

Erste Portfolio Management Service  
- Professional Portfolio Management made easy

The Erste Portfolio Management Service is an activity performed by Erste on the basis of a portfolio (hereinafter referred to as the “Reference Portfolio”) and its investment policy, as determined by the Customer, without the Customer having to make any further investment decisions. Erste shall, in accordance with the Portfolio Management Agreement, arrange for the utilisation and reinvestment of the assets made available by the Customer for portfolio management as set out in the Portfolio Management Agreement.

1. To whom do we recommend Erste Portfolio Management?

- Those who do not have the time to deal with their finances in depth, but expect **to have their assets managed actively in response to market events.**
- Those **who do not want to make their own investment decisions.**
- Those who consider **strict risk management important.**
- Those who want their investment portfolio to be tailored to **their risk tolerance.**
- Those whom **cost-efficiency** is important, because Erste, as an “institutional investor”, reshapes its customers’ portfolios with low transaction costs.
- Those who trust **in the expertise of Erste Group.**
- Those who **want to achieve a tax advantage**, as portfolio management can be carried out in a Long-Term Investment Account.

2. Service-related definitions

Reference Portfolio

The Reference Portfolio is the whole of investment principles selected by the Customer according to which the Customer instructs Erste to manage the Portfolio. The investment and valuation principles and detailed content of the Reference Portfolio are set out in the Portfolio Management Agreement and the Relevant Documents.

The Reference Portfolio shall be determined by the Customer at its own risk, but the results of the Suitability Assessment will provide a base for it. Erste carries out Portfolio Management in conformity to the Reference Portfolio.

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| <p>Suitability test</p>                           | <p>Under the suitability test as defined in the applicable law (currently Section 44 of the Investment Services Act), Erste will satisfy itself whether regarding the Customer's knowledge, experience, investment objectives, risk tolerance and risk appetite, financial situation and circumstances, Portfolio Management can be provided to the relevant Customer and, if yes, determine the financial instruments or transactions in the Reference Portfolio based on which the portfolio can be managed.</p> <p>The Customer must provide this information in connection with the Portfolio Management during the suitability assessment in order to enable Erste to present the Customer with a Reference Portfolio or Reference Portfolios that is or are consistent with the Customer's investment suitability. On this basis, the Customer may decide under what Reference Portfolio it instructs Erste to manage his/her portfolio.</p> |
| <p>Possible elements of a Reference Portfolio</p> | <p>These are specified in the Annex to the Portfolio Management Agreement.</p>   |
| <p>Portfolio Management</p>                       | <p>The Portfolio Management Service provided by Erste, which complies with the portfolio management activity defined in Act CXXXVIII of 2007 on Investment Firms, Commodity Dealers and the Rules Governing Their Activities (the Investment Services Act).</p>  |
| <p>Engagement for Portfolio Management</p>        | <p>An individual engagement given, as an offer, by the Customer to Erste, specifying the Reference Portfolio selected by the Customer and the acceptance of which by Erste shall constitute the Portfolio Management Agreement between the Customer and Erste.</p>   |
| <p>Portfolio Management Agreement</p>             | <p>Engagement for Portfolio Management accepted by Erste, which constitutes an individual agreement between the Parties for Portfolio Management for an indefinite term, which becomes effective upon acceptance.</p>  |
| <p>Relevant Documents</p>                         | <p>In relation to the Portfolio Management, all of the following rules in effect from time to time shall govern the rights and obligations of the Customer and Erste: the relevant Framework Agreements and individual agreements, the Terms and Conditions of Business, the Fee Schedules, the Notices, market standards, and the laws of the money and capital markets.</p>  |
| <p>Types of portfolio management services</p>     | <p><b>DPM service:</b> Under a DPM Service, the Customer may choose from a set of models based on the results of the Suitability Test.</p> <p><b>MDPM service:</b> Under the Modular DPM service, the Customer may select modules within each asset class based on the results of the Suitability Test, from which a model is compiled.</p>  |
| <p>DPM/MDPM account</p>                           | <p>Sub-account(s) to record the holdings managed in the Portfolio Management, which are linked to the Customer's regular account.</p>  |
| <p>Minimum value of portfolio management</p>      | <p>The minimum amount or assets of equivalent value (initial portfolio) as defined in the Relevant Documents together with the valuation. Below this amount Erste reserves the right not to carry out Portfolio Management.</p>  |

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| <b>Asset withdrawal</b>                    | The order of the Customer to reduce his/her Portfolio. Erste shall execute the Customer's order for asset withdrawal within 10 business days. The minimum amount that may be withdrawn from Portfolio Management is set out in the Relevant Documents. |
| <b>Currency of the Reference Portfolio</b> | Portfolio Management is available in HUF, EUR, USD.  |
| <b>Portfolio Management Fees</b>           | The fee to which Erste is entitled for the performance of its services under the Agreement and which is set out in the Portfolio Management Agreement or, failing that, in the Relevant Documents.   |

### 3. Process of the Portfolio Management Service

#### 3.1 Basic conditions for the performance of Portfolio Management

- having the necessary framework agreements;
- undergoing a suitability assessment and selecting the appropriate Reference Portfolio based on the results;
- availability of the required amount of initial assets (or initial portfolio, the value of which must not be less than the minimum value specified in the relevant documentation) in the DPM/MDPM account;
- the conclusion of a Portfolio Management Agreement for the portfolio management under the relevant Reference Portfolio.

The fact that the Customer has a framework agreement for the provision of Portfolio Management does not mean that Portfolio Management will actually be provided to the Customer. This requires the conclusion of a Portfolio Management Agreement between the Customer and Erste as an individual agreement. Under the framework agreement, the Customer may have more than one Portfolio Management Agreement simultaneously.

#### 3.2 Process of Portfolio Management

- Investment holdings managed in the course of portfolio management will be recorded in the DPM/MDPM account linked to the Customer's Regular Account.
- In the course of the Portfolio Management, Erste decides about the investment of the assets entrusted to the Portfolio Management on its own within the frames of the Reference Portfolio principles and the investment policy determined by the Customer. Erste determines the composition, structure and maturity structure of the Portfolio within the framework of the Agreement and the Portfolio Management Agreement.
- Erste does not provide any capital or yield protection.
- Liquidity risk: Assets from Portfolio Management may be withdrawn from a minimum amount of HUF 5 million and the investment service provider has 10 business days to execute the relevant order. The 10 business days also applies in the event of termination of the Portfolio Management Agreement.
- Erste will inform its Customers on a quarterly basis about the past performance through a portfolio report, as set out in its Terms and Conditions of Business.

### 3.3 Termination of portfolio management

- With respect a given Portfolio Management Agreement - this applies to that single agreement only.
- With respect to the Framework Agreement - this means that all Portfolio Management Agreements will also terminate and therefore the Portfolio Management, Erste DPM/MDPM services provided thereunder will also terminate.
- In the event of termination, the balance of the entire portfolio managed at the time of termination will be transferred to the Customer's regular account.

### 4. Risk factors

- In any case, the Customer enters into the Portfolio Management Agreement at his/her own risk, so the Customer him/herself risks his/her own money and financial instruments in the capital markets; Erste shall not be obliged to share in the Customer's losses.
- All risks (exchange rate, currency, liquidity, etc.) of the assets in the Reference Portfolio are borne by the Client.
- the Customer may suffer losses in the course of the Portfolio Management, in particular in the event of a total or partial sale of the Portfolio, which no-one else shall be liable to bear.
- If the Customer does not provide true and complete information during the Suitability Test, this may result in a Reference Portfolio not suitable for the Customer being established, for which the investment service provider cannot be held liable.
- In the event of partial withdrawal of assets or termination of the Portfolio Management Agreement, if in the course of settlement payment is made in cash and in the currency of the relevant Reference Portfolio, the Customer shall bear the consequences of the sales necessary for such payment. Accordingly, in such cases, the Customer should consider in advance whether he/she wishes, where possible, to make different settlement arrangements (i.e. not to request settlement in cash and/or request it in the relevant currency).
- In relation to Portfolio Management, it is not possible to identify all risks and perils.

### 5. Tax information

Profits and losses arising from transactions entered into in the course of Portfolio Management are subject to the tax rules applicable to the income from the transaction in question, in particular the rules applicable to interest income and controlled capital market transactions under the Personal Income Tax Act. If the portfolio management is carried out for the benefit of the Customer in a Long-Term Investment Account, the rules of the Personal Income Tax Act also apply to this account.

Information on the taxation of certain income is set out in a separate document available, inter alia, at [www.esteinvestment.hu](http://www.esteinvestment.hu).

### 6. Important information

The Portfolio Management Service provided by Erste is provided to our Customers through the cooperation of Erste Bank Hungary Zrt., Erste Befektetési Zrt. and Erste Alapkezelő Zrt:

- *Erste Befektetési Zrt.*: The Portfolio Management Service Provider to the Customer, which provides this service in cooperation with Erste Bank Hungary Zrt. and Erste Alapkezelő Zrt. Erste Befektetési Zrt. performs the settlement of accounts, customer-level account management and custody services in the course of the Portfolio

Management. Within Erste Group, Erste Befektetési Zrt. outsources the essential elements of the portfolio management service to Erste Alapkezelő Zrt.

- *Erste Bank Hungary Zrt.*: Acts as an intermediary for Erste Befektetési Zrt. in the course of Portfolio Management. In the course of this activity, it assesses the risk appetite of customers, describes the service, arranges the conclusion of agreements, maintains direct contact with the customer and reports on the portfolio manager's decisions when delivering reports.
- *Erste Alapkezelő Zrt.*: carries out the actual investment tasks in the course of Portfolio Management as an outsourced activity - under an outsourcing agreement with Erste Befektetési Zrt. In this context, it makes investment decisions and concludes the corresponding transactions and produces the portfolio reports in accordance with the Reference Portfolio chosen by the Customer and in light of changes in market conditions.

## 7. Description of asset classes making up the Reference Portfolios

A modular approach is used in the design of the Reference Portfolios. A Reference Portfolio may contain one or more asset classes. Each asset class corresponds to one module. Reference Portfolios are differentiated by different proportions and limit rules for the asset class modules. Each asset class and the possible elements of an asset class are described below:

- **Hungarian bond and money market asset class**

Hungarian bond and money market asset class contains Hungarian forints, debt securities issued in Hungary (mainly bonds issued or guaranteed by the Hungarian State) and HUF deposits in credit institutions, and mutual funds and/or the investment units of funds of funds investing in them.

- **Money market asset class**

The money market asset class includes euros or US dollars euro-denominated or US dollar-denominated debt securities (mainly short-term money market instruments) and euro-denominated or US dollar-denominated deposits with credit institutions, and investment funds and/or fund of funds units investing in them.

- **International bond asset class**

The international bond asset class includes debt securities primarily not issued in Hungary (mainly developed and emerging market government bonds, corporate bonds and mortgage bonds), deposits with credit institutions or mutual funds and/or investment units of a fund of funds that invests in them.

In the case of a fund of funds, the international bond asset class may also include a Hungarian bond and money market or money market asset class, as well as futures foreign currency hedges.

- **Equity asset class**

The equity asset class includes equity securities embodying corporate shareholding (mainly developed and emerging market, large and mid-cap, exchange traded equities) and mutual funds and/or units of a fund of funds that invest in them.

In the case of a fund of funds, the equity asset class may also include a Hungarian bond and money market or money market asset class, as well as futures foreign currency hedges.

- **Real estate asset class**

investment units of a real estate mutual fund or a fund of funds investing in them.

- **Alternative asset class**

The alternative asset class includes absolute return, active strategy mutual funds, mutual funds investing in raw material markets or derivative fund or units of a fund of funds investing in them. These funds may invest directly or indirectly in any financial instrument, including the five asset classes mentioned above (Hungarian bond and money market, money market, international bond, equity, real estate) and financial instruments not listed therein (e.g. raw materials, derivatives, long/short positions, etc.)

The information contained in this document is not exhaustive and Erste Befektetési Zrt. reserves the right to make changes.

The content of this document does not constitute an investment offer, an invitation or solicitation to make an offer, investment advice or tax advice. It is intended solely to provide investors with certain specific information about the portfolio management service to assist them in obtaining sufficient information about this investment service prior to entering into a transaction. Further information on Portfolio Management is also contained in the relevant framework agreements, as well as additional provisions are included in the Terms and Conditions of Business of Erste Befektetési Zrt., which is available on the website of Erste Befektetési Zrt. ([www.ersteinvestment.hu](http://www.ersteinvestment.hu)).

Please contact our staff and they are happy to help you if you need further information on this service in addition to the above in order to make a prudent investment decision.

Before deciding on an investment, you should also carefully consider the subject matter, risk, fees, charges of your investment, account keeping fees, costs and any potential loss arising from your investments and the use of this service, and when making your decision, please take into account the risks associated with portfolio management and portfolio management under each of the Reference Portfolios, on which you can also find information in this document.