right towards the depositary on its behalf. The Company is authorized and obliged to submit a legal remedy on its own behalf, if the process of execution of the Fund's assets is initiated in respect of requests and claims for which the Fund does not guarantee or is responsible. In that case, investors do not have a possibility of submitting such legal remedy.

## Issuance and redemption of the units

### Article 3

3.1. The issuance and redemption of the units in the Fund shall be performed during the specified day at a price which is, at the time of execution of the request for issuance or redemption of the units, not determined, but determinable, in accordance with the Act and regulations based on the Act and the Prospectus of the Fund. The Company shall publish the determined unit price on its website. The Act allows calculating and charging entry and exit fee on the determined price. The entry fee is not charged, while the exit fee is charged in accordance with the terms and amount prescribed by the Prospectus of the Fund.

3.2. Issuance and redemption of the Fund's units for amount less than or greater than the unit price (net asset value per unit) is not allowed.

3.3. The investor may at any time sell all or part of its units in the Fund and demand payment of those units from the Fund's assets under the terms set in this Prospectus. The Company has the obligation to redeem such units for the Fund's account, except where stipulated by the provisions of the Act. The investor has the right to demand the redemption of units in the Fund, under the condition that they are authorized to dispose of them freely.

3.4. "In specie" redemption, i.e. redemption by transferring an appropriate percentage of each type of the Fund's assets in total value that is equal to the value of the redeemed units, is subject to the following conditions:

- the unitholder in the Fund agrees to such redemption,
- the request for the redemption of a unit represents at least 5 percent of the net asset value of the Fund, unless the redemption is carried out in the liquidation process of the Fund, when this limit is not applied,
- the difference between the total value of the respective percentage of each type of the Fund's assets transferred and the total value of the units that are redeemed, shall be paid in cash.

The transfer of an appropriate percentage of each type of the Fund's assets to the applicant is controlled by the Depositary.

"In specie" redemption, i.e. redemption by transferring an appropriate percentage of each type of the Fund's assets in total value that is equal to the value of the redeemed units, is permitted, to the extent possible and manageable, in the event that selling the Fund's assets, which is required to meet the requests for high value redemptions, would put other unitholders in the Fund into an unfavorable position.

The Company is authorized to make a special decision on the payout (selling) of units in the Fund "in specie".

3.5. Redemption of units in the Fund may be suspended if the Company and the Depositary consider that there are reasonable and sufficient grounds for such suspension and it is in the interest of the unitholder or potential unitholder. In that case, the issuance of units must also be suspended at the same time. If the depositary does not agree with the decision of the Company to suspend the issuance and redemption of units, it is obliged to notify the Agency without delay and the execution of the suspension is not permitted. The Company shall, without delay, notify the Agency and the

competent authorities of all countries in which its units are traded about the suspension of issuance and redemption of units. If the Company does not fulfill this obligation, it is the Depositary's duty to do so.

3.6. The Company will disclose any suspension of issuance and redemption of units on the Company's website for the entire duration of the suspension.

#### Management of the Company's and the Fund's activities

#### **Article 4**

##### 4.1. The Company:

1. Is able to fulfill its due obligations in a timely manner (liquidity principle), i.e. permanently able to fulfill all its obligations ( solvency principle),
2. Manages the Fund in such a way that the Fund Is able to fulfill its due obligations in a timely manner (liquidity principle), i.e. that the Fund is permanently able to fulfill all its obligations (solvency principle),
3. Ensures that the Fund's units are offered exclusively through persons authorized by the Act,
4. Acquires assets for the Fund exclusively on its behalf and for the Fund's account, i.e Fund's unitholder, storing it with the Depositary in accordance with the Act, regulations based on the Act and other relevant regulations,
5. Provides the Depositary with copies of all original documents related to transactions of the Fund's assets, immediately upon creation of such documents or their receipt, and all other documentation and papers that are relevant to the performance of the depositary activities prescribed by the Act, regulations based on the Act and other relevant regulations,
6. Publishes data on the Fund and the Company in accordance with the Act, regulations based on the Act and other relevant regulations,
7. Has obligated a person to maintain contact with the Agency in order to conduct reporting and other correspondent activities required by the regulations of the Act,
8. Manages the Fund in accordance with investment restrictions and prescribed Fund's risk profile,
9. Issues orders to the Depositary to exercise the rights related to the Fund's assets
10. Complies to other requirements prescribed by the Act and regulations based on the Act

#### Forbidden actions for the Company

#### **Article 5**

##### 5.1. The Company is not allowed to:

- 5.1.1. perform activities of intermediation in the purchase of financial instruments,
- 5.1.2. acquire or redeem the Fund's assets for its account or account of relevant persons,
- 5.1.3. purchase assets with Fund's means or conclude transactions which are not prescribed by its Prospectus,
- 5.1.4. conclude transactions that violate regulations of the Act, regulations based on the Act and the Fund's Prospectus, including regulations on the limits of investment of the Fund's assets,
- 5.1.5. sell the Fund's assets without receiving payment,

5.1.6. acquire or redeem the Fund's assets at a price lower than the market price or estimated net asset value

5.1.7. Directly or indirectly, at the same time or with delay, negotiate the sale, purchase or transfer of assets between the Fund and another UCITS fund which is managed by the Company or between the Fund and an alternative investment fund if it is managed by the Company, under conditions different from the market conditions or conditions which put one UCITS fund or an alternative investment fund in a better position than the other,

5.1.8. take over obligations that are related to assets which, at the time of their takeover, are not in ownership of the Fund, with the exception of transactions with financial instruments concluded on a regulated market or another market whose rules allow the deliverance of financial instruments at the same time as payment,

5.1.9. acquire or sell the Fund's units for its account,

5.1.10. issue other financial instruments of the Fund other than the Fund's units,

5.1.11. invest the Fund's assets in those financial instruments which are issued by the Company,

5.1.12. pay dividends and bonuses to employees and the Management Board if the Company does not meet capital requirements,

5.1.13. conduct sales without coverage in transferable equity securities, money market instruments or other financial instruments from the Article 252, paragraphs 3, 5 and 6 of the Act, which refers to units of UCITS funds which have been granted license in the Republic of Croatia or another EU Member State as well as units of other investment funds that meet the requirements of the Act and which have received license in the Republic of Croatia, another EU Member State or in a third country, financial derivatives traded on regulated markets or financial derivatives traded outside regulated markets (unlisted OTC derivatives), as well as money market instruments not traded on regulated markets, if the issuance or the issuer of those instruments are subject to the regulations on investors and saving deposits protection.

5.1.14. act in contravention of the regulations of the Fund's Prospectus, especially with regulations regarding investment restrictions.

Reporting to investors and the public about the Fund's affairs

## **Article 6**

6.1. The Company will publish audited annual financial statements of the Fund within four months after the end of the business year and semi-annual reports within two months of the end of the first six months of the business year. The financial reports will be published on the Company's website.

6.2. The Company will make a monthly report on previous month's operations of the Fund no later than the 15th of the month, which will be available on the Company's website.

Fees

## **Article 7**

7.1. Management fee and other fees and costs are calculated on the Fund's assets in the amounts prescribed by the Fund's Prospectus and allowed by the Act.

### **III. Basic rights, obligations and responsibilities of the Company towards the Depositary, Depositary towards the Company and investors and investors towards the depositary**

#### **Article 8.**

8.1. The Depositary performs the following tasks for the Fund:

Control tasks:

- Ensuring that the issuance, redemption and payout of the Fund's units are made in accordance with the Act, regulations based on Act and other valid regulations and the Fund's Prospectus
- Ensuring that the net asset value of the Fund and its unit price are calculated in accordance with adopted accounting policies, valuation techniques, the Act, regulations based on the Act, valid regulations and the Fund's Prospectus
- Executing Company's orders regarding financial instruments transactions and other assets that form the Fund's portfolio, provided that they are not in contradiction with the Act, Agency's regulations, Prospectus and the rules of the Fund
- Ensuring that all revenues and other rights arising from the Fund's assets transactions are credited to the UCITS Fund's account within the usual time limits
- Ensuring that the Fund's revenues are used in accordance with the Act, regulations based on the Act and the Fund's Prospectus
- Controlling that the Fund's assets are invested in accordance with the stated objectives and provisions of the Fund's Prospectus, the Act, regulations based on the Act and other valid regulations
- Reporting to the Agency and the Company regarding the execution of the procedure for controlling calculation of the Fund's net asset value
- Reporting to the Agency of any serious or severe violation of the Act, regulations based on the Act and the contract on the performance of the Depositary tasks by the Company

Tracking Fund's cash flow:

The Depositary ensures an efficient and appropriate monitoring of the Fund's cash flow, especially that all payments made by investors, for the purpose of issuing the Fund's units and all other Fund's assets, are recorded in cash accounts that meet the following requirements:

- they are opened on behalf of the Company or the Depositary and for the account of the Fund
- they are opened in a central bank, a credit institution with its head office in the Republic of Croatia or other EU member state or a bank with its head office in a third country with a license issued by competent authority, on markets where such cash accounts are necessary for the operation of the Fund and which are a subject of regulations that have the same effect as Croatian law and are efficiently supervised and
- they are managed in accordance with the principles of protection of client's assets prescribed by the Act which regulates the capital market and the regulations based on that Act's sections regarding the protection of client's assets

When cash accounts are opened on behalf of the Depository and for the account of the Fund, cash belonging to the entity at which the account is opened cannot be held on those accounts, as well as cash belonging to the Depository.

The Depository keeps its own regularly updated records of the Fund's cash recorded on cash accounts.

Storage of the Fund's assets:

1. Financial instruments that can be stored on custody, the Depository shall:

- Store in custody all financial instruments that may be recorded in the account of financial instruments open in the books of the Depository, as well as all materialized financial instruments submitted to the Depository by the Company
- Ensure that all financial instruments, which can be recorded in the account of financial instruments open in Depository's books, are kept in separate accounts in a manner prescribed by the act which regulates capital market and regulations based on that act's regulations regarding the protection of client's assets, opened on behalf of the Company and for the account of the Fund so that it can be clearly defined and distinguished as Fund's assets at any time

2. For other Fund's assets, the Depository shall:

- Verify and confirm that it is the Company's ownership for the Fund's account based on information or documents submitted to the Depository by the Company or, where applicable, based on publicly available registers and records and other external sources
- Keep an updated record of the assets that the Depository has determined to be owned by the Company for the Fund's account

The Depository shall regularly submit a complete and comprehensive list of the Fund's assets to the Company or it will adequately provide the Company with a permanent insight into the positions of the Fund deposited with the Depository.

The Depository shall inform the Company of corporate actions related to Fund's assets that are entrusted with the storage and shall execute Company's orders arising therefrom.

When the Depository, in performing its duties and obligations prescribed by the Act, determines irregularities and/or unlawfulness resulting from the Company's activities which present a violation of the Company's obligations prescribed the Act, regulations based on the Act, Prospectus or Rules of the Fund, they shall warn the Company in writing without delay and request clarification of these circumstances.

If the Company continues to violate its obligations, after the warning from the Depository from preceding paragraph, the Depository shall inform the Agency about such violations without delay.

8.3. The Depository performs tasks prescribed by the Act based on the written contract on performing Depository tasks concluded with the Company.

8.4. The Depository is obligated to keep its own up-to-date records.

8.5. Storage and administration tasks, as well as other tasks which the Depository performs for the Company must be structurally separate from other tasks which the Depository performs in accordance with the act regulating the establishment and activities of credit institutions. The Fund's assets are stored and kept by the Depository so that it is possible, at any time, to clearly identify and

distinguish the assets belonging to the Fund from the Depositary's assets and assets which belong to other Depositary's clients.

8.6. The Depositary will execute Company's orders and instructions only if they are in accordance with regulations of the Act and the Fund's Prospectus.

8.7. In performing its tasks and duties prescribed by the Act and subordinate legislation, the Company and the Depositary shall act with the care of a good expert in accordance with the principle of conscientiousness and honesty, independently and exclusively in the interest of the investors in the Fund. The Depositary is not allowed to conduct any other business activities in relation to the Fund that may result in a conflict of interest between the Fund, Fund's investors or the Company and the Depositary, if it has not functionally and hierarchically separated performance of the Depositary's tasks from other activities whose performance could lead to conflict of interest and if it does not appropriately recognize potential conflicts of interest and has the ability to manage, monitor and announce them to the Fund's investors. Managers and other employees of the Depositary, its procurators and plenipotentiaries cannot be employees of the Company. Management Board members and other employees of the Company, its procurators and plenipotentiaries cannot be employees of the Depositary. The Depositary and the sub-depositary are not allowed to reuse the Fund's assets that are stored in custody to conclude transactions for their own account or exercise any benefits for themselves, their founders, employees or for any other purpose, other than in favor of the Fund and its investors. Reuse of assets refers to any transaction with assets that are stored in custody, including transfer, pledge, sales and loaning of the assets. The Fund's assets are stored and kept by the Depositary so that it is possible, at any time, to clearly identify and distinguish the assets belonging to the Fund from the Depositary's assets and assets which belong to other Depositary's clients.

8.8. When the Depositary is entrusted with the storage of the Fund's assets, it is obliged to apply the appropriate measures to protect the ownership rights and other rights of the Fund, especially in the event of insolvency of the Company and the Depositary.

8.9. In the event of insolvency of the Depositary or a third party to which the Depositary delegated custody, the Fund's assets stored in custody shall not be a part of the bankruptcy or liquidation mass of a depositary or a third party nor may it be subject to execution against the Depositary or a third party.

8.10. In accordance with the commitments taken over, the Depositary has the right to receive compensation prescribed by the contract on performing Depositary tasks.

8.11. The Depositary is responsible to the Fund and the Fund's investors for the loss of financial instruments that can be stored in custody by a depositary or a third party to whom the depositary delegated storage of financial instruments in custody. In the event of a loss of financial instruments stored in custody, the Depositary shall return a financial instrument of the same type or an adequate amount of cash, without unnecessary delay, in the Fund's assets. The Depositary is not responsible for the loss of financial instruments that are stored in custody if it can prove that the loss was caused by external, extraordinary and unforeseeable circumstances, the consequences of which are inevitable despite all reasonable efforts to avoid, prevent or eliminate them. The Depositary is responsible to the Company and the Fund's investors for any other damages incurred as a result of inattention or deliberate omission of the Depositary in the performance of the depositary activities prescribed by this Act, the regulations based on the Act and by the European Union Regulation governing the operations of the UCITS funds depositaries. The responsibility of the Depositary is not affected by the fact that the performance of its duties has been delegated to third parties. The

Depository cannot limit or relieve its responsibilities towards the Company and the Fund's investors by agreement.

8.12. The Depository is authorized and obliged to exercise the investor's rights and claims against the Company on its own behalf, due to violations of regulations of the Act, Prospectus and Fund's Rules. This does not prevent investors from making individual and independent property-legal claims against the Company.

8.13. The Depository is obliged to return to the Fund's assets all that has been paid out of it without a valid legal basis.

8.14. The Company is authorized and obliged to exercise the investor's rights and claims to the depository on its own behalf. This does not prevent investors from making individual and independent property-legal claims against the Depository, provided that this does not lead to double legal protection or unequal treatment of investors.

8.15. When the Depository, in performing its duties and obligations, determines irregularities and/or unlawfulness resulting from the Company's activities which present a violation of the Company's obligations under the Act, regulations based on the Act, Prospectus or Rules of the Fund, they shall warn the Company in writing without delay and request clarification of these circumstances. If the Company continues to violate its obligations after the warning from the Depository, the Depository shall inform the Agency about such violations without delay.

8.16. The Depository is responsible to the Company and investors for choosing the third party – the sub-depository.

#### **IV. General information about terms and conditions of Company's business activities**

##### **Article 9**

9.1. The Fund is a separate asset, without legal personality, established by the Company and managed by the Company on its own behalf and for the joint account of unitholders in that asset in accordance with the regulations of the Act, Prospectus and these Fund Rules. Units in the Fund are, at the request of the unitholder, redeemed from the Fund's assets.

9.2. The Company has established and is executing and regularly updating, evaluating and monitoring, taking into account the type, extent and complexity of the business, effective and appropriate:

- a) Decision-making procedures and organizational structure which clearly and in a documented manner defines the line of responsibility and assigns functions and responsibilities,
- b) Measures and procedures which ensure that relevant persons of the Company are aware of the procedures that need to be respected in order to properly perform their duties and responsibilities,
- c) Internal control mechanisms intended to ensure compliance with the Act and regulations based on the Act as well as other relevant regulations and internal decisions, procedures at all levels of the Company, including rules for personal transactions of relevant persons,
- d) Procedures that ensure that any transaction executed for the Fund's account can be reconstructed according to its origin, parties involved in the transaction, nature and place and time of execution of the transaction, and that the assets of the Fund are invested in accordance with the Act, regulations based on the Act, Prospectus and Rules of the Fund,

- e) Internal reporting and delivery of information at all relevant levels of the Company as well as for an effective flow of information with all third parties involved,
- f) Records of Company's business activities and internal organization,
- g) Records of all internal acts as well as their changes,
- h) Administrative and accounting procedures and the system of composing business books and financial statements as well as procedures for keeping and storing business records that will ensure a true and faithful overview of the financial position of the Company in accordance with all applicable accounting regulations,
- i) Measures and procedures for monitoring and protection of information systems and systems for electronic data processing,
- j) Measures and procedures for the continuous preservation of security, integrity and confidentiality of information,
- k) Policies, measures and procedures for ensuring continuous business activities,
- l) Policies and procedures for continuous professional training of employees, appropriate to the description of the tasks performed by the employee

Within the framework of internal control mechanism, the Company has set up the following control functions, taking into account the type, extent and complexity of its business activities, and the type and extent of services it provides and performs:

- a) Risk management,
- b) Monitoring compliance with relevant regulations,
- c) internal auditing

9.3. The Management Board consists of two members, one of whom is the President of the Management Board. Members of the Management Board represent the Company individually and independently. Members of the Company's Management Board are jointly and severally responsible to the Company for damages that occur as a result of fulfilling, not fulfilling and failing to fulfill their obligations and duties, unless they prove that, in the performance of their obligations and duties, they acted with the care of a good expert.

9.4. The Company's Supervisory Board consists of three members, two of whom are independent. In addition to the authority that the Supervisory Board has under the regulations of the act regulating the establishment and activities of business associations, the Company's Supervisory Board is competent and gives approval to the Management Board:

- a) To determine the Company's business policy,
- b) For the Company's financial plan,
- c) For the organization of the Company's internal control mechanisms and risk management systems,
- d) For the general annual plan for internal audit,

And in other cases where this is regulated by the Act.

9.5. The members of the Company's Supervisory Board:

- a) Monitor the appropriateness of conducting internal audit and efficiency of the work of internal audit
- b) Give their opinion to the Agency about the orders of the Agency in the procedures of supervision of the Company within 30 days from the day of delivery of the Agency's records

about performed supervision, and they supervise the Company's actions in accordance with the orders and decisions of the Agency,

- c) Submit a report to the Assembly of the Company on the orders of the Agency and the procedures for the supervision of the Company from the previous point b)
- d) Decide about giving approval for financial statements and inform the Assembly of the Company in writing regarding financial statements
- e) Explain their opinion to the Company's Assembly on the annual internal audit report and the annual management report.

Members of the Company's Supervisory Board are jointly and severally responsible to the Company for damages that occur as a result violation of their obligations and duties, unless they prove that, in the performance of their obligations and duties, they acted with the care of a good expert.

9.6. The Company's annual financial statements shall be audited by an auditor in the manner and under the conditions laid down in regulations governing accounting and auditing and the rules of the auditing profession, unless otherwise specified by the Act and regulations based on the Act. A single auditing company may audit a maximum of seven consecutive annual financial statements of the Company. The Company shall submit to the Agency audited annual financial statements within 15 days from the date of issue of the audit report and no later than four months after the expiration of the business year for which the reports are prepared.

9.7. The Company has established, implemented and regularly updates, evaluates and monitors appropriate policies, procedures, measures aimed at detecting any risk of non-compliance with relevant regulations as well as related risks and has established appropriate measures and procedures to reduce such risks. The Company has established, implemented and regularly updates, evaluates and supervises policies and procedures to ensure that it operates in accordance with the Act and regulations based on the Act and that members of the Management Board and other relevant persons act in accordance with the Act and regulations based on the Act and its own rules governing personal transactions with financial instruments.

9.8. The Company has delegated internal auditing tasks to Orkis d.o.o. Zagreb, Badalićeva 26/a, MBS 080159036, PIN 85718057775.

9.9. The Company has established a comprehensive and effective risk management system for the Company and the Funds it manages, depending on the type, scope and complexity of its business, which includes at least:

- a) relevant parts of the Company's organizational structure with defined powers and responsibilities for risk management, whereby the risk management function has the central role
- b) procedures and principles for risk assessment, and techniques and tools for risk measurement
- c) strategies, policies, procedures and measures for risk management
- d) risk monitoring and reporting.

The Company monitors, evaluates, reviews and updates the appropriateness, comprehensiveness and effectiveness of the adopted strategies, policies, risk management procedures and risk measurement techniques, and the adequacy and effectiveness of the measures envisaged, with an aim to eliminate possible shortcomings in risk management strategies, policies and procedures.

The Company is obliged to document the established risk management strategy and policies, and submit that documentation without delay at the Agency's request. If the Company has submitted its

established risk management strategy and policies to the Agency, it shall, without delay, notify the Agency of any significant changes in established risk management strategy and policies, as well as all relevant changes in exposure to risks and the level of regulatory capital of the Company. The Company's Management Board participates in the risk management process and is responsible for its appropriateness and efficiency, as well as for the establishment, application and promotion of such a culture in which risk management is an integral part of business activities at all levels of the Company.

9.10. The Company has taken all appropriate measures necessary to ensure its continuous and regular operation. To achieve this, the Company has used appropriate systems, measures and procedures that are proportionate to the nature, scope and complexity of its business activities.

## **V. Supervision over the Company's business activities**

### **Article 10**

10.1. The Company operates in accordance with the Act and regulations based on the Act. By the Act, the Company's operations are supervised by the Agency.

10.2. The Company also operates in accordance with other laws and regulations governing the capital market and operations of business associations.

10.3. The Agency is responsible for supervising the Company's and the Fund's operations related to business activities performed in the region and outside the Republic of Croatia.

10.4. When the Agency considers that supervision is required, it is authorized, in accordance with the Act and other regulations, to demand reports and data from the following persons, and to conduct a review of a part of the business activities and a control of business documentation and books with:

- a) a person in close relation to the Company and the Fund,
- b) a holder of a qualified share in the Company, and
- c) any other person and/or subject that may have useful and/or necessary information for carrying out the supervision procedure.

10.5. When the Agency considers it necessary, it is authorized, in accordance with the Act and other regulations, to request reports and data from the person to whom the Company delegated certain tasks, and to conduct a review of a part of the business activities and a control of business documentation and books and other documentation, prints, records and recordings related to the delegated part of the business activities, and temporarily keep them.

10.6. If a supervisory body other than the Agency is in charge of supervising a person in close relation to the Company and the Fund, or a holder of a qualified unit in the Company, or any other person and/or subject that may have useful and/or necessary information for carrying out the supervision procedure, the Agency will, in cooperation with this body, conduct a control of the business books and business documentation of that person.

## **VI. Business goals and strategy of the Company**

### **Article 11**

11.1. Global Invest d.o.o., an investment funds management company, as a professional manager of UCITS funds and an alternative investment fund with public offering, has set up a goal of maximizing the assets it manages, and it sets investment and development strategies accordingly. The strategy

for managing the alternative investment fund with public offering results from the fact that it is a closed-end alternative investment fund with public offering, and thus the strategy is to maximize the net asset value of the fund and to work on raising the value of units for unitholders while taking risks into account and managing them. When managing the Fund, the Company is focused on collecting as much assets as possible under its management. The Company intends to increase the assets under its management by good management of assets in existing funds finding new investors, opening new funds and a marketing approach that will bring the Company's values closer to potential investors.

11.2. The Company's goal is to be a company that is characterized by transparency, business ethics, expertise and focus on creating value for clients, and being recognized as such in a wider investment environment, both among institutional and small investors.

11.3. The company wants to be a desirable employer, capable of attracting the most talented and expert staff, and providing investors promptly with accurate and expert information. The size of the Fund indirectly warrants greater diversification of the Fund's investments, reduced risk of exposure to a single issuer or class of assets, and stability of the Company's income. The Company manages two UCITS funds and one closed-end alternative investment fund. The Company will pay special attention to minimize the risks arising from the Fund's investment and management process, while respecting the principles of liquidity and solvency.

## **VII. Organizational structure of the Company and lines of responsibility**

### **Article 12**

12.1. The organizational structure of the Company matches the structure prescribed in the Act and the sub-laws. Accordingly, the Company is divided into three organizational units, which are the operating unit (Front Office), the supervision and analysis unit (Middle Office) and the support unit (Back Office). The legal department within the Company, which functions as a separate unit, supports the main processes of the Company. Lines of responsibility are prescribed by the work procedures of individual organizational units.

12.2. Front Office is the organizational unit of the Company in charge of fund assets management, concluding securities transactions, and making capital market analyses. Middle Office is the organizational unit of the Company in charge of supervising business activities carried out for the account of the funds and the Company, preparation of expert analyses and reporting to the Company's Management Board. Back Office is the organizational unit of the Company in charge of making accounting records of the funds' and the Company's portfolio, resolving settlement processes, making daily calculations of the net asset value of the funds and synchronizing them with the depositary, and other general and administrative tasks.

12.3. The Management Board of the Company consists of two members, one of whom is appointed as the Chair of the Management Board. The Management Board runs the Company's business activities in accordance with the law, the Articles of association, and internal acts of the Company. Division of work and lines of responsibility are prescribed by the Articles of association and the Rules of procedure of the Management Board. One member of the Management Board is responsible for organizing the Back Office and Middle Office, and for accounting, finance and making financial statements. The other member of the Management Board is responsible for organizing the Front Office, sales and communication with unitholders of the Fund and is in charge of communicating and maintaining contacts with the Agency. In order to efficiently and properly perform risk management functions, both members of the Management Board are responsible for the organization and implementation of the said function. The Head of the Middle Office organizational unit is responsible

for ensuring compliance of the Company's operations with the laws and regulations in force, internal audit and application of regulations on preventing money laundering and terrorist financing.

12.4. The heads of organizational units are responsible for implementing and conducting the guidelines and strategies agreed with the Company's Management Board into the activities of their organizational units, for which they are directly answerable to the Company's Management Board.

## **VIII. Terms and conditions of putting the Fund under debt**

### **Article 13**

13.1. The Company cannot do the following for the investors' joint account, i.e. the Fund:

1. take or approve a loan or enter into other legal transactions which are, by their economic effects, equal to a loan,
2. take over a guarantee or issue a guarantee.

13.2. The Fund's assets cannot be pledged nor burdened in any way, transferred or ceded for the purpose of securing a claim. Agreements opposed to this do not produce legal effects to investors. Any compensation of claims against the Company with claims belonging to the Fund's assets is null and void, irrespective of whether the claims against the Company are related to management of the Fund. If the Fund acquires transferable securities, money market instruments or other financial instruments that are not paid in full, the Company shall be liable with its own assets for the payment of the remainder.

13.3. As an exception to the abovementioned restrictions, the Company may, on its behalf and for account of the Fund, borrow funds which will be used for redemption of units in the Fund, provided that the funds available in the Fund's assets are insufficient for that purpose. In case of such loans, the total amount of liabilities that are subject to repayment from the Fund's assets to all loan or credit contracts or other legal affairs which are, by their economic effects, equal to a loan, shall not exceed 10% of the Fund's net asset value at the time of taking such loans, and for a period of no longer than 3 months.

## **IX. Damage compensation procedures for investors in case of incorrect calculation of unit price and violation of investment limits**

Incorrect calculation of unit price

### **Article 14**

14.1. Incorrect unit price calculation occurs when the initially calculated Fund's unit price differs from the subsequently determined correct unit price for the same day.

The damage compensation procedure for incorrect calculation of the unit price is carried out when:

1. the difference between the initially calculated and subsequently accurately determined unit price for the same day exceeds 1% of the initially calculated unit price (a significant mistake during the calculation of the unit price) and

2. no more than 1 (one) year has elapsed since the abovementioned incorrect calculation of the unit price, except if the auditor, within the financial statement audit in the current year, determines a significant mistake during the calculation of the unit price for the previous year.

14.2. The damage compensation procedure for a significant mistake in the calculation of unit price consists of preparing a damage compensation plan, delivering a notice to the investors about damage compensation and compensating for the damages inflicted upon investors of the Fund or the Fund itself.

14.3. "Incorrect calculation period" is the period during which there was a significant mistake in the calculation of unit price.

#### Calculation of a higher unit price

##### **Article 15**

15.1. The calculation of a higher unit price exists when the initially calculated unit price is higher than the subsequently determined correct unit price for the same day.

15.2. In cases where a higher unit price is calculated, the Company will compensate investors who acquired their units in the Fund during the incorrect calculation period for the resulting damage by paying in cash regardless of whether they are still investors in the Fund at the moment of compensation. The amount of damage compensation is equal to the difference between the initially calculated unit price and subsequently accurately determined unit price multiplied by the number of units issued in the miscalculation period.

15.3. In cases where a higher unit price is calculated, the Company will compensate the Fund for the damage inflicted upon it by redeeming units during the miscalculation period. The amount of damage compensation payable to the Fund shall be equal to the difference between the initially calculated unit price and the subsequently correctly determined unit price multiplied by the number of units redeemed during the incorrect calculation period.

15.4. Damage compensation will not be applied to those investors for whom the amount of compensation for damages inflicted during the incorrect calculation period has been calculated to be less than HRK 10.

#### Calculation of a lower unit price

##### **Article 16**

16.1. The calculation of a lower unit price exists when the initially calculated unit price is lower than the subsequently determined correct unit price for the same day.

16.2. In cases where a lower unit price is calculated, the Company will compensate investors who redeemed their units in the Fund during the incorrect calculation period for the resulting damage by paying in cash regardless of whether they are still investors in the Fund at the moment of compensation. The amount of damage compensation is equal to the difference between the initially calculated unit price and subsequently accurately determined unit price multiplied by the number of units issued during the incorrect calculation period.

16.3. In cases where a lower unit price is calculated, the Company will make a correction of the number of units allocated to investors who, in the incorrect calculation period, acquired units in the Fund.

16.4. Damage compensation will not be applied to those investors for whom the amount of compensation for damages inflicted during the incorrect calculation period has been calculated to be less than HRK 10.

#### New calculation of unit price

##### **Article 17**

17.1. The Company will make a new calculation of unit price for each day of the incorrect calculation period.

#### Compensation plan

##### **Article 18**

18.1. In case of an incorrect calculation of unit price referred to in Article 14, item 14.1. of these Rules, the Company shall, without delay and within 60 days of finding out about the significant mistake in unit price calculation, make a damage compensation plan and submit it to the Agency without delay.

18.2. The damage compensation plan will include:

1. methods and procedures for damage compensation to the Fund and/or investors
2. measures to be taken with the aim of eliminating identified significant mistakes and damage compensation,
3. a new calculation of unit price for each day of the incorrect calculation period,
4. the number of investors who acquired and/or redeemed units in the incorrect calculation period and the individual and total amount of compensation payable in cash to the unitholders and/or the Fund,

#### Notifying unitholders

##### **Article 19**

19.1. When the Company is obliged, due to a significant mistake in the calculation of unit price, to compensate damages inflicted upon individual investors, the Company shall inform the investors about the existence of a material mistake in the calculation of unit price based on which they will be compensated for the damages. The notice to investors shall contain information regarding the cause and what constitutes a significant mistake in the unit price calculation, the obligation to compensate and the amount of damage as well as deadlines and methods of compensation. The notice will be delivered within 10 days of making of the compensation plan by mail, or by electronic mail if the investor has chosen such a delivery method and if the investor has provided the company with a valid electronic mail address.

#### Implementation of compensation procedure

##### **Article 20**

20.1. After the Company, in accordance with Article 18 of these Rules, develops a compensation plan, it will start compensating the affected investors and/or the Fund without delay.

20.2. The costs incurred for the purpose of carrying out the procedures and measures of compensation for the damage due to a miscalculation of unit price are the Company's cost and cannot be charged to the Fund or to investors in the Fund.

#### Violation of investment limits

### Article 21

21.1. A violation of investment limits is a violation of investment limits described in article 259. item 4. of the Act, i.e those violations resulting from transactions conducted by the Company and which, at the time of their conclusion, violated the investment limitations prescribed by the Act, regulations based on the Act and/or Fund's prospectus. Also considered a violation of investment limits is exceeding investment limits referred to in Article 259 (2) of the Act, and which lasts beyond the expiration of the period prescribed by Article 259 (2) and (3) of the Act.

21.2. The damage compensation procedure in case of a violation of investment limits is carried out when:

1. the violation of investment limits amounts to more than 10% of the total permitted investment prescribed by the Act and
2. since the occurrence of the investment limitation violation not more than 1 (one) year has lapsed, except when the auditor within the financial statement audit in the current year for the previous year determines an investment limitation violation

21.3. The damage compensation procedure for a violation of investment limits consists of preparing a damage compensation plan, delivering a notice to investors regarding damage compensation and compensating for the damages by paying out the established amount of compensation to the damaged investors of the Fund or the Fund itself.

21.4. Violation of investment limits period is the period from the moment of violation of investment limits from item 21.2. of this article until its removal.

#### Damage compensation plan

### Article 22

22.1. In case of a violation of investment limits referred to in Article 21, of these Rules, the Company shall, without undue delay and within 60 days of finding out about the incorrect calculation, make a compensation plan and submit it to the Agency without delay.

22.2. The damage compensation plan will include:

1. methods and procedures for damage compensation to the Fund and/or investors
2. information regarding the position of the assets in the Fund's portfolio for which the violation of investment limits occurred, duration and reasons for such violation,
3. measures to be taken with the aim of adjusting investments and damage compensation,
4. the number of investors who acquired and/or redeemed units in the violation of investment limits period and the individual and total amount of compensation payable in cash to the investors and/or the Fund,

#### Notifying unitholders

### **Article 23**

23.1. When the Company is obliged, due to a violation of investment limits, to compensate damages inflicted upon individual unitholders, the Company shall inform the unitholders about the existence of such a violation based on which they will be compensated for the damages. The notice to unitholders shall contain information on what is the cause and what constitutes a violation of investment limits, the obligation to compensate and the amount of damage. The notice will be delivered within 10 days of making of the compensation plan by mail, or by electronic mail if the investor has chosen such a delivery method and if the investor has provided the company with a valid electronic mail address.

#### Amount of damage compensation

### **Article 24**

24.1. Immediately upon realizing a violation of investment limits has been made, the Company will adjust investments by conducting transactions necessary for complete removal of violation or ensure adjustment in another appropriate manner. The Company will adjust its investments in a way to completely remove the violation of investment limits.

24.2. When the sale of asset positions on which the violation of investment limits has been committed results in profit, the said profit will be attributed to the Fund after deducting the costs incurred by the purchase and sale of asset positions on which the violation of investment limits has been committed.

24.3. When the sale of asset positions on which the violation of investment limits has been committed results in loss, the Company will compensate the Fund for the said loss by paying the amount corresponding to the difference between the purchase and selling price of the asset on which the violation of investment limits has been committed. In this case, the Company also compensates the Fund for transaction costs incurred during the purchase and sale of the asset on which the violation of investment limits has been committed.

24.4. In the case where damage was inflicted upon investors due to a violation of investment limits referred to in Article 21 of these Rules, the Company will compensate for the damage inflicted upon the affected investors who have redeemed their units in the period from the adjustment of investments until the damage compensation by paying in cash.

#### When there shall be no compensation

### **Article 25**

25.1. Damage compensation will not be applied to those investors for whom the amount of compensation for damages inflicted during in the period since adjustment of investments until damage compensation has been calculated to be less than HRK 10.

#### Implementation of damage compensation procedure

### **Article 26**

26.1. After the Company develops a damage compensation plan, it will start compensating the damage to affected investors and/or the Fund without delay. The costs incurred for the purpose of

carrying out the procedures and measures of damage compensation due to a violation of investment limits are the Company's cost and cannot be charged to the Fund or to unitholders in the Fund.

#### **Article 27**

27.1. When the total amount of compensations is less than HRK 50.000,00 and the amount of compensation per investor is less than HRK 2,500.00, the compensation plan is not required to be submitted to the Agency and in this case it is not necessary to carry out an audit of the performed compensation procedures within the framework of the audit of annual reports of the Fund.

#### **X. Resolving a conflict of interest**

Determining a conflict of interest

#### **Article 28**

28.1. In order to determine the type of conflict of interest that occurs when managing the Fund, the Company will especially consider whether it, a relevant person or a person related to the relevant person is in one of the following situations:

- likely to achieve financial gain or avoid financial loss at the expense of the Fund or its investors,
- has an interest in the outcome of services or activities provided to the Fund or its investors, or transactions executed on behalf of the Fund, or which differs from the Fund's interest in case of that outcome,
- has a financial or other motive to favor the interest of the Company or another fund in relation to the Fund, or the interest of one investor in relation to the interest of another investor or group of investors in the same Fund,
- performs the same activities for the Fund and for another fund or company,
- receives or will receive from other persons additional incentives or fees related to management of the Fund's assets in the form of money, goods or services, which is not the usual fee for that service.

28.2. A relevant person in relation to the Company is:

- a) a person in a managerial position in the Company, a person who is a member of the Company, a member of the Supervisory Board or a procurator of the Company,
- b) a person in a managerial position or a member of any legal entity authorized to provide a unit of the Fund,
- c) a person in a managerial position in a legal entity to whom the Company delegated its affairs,
- d) an employee of the Company, an employee of a legal person to whom the Company delegated its affairs or an employee of a legal entity authorized to offer units in UCITS funds and included in the activities performed by the Company,
- e) any other natural person whose services are made available and are among the responsibilities of the Company, and which is included in the activities performed by the Company.

A person related to a relevant person is:

- a) a spouse of a relevant person or any person who, by national law, is considered a spousal equivalent,
- b) a dependent child or stepchild of a relevant person,
- c) any other relatives of a relevant person who have spent at least one year in a single household with the relevant person on the day of a given personal transaction.

28.3. The members of the Company's Management Board and the members of the Supervisory Board of the Company will take all reasonable measures to avoid conflicts of interest and, when they cannot be avoided, to recognize them, manage them, monitor them and publish them when applicable in order to prevent a negative impact on the interests of the Fund and its investors and to ensure that investors and the Fund are treated fairly.

### **Article 29**

29.1. Taking into account the type, scope and complexity of the business activities, the Company organized its operations in such a way as to reduce the risk of conflict of interest to the smallest possible extent.

29.2. The Company has taken all reasonable steps to ensure that the interests of the Fund or the investors are not jeopardized while providing its services and conducting its activities.

29.3. The Company takes all reasonable measures to avoid conflicts of interest and, when they cannot be avoided, it takes all reasonable measures to identify, manage, monitor and, when necessary, publish conflicts of interest and establish appropriate criteria for determining the type of conflict of interest, the existence of which could harm the Fund's or investors' interests.

29.4. Taking into account the type, scope and complexity of the business activities, the Company has established and implemented and regularly updates and supervises effective policies for managing conflicts of interest.

### Procedures and measures for the prevention and management of conflicts of interest

### **Article 30**

30.1. The actions and measures that the Company takes in order to prevent and manage conflicts of interest are directed towards ensuring a degree of independence to the relevant persons engaged in such business activities which include a risk of conflict of interest and risk of damage to the interests of the Fund or its investors.

30.2. In case it is necessary and appropriate for the Company to ensure the required degree of independence, the procedures to be followed and the measures to be taken include the following:

- removal of any direct link between the income of relevant persons who are primarily involved in one activity and income received by other relevant persons primarily involved in another activity when a conflict of interest may arise in connection with those activities of the Company,
- measures preventing or limiting any person from having an inappropriate influence on the way relevant persons carry out the activities of managing the Fund,

- measures preventing or controlling simultaneous or consecutive participation of certain relevant persons in various activities performed by the Company when such participation may have a negative impact on the management of conflicts of interest.

30.3. In the event that the adoption or application of these measures and procedures does not ensure sufficient degree of independence, the Company will adopt additional measures and procedures that are necessary and appropriate for these purposes.

30.4. The Company manages conflicts of interest in accordance with its own Policies and code of ethics. Exchange of confidential information between the organizational units of the Company is not permitted, except for the purpose of regular business activities of the Company. Preventing the circulation of confidential information within the Company reduces the possibility of conflict of interest and reduces the possibility of using this information in an inappropriate manner. Breaching the “Chinese wall”, i.e. the exchange of confidential information, is permitted with the approval of the Management Board of the Company. Confidential information can be disclosed only in the event of a significant need for their communication, i.e. disclosure is confined to only those facts that need to be known.

30.5. A privileged information is considered to be information of a precise nature which was not publicly available and which is directly or indirectly related to one or more issuers of financial instruments and would, if publicly available, have a significant impact on the prices of those financial instruments. All employees of the Company who hold privileged information are prohibited from using this information when acquiring or redeeming, for their own account, of financial instruments which this information refers to. It is also forbidden to further spread privileged information to third parties.

30.6. Any relevant person who has knowledge of circumstances that may present a conflict of interest shall report it to the Control Unit (Middle Office). The Control Unit (Middle Office) will examine the validity of the report and determine whether there is a conflict of interest. The Control Unit (Middle Office) particularly monitors the sales manager and fund managers because their interests may especially conflict with the interests of the investor and/or the Company. The Control Unit (Middle Office) is required to record and keep data for each deal performed in which a conflict of interest may have occurred or did occur.

30.7. The Company will generally avoid arranging the sale, purchase or transfer of assets between the funds under its management. In case of justified business reasons, e.g. cash flow management, where one fund has the need to liquidate certain financial instruments to raise capital, while another fund has a surplus of liquid assets for investing or reclassifying financial instruments risk, whereby one of the funds has in its possession a financial instrument which, by said reclassification, has become less suitable for its investment strategy, while at the same time being eligible for another fund, the arrangement of sale, purchase or transfer of assets between the funds is considered to be permitted provided that such arrangement of sale, purchase or transfer of assets is carried out under conditions which are no different than market conditions or is not carried out under conditions which put one fund into a more favorable position than the other and that, in an actual case, such trading contributes to the interests of both funds. The principles from the preceding items of this Article also apply to the procedures for introduction of new funds.

30.8. In the event that the Company may, when making an investment decision, come into a conflict of interests with a founder/member of the Company, the Company shall act in such a manner as to best protect the interests of the investors. The same approach shall be applied should the Company come into a conflict of interest with relevant persons.

30.9. The Management Board of the Company shall, on the proposal of the Fund Manager, decide on the attendance of the Company at assemblies of securities issuer companies. The Management Board of the Company shall also determine the person representing the Company or the Fund at such an assembly. When voting, the person representing the Company or the Fund shall vote so as to best protect the interests of investors in the Fund.

#### Management of conflicts of interest

##### **Article 31**

31.1. In the event that organizational or other measures undertaken by the Company are insufficient to ensure, with an acceptable level of reliability, the prevention of the risk of damage to the Fund or to the interests of investors in the Fund, the Management Board of the Company shall be informed in order to make the necessary decisions to protect the interests of the Fund and the investors.

#### Monitoring conflicts of interest

##### **Article 32**

32.1. The Company maintains and updates records on the types of activities undertaken by the Company where there has been a conflict of interest with a significant risk of damage to the Fund's interests.

#### Detecting conflicts of interest

##### **Article 33**

33.1. In cases where organizational or other measures undertaken by the Company are insufficient to provide an acceptable degree of reliability of preventing the risk of damage to the investor's interests, the Company will clearly disclose the nature or source of conflict of interest to investors before engaging in business activities in their favor. Such information will be provided to investors on a durable medium.

### **XI. Description of dispute settlement procedure between the Company and investors**

#### **Resolving complaints**

##### **Article 34**

34.1. In the event of a dispute between the Company and an investor, the Company will endeavor to resolve the dispute in the best interests of the investor, while respecting the interests of other investors and the Fund as a whole.

34.2. The Company has established and implemented appropriate procedures to ensure that investor complaints are solved in an adequate manner and that there are no restrictions on the exercise of an investor's rights. The Company has established and ensured appropriate procedures which ensure that information regarding the process of addressing investor complaints is made available to the public and the Agency.

34.3. The Company shall keep documentation of all complaints and measures taken pursuant thereto, in the manner and within the time limits prescribed by the Act and regulations based on the Act.

#### **Settling disputes between the Company and investors**

## **Article 35**

35.1. Without prejudice to the possibility of resolving disputes in court, disputes between the Company and investors may be resolved through arbitration. The substantive law of the Republic of Croatia shall be applicable for settling disputes arising out of these Rules between an investor and the Company. In case of a dispute arising out of a contract concluded with an investor, the arbitration contract shall be contained in a special document to be signed by both parties and shall not be subject to arrangements other than those relating to the arbitration proceedings.

35.2. In the event of dispute settlement through arbitration, such dispute shall be settled by arbitration in accordance with the Rules of Arbitration of the Permanent Arbitration Court at the Croatian Chamber of Economy as in force (the Zagreb Rules) under the following conditions:

- a) the number of arbitrators shall be three,
- b) the substantive law of the Republic of Croatia shall be applicable,
- c) the language to be used in the arbitral proceedings shall be Croatian,
- d) the place of arbitration shall be Zagreb,
- e) the appointing authority shall be the Croatian Chamber of Economy.

## **XII. Final provisions**

### **Article 36**

36.1. These Rules shall enter into force and shall be applied the next day, counting from the day they are approved by the Agency.

36.2. Upon issuance of the approval by the Agency, these Rules will be published in electronic form on the Company's website.

Management Board of Global Invest d.o.o.

Darko Kosovec  
Chair of the Management Board

Snježana Milovanović  
member of the Management Board