

# Business Terms

## Terms & Conditions of Business

This document contains a description of our services together with our Standard Terms & Conditions of Business (hereafter referred to as “Terms”). This document constitutes the legal contract between you as our Client and us, Hogg Capital Investments Limited, under the trading name BlueInvest Capital (hereafter referred to as “the Company”, “BlueInvest Capital”, “Hogg Capital”, “BIC/HCI”, or as “we”, “us”, “our”), as your financial services provider.

For new Clients, these Terms shall become effective and binding as soon as you agree to these either in writing or during the process of an online application. You are entitled to cancel this Client Agreement by giving us written notice within 14 days of entering into it.

For our existing Clients, the previously accepted Terms will be replaced by these Terms. Henceforth, our existing clients shall be bound by these revised Terms and Conditions unless you give us a written notice of termination within 14 days from receipt of the revised Terms.

On receiving your notice of cancellation we will, as applicable, return to you within 30 days all the money, investments and other assets which we have received from you at the market price of that day.

This cancellation right does not extend to any work which we have undertaken or to any transactions which we have entered into on your behalf in accordance with the terms of this agreement prior to receipt of your cancellation notice. Amounts due in relation to such work or transactions will fall to be settled in accordance with these Terms.

Furthermore, cancellation does not affect your liability for charges incurred in accordance with our published scale for work or transactions undertaken during this period, or for charges reasonably incurred as a result of your cancellation notice, for example in respect of transferring any of your investments out of the name of our nominee.

If you have any questions about any points contained within this document, or our services generally, kindly contact us at our offices, quoting reference: “Terms & Conditions of Business”.

### Our Services

BlueInvest Capital is a trading name of Hogg Capital Investments Limited, member of the Malta Stock Exchange and licensed to conduct investment business by the Malta Financial Services Authority (“MFSA”), situated at Triq l-Imdina, Zone 1, Central Business District, Birkirkara, Malta, CBD, Triq L- Imdina, 1010,

Malta. It holds a Category 2 Licence, a copy of which can be found through this link:

<https://www.mfsa.mt/financial-services-register/result/?id=9160>.

BIC/HCI offers clients a focused range of financial services. We will advise on, manage, buy and sell bonds, shares, managed funds and various other financial instruments (please refer to details below), as well as administering clients’ investments, dividends, settlements, alongside other ancillary activities.

Our services will not extend automatically to advice or management in relation to your overall financial planning arrangements or to any individual aspect of your financial requirements beyond direct investment securities and/or stock market based investments.

The Company is therefore unable to advise upon a broader overview of clients’ financial planning and pension requirements.

In determining the advice and/or portfolio management services we will provide, we will take into careful consideration all the personal financial information which you are required to give us.

Our range of services comprises of the following:

### INVESTMENT MANAGEMENT

This represents a discretionary management service within mutually agreed guidelines, methods and frequency of reporting within the Discretionary Agreement. We will take care of all of the investment decisions on your behalf and we will be responsible for all of the related paperwork and cash management and we will provide you with comprehensive records. You would have nothing to do apart from agreeing your investment policy/objectives with us, and for reviewing it on a regular basis.

During the on-boarding process and prior to the commencement of the investment management relationship, BIC/HCI will carry out a suitability assessment, aimed at assessing your attitude to risk (risk profile) and therefore the types of products (and risks attached to them) that are suitable for you. A re-assessment will not be required prior to each transaction however BIC/HCI may periodically request updated information from you, in order to evaluate any changes that may affect your risk profile and products suitability.

### ADVISORY

We offer independent financial advice, wherein we recommend investments selected from all types of retail investment products. We will advise you on your investments on a security by security basis and offer you recommendations on individual investments as and

when you will wish to receive them. We will consider the suitability of each investment in the light of your previously agreed objectives, personal financial circumstances, requirements and existing investments at the time of giving the advice. We will be responsible for all of the related paperwork and cash management (as applicable) and we will provide you with comprehensive records.

Prior to each advisory transaction, we will also provide you with a statement on suitability specifying the given advice and how that advice meets your preferences, objectives and other characteristics. Such statement will also take place periodically, at least annually, for the purpose to assess whether the past recommendation is still valid.

#### **NON-ADVISORY DEALING**

Where you are happy to make your own investment decisions, no advice or recommendations will be offered, although factual information such as share prices and market activity will be given on request.

This approach will be taken so long as the service by us is provided at your initiative and involves non-complex instruments. In this instance the Company will clearly inform you that in the provision of such service we are not required to assess the appropriateness of the financial instrument or service provided and that therefore you do not benefit from the corresponding investor protection measures afforded by the local legislation.

Where you wish to deal in “complex” financial instruments (i.e. instruments incorporating a structure making it difficult for the client to understand risk) we are required to assess your knowledge and experience in such instruments before allowing you to proceed with any such investment. Complex instruments would include such financial instruments as warrants, options, futures, contracts for differences and other derivative based instruments. In the case of bonds, it would include subordinated, perpetual, convertible, variable interest rate coupon, callable, as well as bank bonds subject to the EU Banking Recovery & Resolution Directive (bail-in instruments).

Where, on the basis of the information supplied by you in relation to the knowledge and experience, the Company considers that the product is not appropriate for you, a warning shall be clearly given in a standardised format before any type of transaction is carried out by you.

Important factors to consider before you invest:

- i. You should take into account your savings, including pension arrangement, other short and long-term savings schemes, life assurance and protection policies, as well as your levels of indebtedness;
- ii. You should be prepared to invest your funds for a

- minimum of five years and preferably longer;
- iii. You should be aware that past performance is not guide to the future; the value of your capital will fluctuate and may fall as well as rise and you may not get back your original capital investment;
- vi. Should you need to withdraw invested funds quickly this may also adversely affect the amount you receive;
- v. All investment decisions involve a degree of risk, and it is important to establish from the outset the degree of risk that is acceptable to you, given your capacity for loss, and decide on your investment objectives;
- vi. You should also be aware that, as political conditions and the economic cycle differ, the risk inherent on one type of investment or market may change. Risk assessments are highly subjective and will change over time as a result of market or economic events.

#### **INVESTMENT OBJECTIVES**

##### **Capital growth**

The objective here is to increase the net value of your capital invested with us. Strategies may include investments generating income.

##### **Income**

The objective here is to produce a desired level of income. Capital growth is not necessarily a consideration and the real value of the portfolio may be eroded. Maximising income may necessitate a higher risk strategy.

##### **Balance between income and capital growth**

As the title suggests this represents a balance where the income requirement should not erode the potential to maintain the capital value of the portfolio in real terms.

#### **LEVELS OF RISK**

##### **Lower Risk**

This represents an investor’s aversion to anything other than a modest capital loss, not exceeding in our estimation 10% of the originally invested value. Such a portfolio would be invested primarily in investment grade bonds with some possible exposure to equity-based collective investment vehicles.

##### **Lower to Moderate Risk**

Still principally in non-equity based investments but with more exposure in more volatile asset classes or instruments that can deliver higher returns.

##### **Moderate to Higher Risk**

This reflects a greater appetite for more volatile asset classes, while still retaining some, albeit lesser, exposure to low risk assets.

**High Risk**

This reflects a capacity for more risky asset classes and significant portfolio volatility in search of higher investment returns.

**GENERAL TERMS & CONDITIONS**

You must be at least 18 years old, and meet our acceptance requirements and not be restricted in your country of residence from opening an Investment Account with us. Account acceptance will be at our sole discretion.

You must complete an Account Registration Form and supply all documentation that we request to complete our account opening procedures. We require you to send us documentary evidence of your identity and current residential address in order for us to comply with Maltese Anti-Money Laundering legislation. Your Investment Account will not be operational until we are satisfied that our acceptance requirements have been fulfilled.

You may authorise another person to operate your Investment Account. If you wish to do so, a Third Party Authorisation form must be completed by all parties to the Account and documentary evidence of their identity and their current residential address is also required.

**Client Classification**

Unless we notify you otherwise we will treat you as a Retail Client (as defined by Markets In Financial Instruments Directive “MiFID”).

Certain clients are designated as “Professional Clients” in accordance with the Rules of the MFSA. These include authorised firms, larger companies and trusts, and certain expert private investors, who are entitled to a reduced level of client protection. A fuller explanation of what is meant by “Professional Client, is detailed towards the end of this document.

You have the right to request a different classification, however, we reserve the right to refuse such request and unless you are notified otherwise, you should not assume that such a request has been granted.

If you are a body corporate, an unincorporated association (e.g. a partnership) or a trustee, you warrant and represent to us, on the basis of competent legal advice, that under the terms of your Memorandum and Articles of Association, Deed of Association, Trust Deed or other constitutive document (as the case may be) you are empowered to enter into and are not prohibited from entering into the entirety or any part of these Terms.

**Investor Compensation Scheme**

Hogg Capital Investments Limited is a participant in the Investor Compensation Scheme in terms of the Investment Compensation Scheme Regulations which,

for investment business, presently provides a compensation of 90% (ninety per cent) in respect of eligible consumers, up to a maximum refund of Euro 20,000 to each claimant who, in the event of default of BIC/HCI, is eligible to participate in the Scheme. “Investors”, as defined in the Investor Compensation Scheme Regulations who entrust instruments or money with BIC/HCI are only entitled to compensation if the Investors satisfy the terms of the investor Compensation Scheme Regulations. Your assets are carefully segregated and ring-fenced from the assets of the firm.

**Joint Accounts**

Where these Terms are issued jointly to more than one individual, we are entitled to deal with you on the basis that you are joint holders of all the cash and Investments to which these Terms relate, however lodged with us or registered, to hold you jointly and severally liable for any debt or charge arising out of these Terms, and to act on instructions given by any one of you or the survivor of you. Any reference to “you” in these Terms shall be deemed to be any one or all of such joint holders as the context shall require.

Important: Under Maltese Law if a joint holder passes away, your investment account will need to be restricted until the Interpretation of Will is received in order to verify who is/are the heir(s) of the deceased.

\*Our publication entitled “Bereavement – Sharing the burden at a difficult time”, detailing legal and related procedures, including useful addresses and contact numbers, is available to you on request.

Unless we give you written notice of termination, these Terms will continue in force notwithstanding the death or other incapacity of any or all of you until we receive either:

- (a) written notice of the death or legal incapacity of all of you; or
- (b) written notice of termination from any one of you; and subject to the other provisions of this clause these Terms will thereupon be terminated in respect of all of you.

Unless we are instructed otherwise, all communications that we send you such as contract notes, statements and valuations will be sent only to the first-named client in a joint account.

**DEATH****Individual Account Holders**

1. In the event of death of a sole account holder, immediately on notification of the passing away, the respective account will be suspended and we may in our absolute discretion close any open position which carries a future contingent liability, together with any associated stock positions.

2. After we have suspended your account, and until such time as the title of your Personal Representatives to the accounts has been satisfactorily established by our receipt of an original interpretation of your will from your appointed Notary, formally addressed to the Company, along with the identification documents of the heir(s) we shall not accept any instructions over any account in your name or take any other action in respect of it.
3. However, in respect of any Investments to which you are entitled, over which you had given us a discretionary mandate and which are under our control, we in our absolute discretion may (but are not obliged to) exercise voting rights, or take action in respect of subscription to any offer, take-over offer, redemption, scheme of arrangement or any other entitlement (or exercise conversions, warrants or any other right).
4. Once the documentation detailed in Clause 2 above has been received by us, your Personal Representatives may thereafter instruct us (as appropriate) to sell, transfer or rematerialise your Investments.
5. We are not responsible for losses in your account during the period between your death and the receipt by us of formal notice of it, or for losses between your death and the receipt by us of a certified copy of the grant of probate or letters of administration (as the case may be). Neither shall we be liable for any losses arising as a result of us not administering your Investments following your death.
6. The account will continue to incur our usual charges until it is closed.

#### GENERAL RISK WARNINGS

Past performance of a security is not necessarily a guide to future performance. The value of securities may rise as well as fall and the return of capital invested or income thereon is not guaranteed.

Investment in the securities of smaller companies can involve greater risk than is customarily associated with investment in larger, more established companies. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on one or two key individuals.

New markets, such as the Malta Stock Exchange - the investments that can be made on the Malta Stock Exchange are limited. Despite the fact that such securities are listed the market in such securities may be illiquid. The trading volumes on emerging Stock Exchanges such as the Malta Stock Exchange are

substantially less than the World's leading stock markets. Accordingly the buying and selling of securities may be time consuming and may need to be effected at unfavourable prices. Reduced secondary market liquidity may have an adverse effect on the market price of such securities and our ability to dispose of particular securities to meet your requirements.

#### ORDER PLACEMENT AND/OR EXECUTION

BIC/HCI shall be entitled to act on your instructions to execute transactions on your behalf in any Investment Instrument, as set out in its Licence.

Whenever BIC/HCI accepts an instruction from you to execute any transaction in securities, BIC/HCI shall do so on the basis that:

- All such transactions shall be executed by BIC/HCI subject to applicable Rules and the Rules of any relevant investment exchange.
- Information on BIC/HCI's order execution policy for such transactions is set out below. By signing these terms of business you expressly consent to that policy, for which your prior consent is required.
- Upon affecting any material changes to the order execution policy you will be notified of such changes.
- Whenever your order will be processed outside a trading venue or multilateral trading facility your prior consent will be requested.
- BIC/HCI may combine orders that are received for your account with orders that are received for the accounts of its other clients or with its own orders.
- Following the execution of any transactions by BIC/HCI, it shall despatch a contract note to you. The terms of any contract note shall be conclusive as to any matter contained or provided in such note.

#### COMMUNICATIONS BETWEEN US

All communications between us, either oral or written, will be in the English language. You may give us instructions in person, by telephone\*, or in writing. This may also include electronic communications. If, for any reason, our Terms, contracts, application forms, etc. have been translated, the wordings of the English versions shall prevail.

\* The receipt of such instructions is on the understanding that we have your prior authorization to accept verbal or telephonic instructions without the need for subsequent written confirmations.

We will only accept your written authority, bearing an original signature, where you instruct us to amend the personal details which we hold about you or for your account (for example, your name or address) or

material information in your Client Agreement (if any), or if you wish us to forward any of your money or Investments to a third party (other than in the normal course of settlement of transactions or otherwise arising under these Terms).

We will not accept instructions on your behalf from a third party unless you instruct us in writing, bearing an original signature, to do so, or we are in receipt of a valid power of attorney.

We are required to notify you if, in any circumstances, we will be making unsolicited calls on you or we will be making unsolicited real-time financial promotions to you. A financial promotion is defined to mean any invitation or inducement to engage in investment activity (for example, one of our brochures) and it is “real-time” if the promotion is made in the course of, for example, a conversation or an internet dialogue. It is possible that, in the course of our relationship with you as a client, we may make such calls or promotions, within the strict requirements laid down by the applicable Investment Services Rules.

Your attention is drawn to the fact that all telephone conversations and communications may be recorded and that at all times the Company will record those telephone conversations intended to result in transactions even if such conversations or communications do not result in the conclusion of such transactions or in the provision of client order services. A copy of the recording of such conversations and communications will be available on request for a period of five years and, where required by the MFSA, for a period of up to seven years.

We reserve the right to refuse to accept any order you may pass to BlueInvest Capital/Hogg Capital Investments Limited.

## INVESTMENT AND PORTFOLIO ADVICE

BIC/HCI may, at its discretion, provide to you on a regular basis and from time to time, on its own initiative, information, including market information, advice on investments and recommendations on Investment Instruments. BIC/HCI, however, will not be obliged to provide continuous advice on investments in relation to any Securities purchased by you pursuant to these Terms and Conditions or otherwise in relation to your investments, unless you are an Advisory Client.

BIC/HCI will only give you “investment advice” if we have assessed your “suitability” based on information obtained from you on your investment objectives, financial situation, and knowledge and experience of investment products and services you are familiar with. If the information obtained from you is insufficient for us to provide you with advice that is suitable for you, BIC/HCI will desist from providing you with its advice.

We may assess your investment activities to facilitate

continued provision of personal recommendations or you may choose to operate with us on an execution only basis. Under MIFID we are not required to assess your suitability if you enter into a transaction, to buy or sell, at your own initiative.

## Suitability of advice and transactions

In accepting responsibility for the merits or suitability of any advice, Investment or transaction we do so on the basis that we will exercise reasonable diligence, skill and care, in the light of circumstances which are or (using our professional skill) should reasonably be known to us at the time.

You understand that the value of Investments, and the income arising from them, can go down as well as up and it is impossible to predict future performance with any certainty. If you are designated as an Advisory Client, we will accept responsibility for advising you on the merits of any particular Investment, after having conducted and assessed the suitability of the investment or product for you based on the information contained in the relevant Retail Client Advisory Account Form and Agreement, which will be supplied to you. This assessment is made in order for BIC/HCI to act in your best interest.

The information requested in the Suitability Test is necessary to understand essential information about you and to have reasonable basis for believing that the specific recommendation/transaction:

1. Meets your investment objectives by taking into consideration the:
  - length of time for which you wish to hold the investment;
  - your preferences regarding risk taking;
  - your risk profile.
2. It is such that you are able to financially bear any related investment risks consistent with your investment objectives, by taking into consideration the:
  - source and extent of your regular income;
  - your assets, including liquid assets investments and real estate; and
  - your regular financial commitments.

Where you are classified as a Discretionary or Advisory client, you will be responsible for providing us with up-to-date information regarding your circumstances, as well as your investment requirements and objectives.

Where we have a duty to advise, the advice when given will be specific to particular Investments on a particular account and current market conditions. We are not responsible for the suitability of advice given, where you deal on an account or in Investments for which the advice was not intended.

## Non-Advisory Transactions

Where in respect of any transaction no advice is given by us other than by way of a business publication or a research note, that is general in nature and addressed

to the public in general and which is not intended to be personal to you nor aimed at influencing you in respect of any specific instrument, we may carry out the transaction for you on a non- advisory basis and the transaction will be deemed to be at your own initiative.

BIC/HCI will not be held liable for anything done by you which is contrary to any advice previously provided by us. However, if you are designated as an Advisory or Discretionary client and no advice is given by us in respect of a transaction that you wish to undertake in a Complex Instrument on a non-advisory basis, we would be required to assess the appropriateness of that investment or transaction for you.

If you are designated as non-advisory client, or we agree with you that a proposed transaction will be undertaken by you on a non-advisory basis:

1. We will accept no responsibility for advising you as to the merits or suitability of any Investment or transaction;
2. You will accordingly not be entitled to the protection afforded to Retail Clients as set-out in the Rules as regards the suitability of any Investment or transaction; and
3. We do not accept responsibility on a continuing basis for advising on the composition of your account or portfolio. We will not advise you about the merits of a particular transaction if we reasonably believe that when you give the Order for that transaction you are not expecting such advice and are dealing on a non-advisory basis.

If you are designated as a non-advisory client:

1. Where you wish to deal in Complex Instruments, we are required to assess their appropriateness for you and we will carry out our assessment either at account opening or, if the assessment has not been previously undertaken, at the point of your request to deal. Thereafter the requirement for us to assess appropriateness will not apply for individual Investments or transactions;
2. The assessment of appropriateness is entirely at our discretion and we reserve the right to re-assess appropriateness at any time;
3. Under the Rules, appropriateness is assessed solely in the context of your knowledge and experience of the risks associated with those Investments or that service and when making the assessment we are not required to take into consideration other factors, such as your investment objectives, financial resources or other personal circumstances.

Where we are required to consider appropriateness and we consider, on the basis of the information supplied to us by you, that an Investment or transaction may not be appropriate, we will notify you accordingly. If you elect not to provide sufficient information to enable us to assess appropriateness, or if you provide insufficient information in this regard, we will be unable to determine whether the service or product envisaged

is appropriate for you and we will notify you accordingly.

Following such notification any decision by you to deal will be at your own risk and we accept no responsibility for any transactions subsequently entered into by you in respect of that Investment or service; and you are responsible for notifying us if you do not wish to deal in Complex Instruments.

## CLIENT REPORTING

### Contract Notes

It is your responsibility to check the accuracy of the information given in our contract notes, statements and valuations, and to notify us immediately if you believe anything to be incorrect.

We will issue to you or your appointed agent:

1. A contract note within one (1) business day following each transaction showing full details including our remuneration and any remuneration received from any third party, i.e. a total sum of the commissions and expenses charged as well as the rate of exchange obtained where the transaction involves a conversion of currency
2. Regular statements of account, which will show the transactions entered into by us together with income and other payments received from or on your behalf during the relevant period.

When we carry out a Limit Order for you, the contract note (or the transaction information) will disclose this fact. Upon request an itemised breakdown will be provided, including where relevant, the amount of any mark-up or mark-down imposed.

### Statements & Valuations

On a quarterly basis, BIC/HCI will provide you with a valuation statement detailing all investments held on your behalf by BIC/HCI and including the cash balance at the beginning and the end of the reporting period. If you have authorised us to receive documentation by e-mail, you will receive your statements by e-mail. The value of any investments held, as identified on the valuation will be calculated using the prevailing bid price at the close of business on the date of the valuation, except for most collective investment schemes which are calculated at Net Asset Value ("NAV"). Extra valuations will be sent on request, for which there may be an additional charge as per the document 'Our Charges'.

At the end of each calendar year you will also receive:

1. The contents, valuation and the performance of your portfolio over the reporting period;
2. The total amount of fees and charges incurred during the reporting period, including costs and charges in connection with the investment service and the financial instrument, which are not caused by the occurrence of underlying

market risk and itemising at least the total management fee (including quarterly portfolio and dividend processing fees), and the total costs associated with execution. The fees and charges mentioned shall be aggregated to allow you to understand the overall cost as well as the cumulative effect on the return on your investment. An itemised breakdown of such fees and charges shall be provided upon request;

3. The total amount of dividends, interest and other payments received during the reporting period;
4. Information about other corporate actions giving rights on the instruments held in the portfolio;
5. a comparison of performance during the period covered by the statement with the investment performance benchmark (if any) agreed between BIC/HCI and you.

If you are under the service of Portfolio Management, please refer to Section *Discretionary Portfolio Management* (Annex 1 below) for the ongoing reporting information.

#### **PREVENTION OF MONEY LAUNDERING**

BIC/HCI is a subject person in terms of the Prevention of Money Laundering and Funding of Terrorism Regulations and is subject to compliance with the above regulations and other requirements made thereafter and issued from time-to-time by the Malta Financial Services Authority and the Financial Intelligence Analysis Unit as applicable. In furtherance of such obligations and in the event that BIC/HCI has a suspicion of money laundering or funding of terrorism in terms of the Prevention of Money Laundering Act and applicable regulations in relation to such assets of the client, it will be obliged to communicate its suspicions to the competent authorities. Also, BIC/HCI may be required to inter alia block your assets or investments following instructions received by the relevant authorities.

You acknowledge that BIC/HCI is bound to comply with the provisions of the Prevention of Money Laundering Act and regulations made thereof and agree to provide BIC/HCI on request, with true, correct and complete information and verification including without limitation, the identification of the contracting parties, the identification of the beneficial owner of the assets and details on the economic and business background and rationale of the business as well as any other information BIC/HCI may reasonably require to comply with its legal obligations.

You shall declare and confirm whether you fall under the definition of a Politically Exposed Person, which is defined as individuals who hold prominent public functions in terms of the Prevention of Money Laundering and Funding of Terrorism Regulations. This definition also includes family members and close associates of a Politically Exposed Person. You are obliged to inform BIC/HCI immediately once you become a politically exposed person or become related or a close associate of a Politically Exposed Person in

line with the above definition.

#### **PREVENTION OF FINANCIAL MARKETS ABUSE ACT**

You acknowledge that BIC/HCI is bound to comply with the provisions of the Prevention of Financial Markets Abuse Act and regulations made thereof. In furtherance of such obligations and in the event that BIC/HCI has a suspicion of market abuse or market manipulation in terms of the Prevention of Financial Markets Abuse Act and applicable regulations, it will be obliged to communicate its suspicions to the competent authorities.

#### **KEY FACTS OR FEATURES DOCUMENTS**

Where, in some circumstances, we recommend to you, or arrange for you to buy, certain Investments we are required to provide you with a Key Facts or Features Document. These Investments will ordinarily represent an investment trust savings scheme or units in a collective investment scheme and which may have been prepared by a third-party, but could also include in-house prepared notes detailing direct securities including bonds and equities. The Key Facts or Features Document will be provided before you undertake to execute a related investment, or, where an oral explanation has been made in advance, said document will be delivered to you within five business days of the recommendation or transaction. This requirement does not apply to Discretionary or Execution-only Clients. Nor does it apply if you already hold the same Investment and have previously received a Key Facts or Features Document. Thus, the requirement applies to Advisory Dealing Clients who are buying a particular relevant Investment for the first time. For certain types of unit trust, known as Undertakings for Collective Investment in Transferable Securities (“UCITS”), a Simplified Prospectus may be available. We would be pleased to supply copies of available Simplified Prospectuses on request.

#### **DEALING**

##### **Acceptance of Dealing Instructions**

We will accept dealing instructions only by verbal instruction (followed in written form by e-mail or mail), post, telephone conversation, which shall be recorded, facsimile, or by e-mail, and we shall have no liability for any instructions until they are received by us. We will not be liable for any delays in or failure of electronic communications.

We may act on any instructions that we reasonably believe to have been sent by you.

We may at our discretion and without giving any reason therefore accept or reject any instruction to carry out any transaction but shall notify you as soon as reasonably practicable if any instruction is rejected. Such circumstances may include where your account has become a dormant account or where there may be legal or regulatory reasons preventing us from accepting your instructions or due to market conditions

and related factors.

If you are a Retail Client, upon becoming aware of any material difficulty relevant to the proper carrying out of your Orders, we will inform you promptly.

Where we accept dealing instructions for other than immediate execution at the best possible price, we will take all sufficient steps to complete them but accept no responsibility for non-completion. You agree to accept partial completion of Orders unless it is expressly agreed otherwise. We accept no liability for the non-completion of or delay in completing any instructions given by you or accepted by us where this is caused by systems failure, market closure or other exceptional circumstances.

If you wish to cancel an Order which has not yet been carried out we will, without liability, seek to cancel it with the market or with the agents (if any) to whom we have passed it, but we can give no assurance that we can effect such cancellation. In placing any Order with us you accept full liability for its completion unless we confirm to you the cancellation of the Order, and you accept liability for any losses and costs arising from such cancellation.

#### **Aggregation of Orders**

We may aggregate your Order with that of another client if we reasonably believe that it is likely that the aggregation will work more to your advantage overall than if your Order had been carried out separately, but the effect of the aggregation may operate on some occasions to your disadvantage.

When we allocate aggregated trades, we will take the necessary steps to ensure that when your order is allocated, this does not work to your disadvantage.

Where we combine client orders and the aggregated Order is partially executed, we will allocate pro-rata the related trades to clients.

#### **Sales to be unencumbered**

You warrant that all Investments that you instruct us to sell are free from any charges, liens or encumbrances.

#### **ORDER EXECUTION POLICY**

BlueInvest Capital/Hogg Capital offers best execution to its clients subject to the following conditions:

1. Liquidity is deep enough in an instrument at any one time to accommodate the entire order.
2. Partial fills will be treated as subject to best execution in their entirety, not their component parts.
3. The client order is within normal market size (NMS).
4. The client order is below the size shown on the screen as provided by the execution venue.
5. Whichever is less of 3 and 4 above.

BlueInvest Capital/Hogg Capital Investments Limited is required to put in place an order execution policy and to take all sufficient steps to obtain the best possible result (or “best execution”) on behalf of Retail and Professional Clients, either when executing client Orders or receiving and transmitting Orders for execution. We are also required to provide a summary to Retail and Professional Clients of our order execution policy and obtain your consent to such policy. Requests for further information should be directed to [DPM@blueinvestcapital.com](mailto:DPM@blueinvestcapital.com).

#### **Scope**

Our order execution policy applies only to Retail and Professional Clients and to Financial Instruments, as defined by MiFID. The order execution policy applies where we carry out Retail and Professional Client Orders in such Financial Instruments, whether by executing such Orders “on client’s behalf” or transmitting them to a third-party firm for execution. We will be executing orders “on your behalf” where you legitimately rely on us to protect your interests in relation to the pricing or other aspects of the transaction that may be affected by how we execute the Order.

#### **Order execution**

When executing Orders on your behalf we will take all reasonable steps to obtain the best possible result for you taking into account the execution factors listed below. We will determine the relative importance of the execution factors by using our commercial judgement and experience in light of market information available and taking into account the execution criteria also described below.

In the case of a client limit order in respect of shares admitted to trading on a regulated market which are not immediately executed under prevailing market conditions, BIC/HCI is, unless the client expressly instructs otherwise, to take measures to facilitate the earliest possible execution of that order by making public immediately that client limit order in a manner which is easily accessible to other market participants.

#### **Execution factors**

The execution factors that will be taken into account are: price; costs related to execution; speed; likelihood of execution and settlement; size and nature; market conditions; liquidity; and/or any other consideration relevant to the execution of the Order.

As a Retail Client, the best possible result will be determined in terms of the total consideration, representing the price of the Financial Instrument and the costs related to execution. Speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs will be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to you.

**Execution criteria**

The execution criteria that will be taken into account are the characteristics of the:

1. Client;
2. Order;
3. Financial Instruments that are the subject of that Order; and
4. Execution Venues to which that Order can be directed.

**Execution Venues**

Execution Venues<sup>1</sup>, detailed below, comprise those Execution Venues on which we place significant reliance. We reserve the right to use other Execution Venues where we deem appropriate in accordance with our order execution policy and may add or remove any Execution Venues as deemed appropriate. Execution venues used by the Company will always be listed in the order execution policy which is provided to you, as the Client, for your prior consent. We will regularly assess the Execution Venues available in respect of any Financial Instruments that we trade to identify those that will enable us, on a consistent basis, to obtain the best possible result when executing orders. The list of Execution Venues will then be updated, where necessary, following such assessment. Any change to such list will be notified to you.

When carrying out your Orders, we place significant reliance on the following Execution Venues:

1. Malta Stock Exchange;
2. Member firms of overseas stock exchanges;
3. Managers and administrators of collective investment schemes and other investments; and
4. Other local and overseas Execution Venues and online trading platforms that we deem appropriate and that accord with our order execution policy.

**Selecting an Execution Venue**

BIC/HCI will not discriminate between brokers/execution venues, but will base its order execution decision on a consideration of execution factors and other qualitative factors relating to the broker/execution venues.

In the absence of any specific instructions that may be given by you in order to select an Execution Venue for an Order, we will use the following methodology:

When carrying out Orders on a Regulated Market or MTF (Multilateral Trading Facility - is a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments which can be assimilated to alternative trading exchanges) we will select the Execution Venue that we

consider the most appropriate. The Execution Venue may be the Regulated Market or MTF itself, or a member firm of the Regulated Market or MTF.

For a Financial Instrument admitted to trading on a Regulated Market or MTF, where we believe that we can trade to your advantage or at no disadvantage to you, we may transmit an Order to, or execute an Order on, an Execution Venue that is outside a Regulated Market or MTF, provided that your prior consent will be obtained in this case.

In terms of our order execution policy, it is possible that your order may be executed outside a regulated market or multilateral trading facility. For a Financial Instruments not admitted to trading on a Regulated Market or MTF, we will select the Execution Venue that we consider the most appropriate. Some Financial Instruments may have only one possible Execution Venue. In carrying out an Order on your behalf in such circumstances, it will be assumed that we have achieved best execution.

**Specific client instructions**

Where you give us a specific instruction as to the execution of an Order, we will execute the Order in accordance with those specific instructions. Where your instructions relate to only part of the Order, we will continue to apply our order execution policy to those aspects of the Order not covered by your specific instructions.

You should be aware that providing specific instructions to us in relation to the execution of a particular Order may prevent us from taking the steps set out in our order execution policy to obtain the best possible result in respect of the elements covered by those instructions. We reserve the right to refuse specific instructions from you regarding the execution of your Order, where in our opinion such instructions are not practicable or may be contrary to your best interests.

**Publishing unexecuted Limit Orders**

Limit orders allow investors the ability to specify the minimum price at which they want to sell, or the maximum price at which they want to buy a particular security, and to determine how long they want the Limit Order to stay open to meet those requirements. It may not always be possible to execute Limit Orders under the prevailing market conditions. We would then be required to make such Orders public ahead of execution, unless you agree that we need not do so. We believe that it is in your best interests if we exercise our discretion as to whether or not we make such Orders public. However the Company will always require your express instructions in order to desist from making such limit order public.

Maker/Liquidity Provider; or and entity that performs a similar function in a non-EEA country to the functions performed by any of the foregoing.

<sup>1</sup> Under MIFID II, the term “execution venue” means a Regulated Market; Multilateral Trading Facility (MTF); Organised Trading Facility (OTF); Systematic Internaliser; Market

### Reception and transmission of Orders

In the absence of specific instructions that may be given by you, we may transmit an Order that we receive from you to a third-party broker, for execution. In doing so, we must act in your best interests.

### Reporting

In accordance with its regulatory obligations as an investment firm that places/transmits orders, BIC/HCI will make public on an annual basis, and retain public for a minimum period of 2 years, for each class of financial instruments, the top five (5) execution venues in terms of trading volumes where it has placed/transmitted orders. This information is available at [www.blueinvestcapital.com](http://www.blueinvestcapital.com).

### Monitoring and reviewing

We will monitor compliance with our order execution policy. We will review our order execution arrangements and policy regularly and whenever a material change occurs that affects our ability to continue to obtain the best possible result for our clients. We will notify you of any material changes to our execution arrangements.

You may request that we demonstrate that we have carried out your Orders in accordance with our execution policy. We will undertake to respond clearly and within a reasonable time to reasonable and proportionate requests for information about this policy.

### Consent

We are required by the Investment Services Rules of the MFSA to obtain your prior consent to our order execution policy. You will be deemed to provide such consent when you first give an Order after receipt and acceptance of these Terms.

### CONFLICTS OF INTEREST POLICY

For the purpose of meeting customer protection objectives, the Company is required to maintain and operate effective organisational and administrative arrangements, with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest that can arise both between the Company and its clients, as well as between one client and another, to protect the integrity of relationships with its customers.

The Company maintains a Conflicts of Interest Policy that identifies, with reference to our services, the circumstances that constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients, taking into account the size, nature, scale and complexity of the business.

Our employees are required to act in the best interests of each individual client and not to have regard to the interests of one client over the interests of any other.

They are required to comply with a policy of independence and disregard any interest, other than your own, when making recommendations to you or carrying out transactions on your behalf.

The Company shall as far as possible, avoid placing itself in a situation where it faces conflicts of interest when dealing with clients. Where this is not possible, the Company shall ensure from the outset there is full disclosure to you as our client of any relationship which gives rise to potential conflicts of interest.

### REMUNERATION POLICY

Our Remuneration Policy sets out how we seek to comply with our regulatory obligations regarding executive and staff remuneration schemes, including the consideration of potential conflicts within our incentive schemes, which we undertake to assess and monitor on an ongoing basis. In line with its business strategy, objectives, values and long-term interest of the Company, BIC/HCI applies the following measures to avoid conflicts of interest:

- Does not remunerate or assess the performance of its employees in a way that conflicts with its duty to act in the best interest of its clients;
- Does not make any arrangement by way of remuneration, sales targets or otherwise that could provide an incentive to its employees to recommend a particular financial instrument to a retail client when the Investment Advisor could offer a different financial instrument which would better meet that client's needs.

### Inducements

When providing investment services to you, the Company shall act honestly, fairly and professionally in accordance with your best interests and it shall not accept any inducement from a third party with a view to entice the Company to adopt a particular course of action.

In respect of transactions carried out on your behalf, we may share our charges with third parties or with a company connected with us or offer non-monetary benefits to them. We may also receive remuneration or non-monetary benefits from third parties who offer us a service. In particular, your attention is drawn to the following:

- Where you have been introduced to us by another intermediary (including a Person connected with us), we may pay remuneration or a non-monetary benefit to that intermediary, or a company connected with it, in respect of the introduction. Conversely, where we introduce you to another intermediary with whom you subsequently engage in a course of business, we may receive remuneration from that intermediary or a company connected with it. Where required by the Rules you will be notified of such arrangements.

- We may give or receive minor non-monetary benefits to or from third parties other than clients which are of a scale and nature that would not impair our compliance with our duty to act honestly, fairly and professionally in your best interests, and where they are reasonable, proportionate and of a scale unlikely to influence our behaviour in any way detrimental to your interests.

Details of any such remuneration or sharing arrangements above may not be set-out on the relevant contract note or confirmation note but can be made available to you on request. However with respect to the 2nd bullet point relating to the provision or receipt of minor non-monetary benefits to or from third parties, other than clients, the Company will notify you of such payments/benefits in the course of issuing its annual statements to you, as mentioned in the above paragraphs. Nonetheless, when recommending a product which involves a minor non-monetary benefit, the Company shall disclose to you the main reasons why the particular investment best suits your needs. The Company, or any other person acting on its behalf, are prohibited from paying or being paid any fee or commission, or providing or being provided with any non-monetary benefits. However the Company may accept minor non-monetary benefits in the following situations:

- a) The non-monetary benefit is designed to enhance the quality of the relevant service to the Client; and
- b) Does not impair compliance with the Company's duty to act in the best interests of the Client. In such circumstances the Company will disclose to you the existence of such benefit.

### Gifts

The employees of the Company are not allowed to accept gifts from, or give to, any person any gift or benefit that cannot be regarded as justifiable or can be perceived as an inducement for the purpose of influencing the action of the organisation, the employee or of the client.

The Company promotes that all employees demonstrate commitment to treating all clients with whom they come into contact, impartially and unbiased.

### Marketing and Educational Material

Marketing and communication material issued by BIC/HCI is identifiable as such. In its marketing campaigns the Company provides transparent warnings to its clients and/or prospective clients where the marketed instrument is of a high-risk nature.

The Company ensures that the marketing content is clear, fair and not misleading so to enable the client to make an investment decision on unbiased information. The Company also ascertains that the educational material is offered for promotional purposes and that it

does not entail any obligation to purchase investment services from the firm.

### Client Orders

Potential conflicts may arise where;

- I. We match your order with that of another client;
- II. We place or execute comparable orders given simultaneously by different clients;
- III. We allocate investments from orders which have been aggregated with those of other clients and where a full allocation has not been possible; or
- IV. A Person connected with the Company deals as counter-party to your transaction, be it a purchase or a sale.

You should be aware that in making any recommendation or in carrying out any transaction for you, the Company will not be required to disclose that the other party to the transaction may be any of the above detailed potential conflicts. The Company will nevertheless maintain procedures to ensure the fair treatment of clients in such instances and avoid conflicts of interest.

### Suitability or Appropriateness (applicable to Retail Clients)

Any investment service and/or recommendations to be made shall always be in your best interest and in line with the overall assessment of suitability and/or appropriateness tests undertaken by the Company on your financial situation and/or knowledge and experience.

Where the provision of advice is offered and our Investment Advisor determines that any investment to be recommended is not in line with your profile, then such recommendation is not made.

Where you choose to place an order at your own initiative (execution-only) in a complex instrument, the Company will undertake an appropriateness test, i.e. collect details of your knowledge and experience you accordingly. Such warning shall be given a standardised format and before you enter into a transaction.

Where you choose to place an order at your own initiative in a non-complex instrument, the Company is not obliged to undertake an Appropriateness Test. However, a warning will still be issued to you, informing you that BIC/HCI is not obliged to assess your knowledge and experience and that BIC/HCI is taking no responsibility for the product suitability. Such warning shall be given in a standardised format and before you enter into a transaction.

### Employee Dealing

Due to the nature of the services of the Company, the employees of the Company may place orders for investments for their own account which can create a conflict with the duties owed to our clients. Therefore, all our employees are required to comply with our Staff

Dealing Directive contained within our Conflicts of Interest Policy.

### Disclosure of Conflicts of Interest

The Company and its connected Persons (be they legal entities and/or individuals), including its directors, members, staff and members of their families may have positions in the securities of Financial Instruments referred to in our research.

Nevertheless, we have in place adequate internal procedures to ensure that you are treated fairly, and investment advice is always given to you on the basis of your profile and Suitability and/or Appropriateness Testing as explained in the above section.

### Review of the Conflicts of Interest Policy

BIC/HCI will review its Conflicts of Interest Policy at least annually or whenever a material change occurs that presents a conflict of interest not contemplated in this Policy.

If you are unclear on how this policy affects you, you should seek guidance from BIC/HCI. On request, you will also be provided with a copy of the full version of the Conflicts of Interest Policy.

### SETTLEMENT OF TRANSACTIONS

All transactions will be due for settlement in accordance with market requirements and the relevant contract note or advice. You undertake to ensure that all investments and other documents of title and/or transfer forms that are required and/or any relevant cash balance are delivered, transferred or paid to BIC/HCI (or to BIC/HCI's order) in reasonably sufficient time on or before the contractual settlement date to enable BIC/HCI to settle the transaction and that all cash and investments held by, or transferred to BIC/HCI will be and remain free from any lien, charge or encumbrance. All payments due to BIC/HCI will be made without set-off, counterclaim or deduction.

You acknowledge that in settling transactions on your behalf, BIC/HCI is acting as agent on your behalf and that it will not be responsible for any default or failure on the part of any counterparty to a transaction or of any depository or transfer agent and delivery or payment will be at your entire risk.

You acknowledge that you shall not have any rights in respect of any settlement that will be due to be received pursuant to a transaction and that BIC/HCI shall have no obligation to account to you for any such cash or investments until you have performed your obligations in relation to such transactions and BIC/HCI, as your agent, has been able to settle the transaction.

BIC/HCI shall, without further notice to you, be entitled to sell or otherwise dispose of any such investments and apply any proceeds or any such cash received by

BIC/HCI under a relevant settlement in discharge or reduction of any of your obligations in relation to such transactions.

Any transactions undertaken on your behalf on a domestic or an international market shall be subject to the rules of the relevant exchange, clearing system or depository and any terms of the agent or (eligible) custodian employed by BIC/HCI, including but not limited to, any right of reversal of any transaction (including any delivery or redelivery of any investment and any payment) on the part of any such entity or person.

You may settle transactions executed on your behalf by electronic transfer, or by sending us cheques or drafts by post or by a personal visit to our offices. We will accept cheques or drafts in most major currencies. All payments must be payable to Hogg Capital Investments Limited and, in the case of personal cheques, these payments must be drawn on a bank account that is registered in your name. Endorsed cheques payable to third parties cannot be accepted.

Cash settlement cannot be accepted.

We reserve the right to charge interest on late payment or delivery at the maximum rate allowable by law.

### CLIENT MONEY

We shall hold the Clients' money in separate clients' bank accounts designated 'Hogg Capital Investments Limited – Clients' Account', held with a licensed credit institution within the European Economic Area.

Monies can be held separately or pooled together with monies belonging to other clients but always segregated from the Company's own money. Where your money is pooled with other clients' money, the Company ascertains that adequate arrangements are in place for handling and accounting of your money. As a Client, you agree that the Company:

- Shall have no responsibility to credit interest on the Clients' monies held with it;
- Shall not be liable in the event of default by a bank, other borrower, agent, broker or other person who is holding your money pursuant to these Terms.

Where we hold money for you overseas, or we need to pass it to an overseas Person (such as a broker, settlement agent or option counterparty) we look for similar safeguards to those pertaining to your money held in Malta. In particular:

- (i) if the money is held for you in a bank overseas, it will only be held in a bank approved by a Regulator equivalent to the MFSA;
- (ii) we require any such overseas bank and/or broker to acknowledge that it accepts that it has no right of set-off or counterclaim against money held for you in a client bank/deposit account in respect of any sum owed on any other account of ours.

## CUSTODY

Investments which are held by BIC/HCI for your account will be registered either:

- In your name where this has been requested by and agreed with you;
- In the name of a nominee company controlled by BIC/HCI,
- By a recognised or designated investment exchange; or
- In the name of a third party (or its nominee) selected by BIC/HCI in accordance with the MFSA rules (an “Eligible Custodian”).

If any investments are registered in your name, you will bear the risks and obligations in relation to such registration. BIC/HCI shall, where it has agreed to do so, administer any such investments in accordance with the provisions of these terms.

Any bearer investments shall not be held by BIC/HCI, but may be held by an Eligible Custodian.

As detailed above, we may direct international investment business on behalf of our clients through various foreign regulated brokerages, all of which are nevertheless regulated for the purposes of investment business in the relevant Country of establishment by the National Competent Authority. When we deal for you in a bond or in equity, this investment will be registered in the name of the respective foreign broker’s nominee and will be held with their respective custodian(s) for the account of “Hogg Capital Investments Limited – Clients Account”. The nominee will technically assume legal title to the security, but you would remain at all times the beneficial owner of your investments provided you have fulfilled your settlement obligations.

The above procedures would be the same where we would be investing on your behalf in a foreign domiciled collective investment scheme.

Overseas investments may be registered or recorded either in the name of BIC/HCI – designation “Client(s) Account”, or in the name of an Eligible Custodian but only where BIC/HCI has taken reasonable steps to determine that it is in your best interests to do so or it is not feasible to do otherwise because of the nature of the applicable law and market practice.

Your Investments may be pooled with those of other clients for administrative reasons, but they will be strictly segregated and identified in our records and they will not be used for the account of any other client. The effect of pooling is that individual client entitlements may not be identifiable by separate Certificates, other physical documents of title or equivalent electronic record. In the event of an irreconcilable shortfall after the default of a Custodian clients may share proportionately in that shortfall.

Please note that this segregation may not necessarily occur in relation to overseas Investments, as described below.

Where we purchase and/or hold foreign investments for you these may ultimately be registered or recorded in the name of a Custodian in one or more jurisdictions if, due to the legal requirements or the nature of market practice in the jurisdiction(s) concerned, it is in your best interests to do so or it is not feasible to do otherwise. As a consequence of registering your Investments overseas they may not be segregated from Investments belonging to our principal(s) or the Custodian and therefore your protection may be less should a default occur on the part of the Person in whose name the Investments are registered or recorded. Investments belonging to you which are held overseas may be subject to different settlement, legal and regulatory requirements.

In the event of an irreconcilable shortfall following any loss by or default of the custodian responsible for such pooled investments, you may not receive your full entitlement and may share in that shortfall pro-rata.

Stock which we hold for you on a pooled basis may attract different treatment during corporate actions or other events than it would have done if the Investment was held in a separately designated account and your options may be limited. In such cases any rights or other benefits will be shared proportionately among all shareholders whose holdings are affected.

BIC/HCI will exercise due skill, care and diligence in the arrangements for holding and safekeeping of your investments but BIC/HCI shall not be responsible for any acts, omissions or default of any such Eligible Custodian save where such a default is caused by negligence, fraud or wilful default on the part of BIC/HCI. Although BIC/HCI will seek to ensure that adequate arrangements are made to safeguard your ownership rights, especially in the event of its own insolvency, your investments may be at risk if an Eligible Custodian becomes insolvent.

At least every 12 months we will provide you with a statement of your Investments which are held by us via our nominee and cross-referenced with our foreign principals and hence their respective custodians. You are requested to review the statement and to notify us in case you do not agree with the content. If you are under the service of Portfolio Management, please refer to Section *Discretionary Portfolio Management* above for the ongoing reporting information.

More frequent statements may be provided on request and at an additional cost.

Should you ask to stop being a client, we shall be entitled to charge a fee, as set out in our published scale from time to time, for the transfer of stock out of your

nominee account.

## ADMINISTRATION

All instructions regarding the administration of investments held by BIC/HCI on your behalf should be made in writing to us. We do not accept from, or send instructions to third parties, unless a valid power of attorney has been established for this purpose.

BIC/HCI will inform you of any rights issues, take-over offers, capital reorganisations, conversion or subscription rights that affect any investments that are held for your account by BIC/HCI or any Eligible Custodian as soon as reasonably practicable after receiving notice of those events. BIC/HCI will be responsible for claiming and receiving dividends, interest payments and other entitlements accruing on your behalf, but is not responsible for taking any decisions in relation to any rights and/or corporate actions.

We will act on your instructions where and when we need to inform our brokers on your behalf to:

1. Exercise conversion and subscription rights
2. Deal with takeovers or other offers or capital reorganisations
3. Exercise voting rights
4. Any other Corporate Action

The consequences of a failure on your part to provide instructions to us by the stated time once notification has been given are entirely your own responsibility.

BIC/HCI will always exercise best efforts to contact you when, and if, in receipt of voluntary Corporate Actions. In such circumstances BIC/HCI will inform you of the options available, if any, as well as the deadline for such Corporate Action. The consequences of a failure on your part to provide instructions to us by the stated deadline once notification has been given are entirely your own responsibility.

In the exceptional circumstances, where for some reason and at no fault of BIC/HCI, it will not be possible to communicate with you in good time before the ex-date, or the instructions are not received from you by the stated deadline, then BIC/HCI will not act on the Corporate Action and in which case the default option for that Corporate Action will take place.

Dividends, interest and other rights and payments may be received by BIC/HCI net of local withholding or similar taxes or deductions and BIC/HCI may, if required to do so to comply with legal or regulatory requirements, itself withhold or deduct tax or other amounts from dividend or interest payments received.

BIC/HCI reserves the right to refuse to hold any investments on your behalf but BIC/HCI will advise you of its decision to do so and the reasons for such decision

unless precluded from doing so owing to any legal or regulatory constraints.

## YOUR RIGHT TO INSPECT YOUR TRANSACTIONS

We are required to make available, for your inspection, copy contract notes, vouchers and copies of entries, electronic or otherwise, and phone conversations that relate to your transactions.

We are further required to retain all such records for a minimum period of five years from the date of the transaction.

## SECURITY AND DEFAULT

You hereby grant to BIC/HCI a first fixed charge (with full title guarantee) and a general lien and right of set-off with respect to all cash, investments or other assets of any description paid or delivered (or which are due to be paid or delivered) to BIC/HCI for your account in settlement of any transaction. You warrant that all such cash, investments or other assets are beneficially owned by you or are paid or delivered to BIC/HCI with the beneficial owner's consent and free and clear of any charge, lien or encumbrance and that you will not charge, assign or otherwise dispose of or create any interest in such cash, investments or other assets other than in accordance with these terms without BIC/HCI's prior consent.

In the event that BIC/HCI does not receive settlement when due (as shown in the relevant contract note or advice) or in the event of you not taking all such steps as may be necessary to secure the due and prompt settlement of any such transaction (or if BIC/HCI reasonably consider that you have not or are unlikely to perform your obligations under these terms), BIC/HCI may, inter alia, without further notice to you, enforce its security and/or cancel, close out, terminate or reverse all or any contracts or transactions and sell, charge, pledge or otherwise dispose of any investment or other assets held by BIC/HCI at such time for the purposes of settlement at whatever price and in whatever manner BIC/HCI, acting in good faith, sees fit in its absolute discretion (without being responsible for any loss or diminution in price) and may enter into any other transaction or do or not do anything which would or could have the effect of reducing or eliminating liability under any transaction, position or commitment undertaken for you.

For the avoidance of doubt, any asset held for you can be realised in order to discharge any obligation you have to BIC/HCI, including any investments held in safekeeping by BIC/HCI and any investments held in the course of settlement.

BIC/HCI shall not be liable to you in respect of any choice made by BIC/HCI in selecting the investments sold. The proceeds of sale (net of costs) will be applied in or towards the discharge of your liabilities and

BIC/HCI will account to you for any balance. In the event that such proceeds are insufficient to cover the whole of your liabilities, you will remain liable to BIC/HCI for the balance. You hereby authorise BIC/HCI to set-off, transfer or apply (without prior notice) any indebtedness, liabilities or obligations of BIC/HCI to you in or towards the satisfaction of any indebtedness, liabilities or obligations or any sum that is due from you to BIC/HCI in any respect whatsoever (whether or not expressed in the same currency and including, without limitation, any payment of fees or charges due to BIC/HCI and payments pursuant to any indemnity).

In exercising any right or remedy pursuant to these terms, BIC/HCI is authorised to effect such currency conversions and enter into such foreign exchange transactions with, or on your behalf, at such rates and in such manner as BIC/HCI may, in its absolute discretion, determine. You acknowledge and accept that in exercising any right or remedy pursuant to these terms BIC/HCI will be acting on its own behalf rather than executing your orders.

#### LIABILITY AND INDEMNITY

Neither BIC/HCI, nor any of its directors, employees or agents, shall be liable for any loss or damage sustained by you as a direct or indirect result of the provision by BIC/HCI of its services, save that nothing in these terms shall exclude or restrict any liability of BIC/HCI resulting from the negligence, fraud or wilful default of BIC/HCI or any contravention by BIC/HCI of the MFSA Rules. BIC/HCI shall not, in any event, be liable for any indirect or consequential loss (including any loss of profit), or for any losses that arise from any damage to your business or reputation.

You undertake to indemnify BIC/HCI and each of its directors, employees and agents (“Indemnified Persons”), against any liabilities, reasonable costs and expenses (including legal costs) and all duties and taxes (other than our *corporate* income tax) which are caused by:

1. the provision by BIC/HCI of its services to you;
2. any material breach by you of any of these terms;
3. any default or failure by you in performing your obligations to make delivery or payment when due; or
4. any defect in title or any fraud or forgery in relation to any investments delivered to BIC/HCI by or on your behalf or in relation to any instrument of transfer in relation to such investments (including any electronic instruction) purporting to transfer such investments.

BIC/HCI shall not be entitled to be indemnified against the consequences to BIC/HCI of its own negligence or wilful default or any contravention by BIC/HCI of any provision of MFSA rules. BIC/HCI shall have no liability for any circumstance or failure to provide any of the services if such circumstance or failure results wholly or partly from any event or state of affairs beyond BIC/HCI’s reasonable control (including, without

limitation, any failure of communication, settlement, computer or accounting system or equipment, any failure or interruption in the supply of data, any political crisis or terrorist action, the suspension or limitation of trading by any exchange or clearing house or any fire, flood or other natural disaster) and, in such circumstances, any of BIC/HCI’s obligations shall be suspended pending resolution of the event or state of affairs in question.

The provisions of this clause shall continue to apply notwithstanding the fact that BIC/HCI ceases to provide services and shall be in addition to any other right of indemnity or claim of any Indemnified Person whether pursuant to these terms or otherwise and shall not be affected by any forbearance, whether as to payment, time, performance or otherwise.

#### CHARGES

Any fees or charges payable by you in relation to the services provided by BIC/HCI and taxes payable via BIC/HCI will be set out in our scale of charges as notified to you from time to time. BIC/HCI is entitled to pay such charges out of assets and money held for you or by set-off or to require you to pay them direct to it. You may be liable for other taxes or charges not payable via BIC/HCI.

Transactions and services which we or our agents carry out in accordance with these Terms may be subject to taxes (such as VAT and stamp duty) and charges and levies under the Rules. You will be responsible for paying all taxes, stamp duty and similar charges.

You will also be liable to pay any Order cancellation charges, interest, or fines in connection with such action.

In the event of termination of these Terms by you, or on the termination of any of our services to which an annual charge(s) apply (e.g. our management fees), we shall charge for our services on a pro rata basis.

#### PROFESSIONAL CLIENTS

The Company is required to classify its clients at the outset of a business relationship and prior to the provision of its service, as either a Retail Client, a Professional Client or an Eligible Counterparty. The designation “Professional Clients” includes authorised firms, larger companies and trusts, and certain expert private investors (who elect to be treated as Professional Clients), who are entitled to a reduced level of client protection.

The term “Professional Client” also includes ‘per se professionals’ and ‘elective professionals’, but does not include “Eligible Counterparties” as defined by the Rules (primarily national governments, larger companies and market practitioners).

As a Professional Client, you must continue to meet the qualitative and quantitative criteria and you will be responsible for notifying us if you cease to meet the criteria for being so classified. Clients have the right to request a different classification; however we reserve the right to refuse such requests.

'Per se professionals' includes:

- (i) authorised firms (except where classified as an Eligible Counterparty);
- (ii) large undertakings meeting two of the following three tests:
  - (a) balance sheet total Euros 20 million;
  - (b) net turnover Euros 40 million; and
  - (c) own funds Euros 2 million.
- (iii) a national and regional governments, public bodies that manage public debt, Central Banks, international and supranational institutions (such as the World Bank, the IMF, the ECB or the EIB) or another similar international organisations);
- (iv) other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

'Elective professionals' includes those clients who would otherwise fall to be classified as Retail Clients, but who wish to be treated as a Professional Client and whom we have determined to possess sufficient expertise, experience and knowledge to give us reasonable assurance, in light of the nature of the transactions or services envisaged, that they are capable of making their own investment decisions and understand the associated risks. In relation to MiFID business, in the course of this assessment a client must additionally satisfy two of the three following criteria:

- (i) the client has carried out transactions, in significant size, on the relevant market at an average frequency of ten per quarter over the previous four quarters;
- (ii) the size of the client's overall financial instrument portfolio exceeds Euros 0.5 million; and
- (iii) the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

In order to be classified as an 'elective professional', the client must provide a written request/statement to being so treated, together with a separate written acknowledgement that the client is aware of the protections lost by being so classified. This acknowledgement is to be provided after that BIC/HCI has issued its warning in writing of the protections being lost.

The following warning sets out the protections under the regulatory system that you may or will lose if you are classified as a Professional Client (including elective professional clients), and these Terms are varied accordingly in relation to Professional Clients.

Whilst not exhaustive, the differences can be summarised as follows (further detail can be provided upon request):

- (i). There is significantly less prescription about what has to be communicated to a Professional Client than to a Retail Client. Professional Clients may receive fewer information disclosures in the areas of marketing communications and financial promotions, as well as notifications regarding the level and nature of information about risks inherent in the investments or services, including custody and safekeeping, which may be offered. There is also less prescription regarding the requirement for, and content of, any periodic reports;
- (ii). The applicable conduct of business regime permits firms to assume that Professional Clients possess the experience, knowledge and expertise to make investment decisions and to properly assess the risks that it incurs in so doing. Where you are an Execution- Only Professional Client or a Non-Advisory Client and we are required to assess whether an Investment or service is appropriate for you, we can assume that you have the necessary level of knowledge and experience to understand the risks involved. Where you are an Advisory Dealing, or Discretionary Professional Client and we are required to assess the suitability of a personal recommendation or transaction for you, we can assume that you have the necessary level of knowledge and experience to understand the risks involved, and can assume (for 'per se professionals') that you are able financially to bear any investment risks consistent with your investment objectives;
- (iii). When providing Professional Clients with best execution, we are not required to prioritise the price and overall costs of the transaction as being the most important execution factors. Nor do we need to inform you of material difficulties relevant to the proper and prompt carrying out of your Order(s);
- (iv). Where we are holding your client money, we are not required to notify you of whether interest is payable on it;
- (v). Professional Clients are not eligible for any compensation under the Investor Compensation Scheme and hence are offered a less degree protection;
- (vi). Retail Clients are protected by law from being subject to title transfer financial collateral arrangements with the Company, whereas Professional Clients are not;
- (vii). Retail Clients are also protected by the MFSA's National Product Intervention measures on CFDs for Retail Clients, whereas Professional Clients are not;
- (viii). Professional Clients may receive fewer

information disclosures in the areas of marketing communications and financial promotions, as well as notifications regarding the level and nature of information about risks inherent in the investments or services, including custody and safekeeping, which may be offered. The Company is obliged to provide Retail Clients with more detailed information both at the commencement of the business relationship as well as on an ongoing basis. This follows the premise that Professional Clients can be assumed to understand the overall service, including relevant charging structure, whereas with respect to Retail Clients the Company is required to apply a more comprehensible approach. For this reason, the Company will provide more details when explaining its charging structure to Retail Clients and will include more detail and disclosures on its reports and at pre-contract stage prior to the entering of the business relationship.

#### **DATA PROTECTION AND CONFIDENTIALITY OF INFORMATION**

BIC/HCI may use, store or otherwise process personal information provided by you in connection with the provision of the services for the purposes of providing the services, administering your account or for purposes ancillary thereto, including, without limitation, for the purposes of credit inquiries or assessments. BIC/HCI operates, and has made all appropriate notifications in accordance with, applicable data protection legislation. The information BIC/HCI holds about you is confidential and will not be used for any purpose other than in connection with the provision of the services. Information of a confidential nature will be treated as such provided that such information is not already in the public domain. BIC/HCI will not sell, rent or trade your personal information to third parties.

In accordance with the General Data Protection Regulation (“GDPR”), you are entitled to exercise a number of rights with regards to your personal data.

For a detailed description of these rights, as well as on how we process your personal data, please refer to [Annex II. Privacy Notice](#) of the Discretionary Portfolio Management Registration & Agreement.

You should advise us if you think any information BIC/HCI holds about you is inaccurate.

#### **COMPLAINTS**

All complaints should be directed in the first instance to the Compliance Officer, Hogg Capital Investments Limited, Nu Bis Centre, Mosta Road, Lija LJA9012, MALTA. In your formal complaint you should include information about the nature and/or cause of your complaint.

Each complaint is investigated impartially and is

handled as follows:

1. The Company acknowledges receipt of your complaint within seven (7) working days;
2. Internally, your formal complaint is escalated to the senior management of the Company;
3. A final reply on the outcome is given to you within fifteen (15) working days from receipt of the complaint. But, since our aim is to continue to offer a high standard of service, we target to answer to your complaint before this time-frame and as soon as practicably possible;
4. If you will not be satisfied with our final response, you will then have the right to lodge your complaint at the Office of the Arbiter for Financial Services at a cost of Eur25. Their contact details are as follows:

Address: Office of the Arbiter for Financial Services  
First Floor, St Calcedonius Square Floriana  
FRN 1530, Malta

Tel: +356 21249245

Website: [www.financialarbiter.org.mt](http://www.financialarbiter.org.mt)

Any failure by BIC/HCI (whether continued or not) to insist upon strict compliance with any of these terms shall not constitute nor be deemed to constitute a waiver by BIC/HCI of any of its rights or remedies. The rights and remedies conferred upon BIC/HCI shall be cumulative and the exercise or waiver of any part thereof shall not preclude or inhibit the exercise by BIC/HCI of any other additional rights and remedies.

#### **CHANGES**

We may amend this agreement by sending you a written notice describing such amendments, which will be effected on a date, specified in the notice, which will be at least one week from the date on the notice. No amendment will affect any outstanding order or transaction, or any legal rights or obligations, which already may have arisen.

#### **TERMINATION**

The agreement constituted by this letter may be terminated at any time with immediate effect by either party giving one week written notice to the other. Any termination shall not prejudice the proper settlement of any outstanding transactions and our right to obtain payment of any commission or charges due to us.

#### **FORM OF NOTICE**

Where notice is required to be given by us it shall be sufficient for us to send a letter by ordinary mail to the last postal address or e-mail address known to us. Where you are required to give notice it shall be sufficient for you to send us a letter by ordinary mail to our registered address or an email to [DPM@blueinvestcapital.com](mailto:DPM@blueinvestcapital.com).

#### **ENTIRE AGREEMENT**

This agreement (including Annexes 1 & 2 below: Discretionary Portfolio Management (if applicable); and Nature and risks of certain types of investment and transaction) constitutes the entire agreement between

us on how we will conduct our business and any change or variation, express or implied, shall be ineffective unless signed by our Managing Director and agreed by both parties to these Terms, following the provision of a notice of change, as per the section entitled 'Changes' above.

#### GOVERNING LAW

The laws of Malta govern this agreement.

**Albert Galera**

**Director**

**Hogg Capital Investments Limited**

#### DECLARATION OF UNDERSTANDING

I hereby confirm that I have read, understood and agree to the contents of these General Terms and Conditions, the Conflicts of Interest Policy and the Order Execution Policy, which together form an integral part of these Terms.

Name

Signature

Date

Name

Signature

Date

#### ANNEX 1

##### DISCRETIONARY PORTFOLIO MANAGEMENT

If you are a Discretionary Client you give us general authority to manage your Investments and to enter into transactions and undertake other actions as contemplated by these Terms on your behalf at our discretion without informing you first, subject to these Terms. We will exercise due care and attention but will not accept responsibility for any fall in the value of the Investments or for taxation charges arising for any reason.

As a Discretionary Client you give us general authority to exercise or abstain from exercising any votes attaching to Investments which we control on your

behalf, in any manner which in our absolute judgement we believe to be in your best interest.

Where you are a Discretionary Client:

- (i) We may enter into any discretionary transaction which will or may result in your having a short position in any Security. This will be done taking into consideration your overall profile following the application of a suitability assessment. In cases where you specifically do not want to enter into short selling transactions, please confirm to us in writing;
- (ii) Your cash and investments will be managed after having conducted and assessed the suitability of the investment or product for you based on the information contained in the relevant Retail Client Advisory Account Form and Agreement, which will be supplied to you. This assessment is made in order for BIC/HCI to act in your best interest;
- (iii) It is very important that the information provided by you on such form is correct, complete, up-to-date and accurate, otherwise it would be difficult for BIC/HCI to recommend a suitable product or manage your portfolio efficiently;
- (iv) More in-depth information may be requested by BIC/HCI when the instrument is considered as a complex product, as referenced in the section entitled 'Complex Instruments' in page 22 of these Terms;
- (v) Where you do not provide sufficient information allowing BIC/HCI to provide the portfolio management service that is suitable for you, BIC/HCI will not be able to proceed with providing you with such service.
- (vi) The information required for BIC/HCI to assess the suitability of the product or service to be provided will not be required for each transaction, but BIC/HCI reserves the right to request updated information depending on the period elapsed from one transaction to the other, your risk profile and any other event which might impact your original risk-profile determination (e.g. the attainment of retirement age).
- (vii) Where a Joint Account is opened with BIC/HCI, we will need to determine who would be subject to the suitability assessment, and therefore who would be required to provide the necessary information for BIC/HCI to undertake your suitability assessment.
- (viii) In the absence of such an agreement, a record of which will be kept by BIC/HCI, the suitability assessment will be made on the person with the weakest financial situation, having the most conservative investment objectives and the least experience and knowledge.
- (ix) Where a product is considered not to be suitable for you or given its complexity will never meet your best interests, BIC/HCI will not proceed with investing your portfolio or part of it in such product. This applies as well where there is lack

- of information to adequately allow BIC/HCI to ascertain the main features and risks of such complex product;
- (x) Discretion to manage the portfolio is given to the firm and not to any employee;
  - (xi) Except as expressly agreed with you, or instructed by you, no restrictions shall apply to the making of any investment transaction, which may include transactions in Investments which are Non-Readily Realisable Investments, or to the holding of cash (such restriction being applicable only on the basis of whether the instrument is suitable for you or not);
  - (xii) You may at any time instruct us to enter into specific transactions on your behalf (described as nondiscretionary transactions). We accept no obligation to monitor the suitability or performance of Investments that you acquire on this basis, however and if you choose to transact in a complex instrument, an appropriateness test will be conducted whereby your experience and knowledge on the relevant product will be assessed. You will in such circumstances be a Discretionary Client in relation only to the discretionary transactions that we undertake on your behalf;
  - (xiii) a periodic report will be sent to you every quarterly, unless you request a more frequent report, for which there may be an additional charge as per the document 'Our Charges';
  - (xiv) Where the agreement between us authorises a leveraged portfolio, the periodic statement will be provided at least once a month. This is subject to whether you elect to receive a report on a transaction- by-transaction basis, in which case the periodic report will be sent every 12 months, unless the portfolio involves transactions as mentioned in point xvi below in which case the periodic statement will be issued on a monthly basis notwithstanding the transaction-by-transaction report issued. This applies irrespective of your categorization as a Retail Client, Professional Client or Eligible Counterparty.
  - (xv) Individual contract notes will be sent to you (if you are classified as a Retail Client) following each transaction no later than one (1) business day following the execution. In this case a periodic statement shall be provided once every 12 months; If the confirmation is received by BIC/HCI from a third party, the contract note shall be sent to you no later than the first business day following receipt of the confirmation from the third party. However where the confirmation would contain the same Information as a confirmation that is to be promptly dispatched to you, as the Retail Client, by the third party, for the avoidance of providing duplicate information, BIC/HCI shall not provide such information. Where the transactions involve securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures or in derivative instruments included in points (4) to (10) of the Second Schedule to the Investment Services Act (Cap. 370), the statement shall be provided on a quarterly basis notwithstanding that a report is issued on a transaction-by-transaction basis.
  - (xvi) Non-Retail Clients Only: You may request a report on a transaction-by-transaction basis in which case the statement will be provided every 12 months. However where the transactions involve securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures or in derivative instruments included in points to (10) of the Second Schedule to the Investment Services Act (Cap. 370), the statement shall be provided on a quarterly basis notwithstanding that a report is issued on a transaction-by-transaction basis.
  - (xvii) Your periodic report will show:
    - a. the contents, valuation and the performance of your portfolio over the reporting period, including details of each financial instrument held, its market value, or fair value if market value is unavailable and the cash balance at the beginning and the end of the reporting period;
    - b. The total amount of fees and charges incurred during the reporting period, itemising at least the total management fees, and total costs associated with execution, and including where relevant, a statement that a more detailed breakdown will be disclosed on request;
    - c. The total amount of dividends, interest and other payments received during the reporting period;
    - d. Information about other corporate actions giving rights on the instruments held in the portfolio;
    - e. For each transaction executed during the reporting period a list of items such as the execution venue, trading day etc. as per the applicable Investment Services Rules (unless you elect to receive individual contract notes following each transaction); and
    - f. we will agree with you in advance an appropriate benchmark against which your portfolio's performance will be compared. In the event that you do not specify a benchmark, or we disagree with your preferred option, the default benchmark will be at our discretion. The comparison of your portfolio's performance with that of the benchmark will form part of the periodic statement;
  - (xviii) In accordance with rule R.1. 4 .54 of Malta Financial Services Authority's Conduct of Business Rulebook, we will inform the Client where the overall value of the portfolio, as

evaluated at the beginning of each reporting period, depreciates by 10% and thereafter at multiples of 10%, no later than the end of the business day in which the above mentioned threshold is exceeded or, in a case where the said threshold is exceeded on a non-business day, the close of the next business day.

- (xix) Pursuant to rule R.1. 4 .55 of Malta Financial Services Authority's Conduct of Business Rulebook, if BIC/HCI holds a Retail Client account that includes positions in leveraged Financial Instruments or contingent liability transactions will inform the Client, where the initial value of each instrument depreciates by 10% and thereafter at multiples of 10%. Reporting under this Rule should be on an instrument-by-instrument basis, unless otherwise agreed with the Client, and shall take place no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.

## ANNEX 2

### NATURE AND RISKS OF CERTAIN TYPES OF INVESTMENT AND TRANSACTION

Where you are an Advisory or Discretionary client and we reasonably believe that such course of action is in your best interest; after having conducted and assessed the suitability of the investment or product for you based on the information contained in the relevant Retail Client Advisory Account Form and Agreement, we may recommend to you or deal for you in investments carrying the risks listed below.

Where you have elected to be treated as an Execution-Only client, without the provision of investment advice, you should have regard to the protections you may lose, since the Company takes no responsibility for the product suitability. BIC/HCI will inform you of the protections you may lose upon your classification and through a separate document. This section contains information about Investments, including guidance on and warnings of the risks associated with those Investments, so that Execution-only clients are able to understand the nature and risks of the service and of the specific types of available Investments and, consequently, take investment decisions on an informed basis. This section cannot disclose all the risks and other significant aspects of Investments and you should not deal in them unless you understand their nature and the extent of your exposure to risk and potential loss, having satisfied yourself that they are suitable for you in the light of your circumstances and financial position. If in doubt you should always seek professional advice. Investments should only be made on the basis of the underlying investment case and with a proper appreciation of the risks specific to the

Investments. Investments involve different levels of exposure to risk and in deciding whether to transact in such Investments you should be aware of the following points below.

Where reference to complex instruments is made in the below paragraphs, it should be understood that the Company will always be required to undertake a suitability assessment or appropriateness assessment, depending on whether you are an advisory client, discretionary or non- advisory client. If you are an Execution-only client but wish to invest in complex instruments the Company will undertake an appropriateness assessment in your respect.

#### Investments put your capital at risk

Investments put your capital at risk. This includes shares and other securities, as well as products, which can offer attractive returns but put you at risk of losing some or all of your capital. You should be aware that even where an Investment is labelled as 'capital protected', this does not necessarily mean that the return of your initial investment is guaranteed at maturity, or when you decide to sell, as any such protection is likely to require you to hold to maturity and for certain other conditions to be met. Investments that put your capital at risk include but are not limited to:

- (i) exchange-traded Investments, including shares in companies, investment trusts, covered warrants and other products;
- (ii) collective investment schemes, such as open-ended investment companies (OEICs) and unit trusts;
- (iii) government and corporate bonds, as well as funds that invest in debt securities, such as corporate bond funds;
- (iv) structured products issued by a product provider (usually a banking, insurance or investment management firm);
- (v) derivatives such as traded and traditional options, futures and contracts for difference; and
- (vi) Investments linked to the performance of a stock market index, or some other factor such as a collection of shares or a basket of commodities, usually for a fixed number of years.

#### Shares

A share is an instrument representing a shareholder's rights in a company. Shares may be issued in bearer or registered form and may be certificated or non-certificated. One share represents a fraction of a company's share capital. Dividend payments and an increase in the value of the security are both possible, although not guaranteed. The shareholder has financial and ownership rights that are determined by law and the issuing company's articles of association. Unless otherwise provided, transfers of bearer shares do not entail any formalities. However, transfers of registered shares are often subject to limitations. Dealing in shares may involve risks including but not limited to the

following:

- (i) Company risk: a share purchaser does not lend funds to the Company, but becomes a co-owner of the company. He or she thus participates in its development as well as in chances for profits and losses, which makes it difficult to forecast the precise yield on such an investment. An extreme case would be if the company went bankrupt, thereby wiping out the total sums invested.
- (ii) Price risk: share prices may undergo unforeseeable price fluctuations causing risks of loss. Price increases and decreases in the short-, medium- and long-term alternate without it being possible to determine the duration of those cycles. General market risk must be distinguished from the specific risk attached to the company itself. Both risks, jointly or in aggregate, influence share prices.
- (iii) Dividend risk: the dividend per share mainly depends on the issuing company's earnings and on its dividend policy. In case of low profits or losses, dividend payments may be reduced or not made at all.

#### Investment products

Investment trusts, unit trusts and other investment products often invest in a variety of exchange-traded Investments such as shares, debt securities, or other Investments that put your capital at risk. The value of an Investment linked directly or indirectly to the stock market may have a varying degree of risk, depending on its features and (if it is a product) its particular terms and conditions. The main risks involved with such Investments are:

- (i) the return of initial capital invested by you is not guaranteed at the end of the investment period and you may lose some or all of your initial capital invested;
- (ii) even where an Investment is labelled as 'capital protected' at maturity, this does not guarantee return of initial capital invested by you, as the level of capital protection may be contingent on the ongoing ability of the product provider or issuer to honour its contractual obligations to protect the capital of the product at maturity;
- (iii) any losses may significantly increase if an Investment's structure involves gearing, in which case falls in any index to which an Investment is linked can result in an even greater reduction in the capital you invested (see the clauses on geared Investments below);
- (iv) any rate of return advertised might be achieved only after a set period and you may not know until that date how well your Investment has performed, while taking your money out early could result in redemption penalties and a poor return;
- (v) the initial capital invested may be placed into high-risk Investments; and
- (vi) the rate of return you get may depend on specific conditions being met and even professionals may

not be able to judge accurately how likely that will be.

#### Bonds

Bonds are negotiable debt instruments issued in bearer or registered form by a company or a government body to creditors and whose par value at issuance represents a fraction of the total amount of the debt. The duration of the debt as well as the terms and conditions of repayment are determined in advance. Unless stipulated otherwise, the bond is repaid either at the maturity date, or by means of annual payments, or at different rates determined by drawing lots. The interest payments on bonds may be either fixed or variable. The purchaser of a bond (the creditor) has a claim against the issuer (the debtor). Dealing in bonds may involve risks including but not limited to the following:

- (i) Insolvency risk: the issuer may become temporarily or permanently insolvent, resulting in its incapacity to repay the interest or redeem the bond. The solvency of an issuer may change due to one or more of a range of factors including the issuing company, the issuer's economic sector and/or the political and economic status of the countries concerned. The deterioration of the issuer's solvency will influence the price of the securities that it issues.
- (ii) Interest rate risk: uncertainty concerning interest rate movements means that purchasers of fixed-rate securities carry the risk of a fall in the prices of the securities if interest rates rise. The longer the duration of the loan and the lower the interest rate, the higher a bond's sensitivity to a rise in the market rates.
- (iii) Credit risk: the value of a bond will fall in the event of a default or reduced credit rating of the issuer. Generally, the higher the relative rate of interest (that is, relative to the interest rate on a risk-free security of similar maturity and interest rate structure), the higher the perceived credit risk of the issuer.
- (iv) Early redemption risk: the issuer of a bond may include a provision allowing early redemption of the bond if market interest rates fall. Such early redemption may result in a change to the expected yield.
- (v) Risks specific to bonds redeemable by drawing: bonds redeemable by drawing have a maturity that is difficult to determine, so unexpected changes in the yield on these bonds may occur.
- (vi) Risks specific to certain types of bond: additional risks may be associated with certain types of bond, for example floating rate notes, reverse floating rate notes, zero coupon bonds, foreign currency bonds, convertible bonds, reverse convertible notes, indexed bonds and subordinated bonds. For such bonds, you are advised to make inquiries about the risks referred to in the issuance prospectus and not to purchase such securities before being certain that all risks are fully understood. In the case of subordinated

bonds, you are advised to enquire about the ranking of the debenture compared to the issuer's other debentures. Indeed, if the issuer becomes bankrupt, those bonds will only be redeemed after repayment of all higher ranked creditors and as such there is a risk that you will not be reimbursed. In the case of reverse convertible notes, there is a risk that you will not be entirely reimbursed, but will receive only an amount equivalent to the underlying securities at maturity.

### Geared Investments

"Gearing" means a strategy with a view to enhancing the return from or the value of an Investment without increasing the amount invested by the holders of the Investment, involving one or more of the following:

- (i) borrowing money;
- (ii) investing in one or more Investments, such as (but not limited to) warrants or derivatives, for which a relatively small movement in the value or price of the underlying rights or assets to which the instrument relates results in a larger movement in the value or price of the Investment; and
- (iii) structuring the rights of holders of an Investment so that a relatively small movement in the price or value of the underlying rights or assets results in a larger movement in the price or value of the Investment.

The strategy that the issuer of geared investments uses or proposes to use may result in:

- (i) movements in the price of the Investments being more volatile than the movements in the price of the underlying investments;
- (ii) the Investment being subject to sudden and large falls in value; and
- (iii) you getting back nothing at all if there is a sufficiently large fall in value in the Investment.

Borrowing to invest allows an investor to achieve the same effects of gearing for an individual portfolio. That is to say, it increases the likelihood of sudden and large falls in the value of the Investment or portfolio, such that you may lose the value of your entire initial investment, or even be liable for further losses in the event that insufficient funds remain to repay the borrowings.

### Investment Trusts

An investment trust is essentially a stock-exchange listed company that holds a collective portfolio of stocks and shares, and whose performance therefore broadly reflects the performance of this "underlying" portfolio. Investment trusts are an example of Investments that may use gearing. An investment trust "gears up" its underlying portfolio when (to an extent that varies from one investment trust to another) it finances the purchase of securities in this portfolio by borrowing money. Nearly all investment trusts rely on

a degree of gearing, or may do so in the future. The ability of investment trusts to gear up their portfolios has traditionally been viewed as an advantage that allows them to out-perform the stock market. However, the effect can work the other way in falling markets and in the case of particularly highly geared investment trusts there is a risk of total loss of your initial investment. The effect of this gearing is that, when there is a rise in the price of the underlying securities, the value of the net assets attributable to each investment trust security rises by a greater percentage; and when the value of the underlying portfolio falls, the net assets attributable to each investment trust security fall by a greater percentage. As an alternative or additional strategy, the investment trust may pursue a policy of "cross-investing" in other investment trusts, some or all of which may themselves use, or propose to use, gearing. Accordingly, where the investment trust employs a higher degree of direct or indirect gearing, its securities are likely to be subject to fluctuations in value which are significant compared with the likely fluctuations in value of the underlying investments. Consequently, your holding in the investment trust could be subject to sudden and large falls in value, and indeed you may get nothing back at all if there is a sufficiently large fall in value of this holding. The risk will vary from one investment trust to another.

### Complex Instruments

Complex Instruments, as defined by the Rules of the MFSA, include warrants, covered warrants, futures, traded options, contracts for difference, as well as other Investments from time to time, possibly including exchange traded funds, exchange traded commodities and structured products. Where you undertake transactions in such Investments on an unadvised basis and without adequate knowledge and experience of their operation, the complexity of such Investments increases the likelihood that you may suffer losses. It is recommended that you seek professional advice before entering into transactions in such Investments.

### Warrants

Although warrants and/or derivative instruments can be utilised for the management of investment risk, some of these products are unsuitable for many investors. A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement up or down in the price of the underlying security results in a disproportionately large movement up or down in the price of the warrant. The prices of warrants can therefore be volatile. It is essential for anyone who is considering purchasing warrants to understand that the right to subscribe which a warrant confers is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined timescale the investment becomes worthless. You should not buy a

warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges. Some other instruments are also called warrants but are actually options (for example, a right to acquire securities which is exercisable against someone other than the original issuer of the securities, often called a ‘covered warrant’).

An off-exchange warrant transaction involves the trading of warrants that are not listed on any exchange. These “over the counter” transactions may occur electronically or over the telephone. Such transactions may involve greater risk than dealing in exchange traded warrants because there is no exchange market through which to liquidate your position, or to assess the value of the warrant or the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what the fair price should be.

#### **Securities derivatives, including Contracts for Differences (CFDs)**

##### **Securitised Derivatives (including covered warrants)**

Securitized derivatives are derivative products, such as covered warrants, certificates and contracts for difference, which are freely traded and are listed on Stock Exchanges. These products will usually be classed as Complex Instruments. They enable investors to have exposure to a wide range of underlying products such as shares, indices, commodities and interest rates without investing directly in the underlying product. These instruments may give you a time limited right or an absolute right to acquire or sell one or more types of Investment that is normally exercisable against someone other than the issuer of that Investment, or they may give you the rights under a contract for differences, which allow for speculation on fluctuations in the value of the property of any description or an index, such as the FTSE 100 index. In both cases, the investment or property may be referred to as the “underlying instrument”. These Investments often involve a high degree of gearing or leverage, so that a relatively small movement in the price of the underlying investments results in a much larger movement in the price of the Investment. The price of these Investments can therefore be volatile. These Investments have a limited life, and may (unless there is some form of guaranteed return to the amount you are investing in the product) expire worthless if the underlying instrument does not perform as expected. The financial risk associated with some of these products is that an investor may lose their entire initial investment. This could occur because the product may be structured in such a way that an investors return depends on whether or not the underlying instrument reaches a set level or price. You should only buy this product if you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges. You should consider carefully whether or not

this product is suitable for you in the light of your circumstances and financial position, and if in doubt please seek professional advice.

#### **Exchange Traded Funds**

(i). Exchange Traded Funds and Commodity-linked Investments Exchange-traded commodities (“ETCs”), and other commodity linked Investments, can sometimes underperform due to, in most (but not all) instances, being based on an underlying commodity future. This future will normally be the near month future and will thus have a finite life. At expiry the future will need to be sold and a new one bought, a process called “rolling”, and if the futures are in “contango” (the far month future being more expensive than the near month future), there will be an extra cost, which may cause the ETC (or other Investment) to underperform relative to the commodity in question. The opposite of this is “backwardation”, which would normally cancel this imbalance over time or cause slight outperformance, but it cannot be guaranteed that this will happen.

(ii). Exchange-Traded Funds (“ETFs”) are typically open-ended investment companies whose shares represent an interest in a portfolio of securities that track an underlying benchmark or index. ETFs include Exchange-Traded Commodities, though some that invest in commodities, currencies, or commodity- or currency- based instruments may be structured differently, for example as listed debt in the form of Exchange-Traded Notes (ETNs). Unlike traditional open-ended investment companies, shares of ETFs typically trade throughout the day on a securities exchange at prices established by the market. ETFs are subject to ‘tracking error’ risks, since factors such as expenses, imperfect correlation between an ETF’s stocks and those in its underlying index, together with rebalancing of the portfolio from time to time, may cause an ETF’s return to deviate from its underlying index. Where ETFs are structured through the use of underlying derivatives, there may also be counterparty risk, in that the provider of the derivatives within the ETF may not be able to honour its commitments. ETFs have evolved over the years, becoming more complex, and investors considering ETFs should evaluate each investment closely and not assume all ETFs are alike. You are recommended to review the product literature and seek professional advice if in any doubt as to whether a specific ETF is suitable for your requirements.

(iii). Leveraged ETFs seek to deliver multiples of the performance of the index or benchmark they track. Inverse ETFs (also called ‘short’ funds) seek to deliver the opposite of the performance of the index or benchmark they track. Like traditional ETFs, some leveraged and inverse ETFs track broad

indices, some are sector specific, and others are linked to commodities, currencies, or some other benchmark. Inverse ETFs may be marketed as a way for investors to profit from, or at least hedge their exposure to, downward moving markets. To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies through the use of swaps, futures contracts, and other derivative instruments. Most leveraged and inverse ETFs 'reset' daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effects of compounding, their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period, while the effect of daily 'resetting' on the performance of the ETF can be magnified during periods of market volatility.

#### **Penny shares**

There is an extra risk of losing money when shares are bought in some smaller companies, including Penny Shares, as there is a big difference between the buying price and the selling price of these shares, such that if they have to be sold immediately you may get back much less than you paid for them. The price may change quickly and can go down as well as up.

#### **Non-Readily Realisable Investments**

These are Investments in which the market is limited or could become so, as there is no certainty that market makers will be prepared to deal in such investments and adequate information for determining the current value of such investments may be unavailable. We may recommend to you or enter into transactions on your behalf in Non-Readily Realisable Investments, or other Investments that may lack liquidity or where liquidity cannot be guaranteed, and we may deal for you in circumstances in which the relevant transaction is not regulated by the rules of any Stock Exchange or recognised investment exchange. You are requested to inform us if you do not wish us to enter into such transactions for you.

#### **Alternative investments**

'Alternative investments' is a loosely defined term that includes a wide range of investment categories falling outside the traditional categories of investments such as stocks or bonds. Managers of these products use investment strategies to produce returns that may be largely uncorrelated to traditional stock and bond market movements. Alternative investments include (but are not limited to) hedge funds, real estate funds, private equity and commodity funds. When considering alternative investments you should consider various risks including the fact that some products use gearing and other speculative investment practices that may increase the risk of investment loss, can be illiquid, may not be not required to provide periodic pricing or valuation information to investors, may involve

complex tax structures and delays in distributing important tax information, may not be not subject to the same regulatory requirements as regulated collectives, may charge high fees, and in many cases the underlying investments are not transparent and are known only to the investment manager. Alternative investment products are not for everyone and entail risks that are different from more traditional investments. You should obtain investment and tax advice from your advisers before deciding to invest. With respect to alternative investments in general, you should be aware that:

- (i) returns from some alternative investments can be volatile. You may lose all or portion of your investment;
- (ii) the use of a single manager could mean a lack of diversification and higher risk;
- (iii) many alternative investments are subject to substantial expenses that must be offset by trading profits and other income;
- (iv) trading may take place on foreign exchanges that may not offer the same level of regulatory protection; and
- (v) past performance of any investment is not necessarily indicative of future results.

#### **Foreign markets and currency risk**

Foreign markets, which include the financial markets of developing countries, will involve different risks from various markets and in some cases the risks will be greater. On request we will provide an explanation of the relevant risks and protections (if any) which will operate in any foreign markets, including the extent to which we accept liability for any default of a foreign firm through whom we deal. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

Investments in emerging markets are exposed to additional risks, including accelerated inflation, exchange rate fluctuations, adverse repatriation laws and fiscal measures, and macroeconomic and political distress. In relation to Investments denominated in a foreign currency, changes in the rates of exchange between currencies may cause the value or income of your Investments to go down or up, independently of their value in local currency.

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