

## **INFORMATION DOCUMENT ON THE COMPANY AND ON GENERAL INVESTMENT RISKS**

### **GWA INVESTMENTS LTD**

The purpose of this pre-contractual information document is to provide the client or potential client (the “Client”) with appropriate information to enable him or her to reasonably understand the nature of the investment and ancillary services and financial instruments offered by GWA and the risks associated with them and, accordingly, to make informed investment decisions.

Any material changes to the information contained in this information document will be communicated to the Client.

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## **1 INFORMATION ON THE INTERMEDIARY AND ITS SERVICES**

(Article 36 of the Intermediaries’ Regulation and Article 47 of the Delegated Regulation (EU) 2017/565)

### **1.1 Corporate data**

- Business name: GWA Investments LTD
- VAT no: MT22980425
- Registered office: Portomaso Business Tower Suite 4, Level 4 – Portomaso, St. Julian’s STJ 4011 MALTA
- Registration number – Malta Business Registry: C70351
- E-mail address: info@gwainvestments.com
- Website: www.gwainvestments.com
- Contact telephone number: +356 21 381 434
- An investment services licence holder incorporated under Maltese law within the meaning of Article 6 of the Investment Services Act. 1994 - Category 1A, authorised and regulated by the Malta Financial Services Authority (“MFSA”), authorised to

operate in Italy under the freedom to provide and for this reason registered at no. 5018 of the list of Community investment companies attached to the register kept by CONSOB authorised in other EU countries without a branch office in Italy in accordance with Article 20 of Legislative Decree no. 58 of 24 February 1998 (the “Consolidated Finance Act”).

Consob - Commissione Nazionale per le Società e la Borsa has its registered office at Via Giovanni Battista Martini, 3 - 00198 Rome, tel. +39 0684771.

Consob also has its own operational secondary office at via Broletto, 7 - 20121 Milan, tel. +39 02 724201. The Consob website is <http://www.consob.it/>

The MFSA is based at Notabile Road, Mriehel BKR3000, Attard (MALTA), tel. +356 2144 1155, website: <https://www.mfsa.com.mt/>

## **1.2 Investment services authorised under the Consolidated Finance Act**

GWA Investments LTD (hereinafter referred to as GWA), regulated and authorised by the MFSA (License No. IS/70351 of 7 January 2019) to provide the following investment services (hereinafter the “Services”):

- a) Placement of financial instruments without irrevocable commitment
- b) Financial investment advisory services
- c) Receipt and transmission of orders in relation to one or more financial instruments;

GWA is authorised to provide the same investment services in Italy as per registration notice no. 0195377/19 of 10/04/2019.

## **1.3 Methods of communication between the Client and GWA**

Any communication between GWA and the Client, in order to receive the Services, information and documentation, as required by applicable law, shall be made in English or Italian (as applicable) and mainly by e-mail to the addresses and contact details indicated above with regard to GWA and to the addresses and contact details that will be indicated in the investment agreement (the “Agreement”) with regard to the Client, or through the reserved section of the website [www.gwainvestments.com](http://www.gwainvestments.com). These communications will be made by ordinary mail or by telephone only at the express written request of the Client. GWA shall record orders placed by telephone by the Client on magnetic tape or other equivalent storage devices and keep records of orders placed electronically by the Client. A copy of the records remains available, at the request of the Client and at his or her expense, for a period of 5 (five) years from the date of their creation.

The manner of communication between GWA and the Client in relation to the provision of individual investment services, including the sending and receiving of instructions, is governed by the Agreement.

The Client may object to the receipt in the future of communications relating to promotion and placement activities by means of remote communication techniques.

## 1.4 Investment services offered

### **A) Information about the advisory service on investments in financial instruments in combination with RTO/Placement services.**

Following the implementation of the MiFID Directive 2004/39/EC, investment advice is considered as an investment service that can only be provided by authorised intermediaries. This approach was confirmed by Directive 2014/65/EU (the so-called “MiFID Directive II”).

Article 1, paragraph 5-septies of the Consolidated Finance Act defines the activity of investment advice as “the provision of personalised recommendations to a client, at his request or on the initiative of the service provider, regarding one or more transactions relating to financial instruments”. The same definition applies in Malta.

An essential element of investment advice is ‘customisation’: the ‘customised recommendation’ must be addressed to a specific investor, must be based on the specific characteristics of the person (hence the need to assess the service provided in terms of ‘suitability’, based on knowledge and experience of investment services and financial instruments, financial and capital situation, investment objectives and risk profile) and must relate to a specific investment transaction in financial instruments: to buy, sell, subscribe to, exchange, redeem, hold or guarantee a particular financial instrument vis-à-vis the issuer in respect of that instrument, or to exercise or not to exercise the right conferred by a particular financial instrument to buy, sell, subscribe to, exchange or redeem a financial instrument.

The manner in which this service is provided is specified in the Agreement. In particular, GWA will provide the Client, in relation to investments and upon request, with specific customised recommendations based on the information collected through the MiFID questionnaire including the Client’s personal characteristics, financial and asset situation and investment objectives, the Client’s knowledge and experience with respect to investments in financial instruments, the Client’s risk tolerance and risk profile (the “Personal Profile”), the Client’s time horizon and aimed at establishing dedicated portfolios consistent with that Personal Profile. In this case, the advisory service is provided by GWA on an independent basis. GWA, indirectly through the use of ETFs and funds and in accordance with the provisions of Article 53 of the Regulation, evaluates an appropriate range of financial instruments available on the market, which are sufficiently diversified in terms of type and issuers or suppliers of products in order to try to best meet the investment objectives of the Client. In the context of independent advice, GWA does not receive or retain incentives, without prejudice to the provisions of paragraph 5 of this Information Document: it follows that the fee for the provision of the service is directly borne by the Client. Any legal, economic or contractual links or relationships with any of the issuers or distributors of the financial instruments recommended shall be disclosed, where required.

GWA provides investment advice in conjunction with RTO and Placement services (as described above).

For a description of the characteristics of the types of financial instruments that may be recommended, see paragraph 2 of this Information Document.

As payment for the activity carried out, the Client shall pay to GWA quarterly fees equal to 0.10% of the average value of the investments and of the liquidity on the current accounts/custody accounts authorised by the Client to be viewed by GWA and subject

to the Advisory/RTO/Placement in the reference period and in any case not less than Euro 500.00 (five hundred/00) per quarter, plus any legal charges.

These fees accrue day by day from the date of conclusion of the agreement and will be invoiced quarterly and in arrears, no later than 60 days from the end of the quarter. The Client authorizes GWA to debit the periodic fees from the current account indicated by the Client in the agreement, on a quarterly basis and in arrears, no later than 60 days after the end of the quarter. The fee is in any case to be considered always excluding VAT.

The relevant invoices will be sent to the Client according to the communication methods referred to in paragraph 1.3.

This is without prejudice to the possibility of agreeing in writing with the Client any specific exceptions.

Stamp duties and taxes applied directly by GWA, if any, are excluded from the calculation of fees and shall therefore be borne by the Client.

The Client authorises GWA to debit the current/postal account specified in the agreement on a continuous basis for the payment of invoices issued by GWA in connection with the services under this Information Document. The Client may request a refund of the amount debited from his bank within 8 weeks of the date of debiting the account.

**B) Information about the reception and transmission of orders service and the placement service combined with the advisory service.**

Article 1, paragraph 5-sexies, of the Consolidated Finance Act indicates that the service referred to in paragraph 5, letter e) states that the reception and transmission of orders is the activity consisting in bringing together two or more investors, thus making it possible to conclude a transaction between them (mediation). The same definition is found under Maltese law. GWA then receives the Client's orders for financial instruments and transmits them for execution to another authorised broker in the manner described in its "Order Execution Policy" in paragraph 6 below.

The manner in which this service is provided is specified in the Agreement. When the RTO service is provided in conjunction with the investment advisory service on an independent basis, the related transactions are in execution of the recommendations provided to the Client.

GWA's remuneration for the provision of the service is included in the above fee.

The placement service is generally carried out in the context of standardised public offers. In such cases, an issuer company offers investors, through market intermediaries, one or more financial instruments, including through agreements with intermediary distributors, at defined price conditions and terms of execution. Usually the transaction is defined as a subscription if it concerns newly issued instruments or as a sale if it concerns instruments already issued. GWA's placement service takes place without an irrevocable commitment to the issuer and therefore the risk of the transaction remains with the issuer.

When the placement service is provided in conjunction with the investment advisory service on an independent basis, the related transactions are in execution of the recommendations provided to the Client.

The manner in which this service is provided is specified in the Agreement.

GWA's remuneration for the provision of the service is included in the above fee.

**C) Information about the receipt and transmission of orders service and the placement service not combined with the advisory service.**

Article 1, paragraph 5-sexies, of the Consolidated Finance Act indicates that the service referred to in paragraph 5, letter e) includes the receipt and transmission of orders as well as the activity consisting in bringing together two or more investors, thus making it possible to conclude a transaction between them (mediation). GWA then receives the Client's orders for financial instruments and transmits them for execution to another authorised broker in the manner described in its "Order Execution Policy" in paragraph 6 below. The maltese investment services rules adopt the same approach.

Where the RTO service is not provided in conjunction with the investment advisory service on an independent basis the relevant transactions are carried out in execution of the exclusive choices made by the Client and therefore GWA will only perform the appropriateness test which consists of verifying that the financial instrument requested is appropriate in relation to the Client's knowledge and experience in investment matters. The Client is also advised that following such a request, GWA will not be able to provide personalised recommendations to the Client regarding transactions in financial instruments and that the mere verification of the appropriateness of the transactions arranged will result in a lower level of protection for the Client.

GWA's remuneration for the provision of the service shall be notified to the Client prior to the execution of the transaction.

The placement service is generally carried out in the context of standardised public offers. In such cases, an issuer company offers investors, through market intermediaries, one or more financial instruments, including through agreements with intermediary distributors, at defined price conditions and terms of execution. Usually the transaction is defined as a subscription if it concerns newly issued instruments or as a sale if it concerns instruments already issued. GWA's placement service takes place without an irrevocable commitment to the issuer and therefore the risk of the transaction remains with the issuer.

Where the placement service is not provided in conjunction with the investment advisory service on an independent basis the transactions are carried out in execution of the exclusive choices made by the Client and therefore GWA will only perform the appropriateness test which consists of verifying that the financial instrument requested is appropriate in relation to the Client's knowledge and experience in investment matters. The Client is also advised that following such a request, GWA will not be able to provide personalised recommendations to the Client regarding transactions in financial instruments and that the mere verification of the appropriateness of the transactions arranged will result in a lower level of protection for the Client.

GWA's remuneration for the provision of the service shall be notified to the Client prior to the execution of the transaction.

## **2 INFORMATION ON FINANCIAL INSTRUMENTS**

(Article 48 of Delegated Regulation (EU) 2017/565)

The instruments dealt in by GWA in the context of its investment services and activities are units and shares issued by UCIs (undertakings for collective investment), mainly of the ETF and ETC types.

### **2.1 FINANCIAL INSTRUMENTS**

#### **a) Undertakings for Collective Investment (UCIs)**

Undertakings for Collective Investment (UCIs) are defined as mutual funds and Investment companies with variable capital (SICAVs).

UCIs are divided into harmonised UCITSs, harmonised alternative UCIs and non-harmonised UCIs. Harmonised UCITSs shall mean mutual funds and investment companies with variable capital (SICAVs) that comply with Directive 2009/65/EC as subsequently amended. With the enactment of the above mentioned Community framework, it was intended to provide for a series of requirements relating to authorisation procedures, control, structure, activities, investment limits and information to be complied with by a UCI. Alternative harmonised UCIs as defined in Directive 2011/61/EU are also subject to some less stringent minimum requirements. Compliance with these harmonisation requirements enables the AMC or the SICAV to offer its units in its own mutual funds and its own shares in another Member State of the European Union respectively under the free marketing regime, being subject to supervision by the supervisory authority of its home country.

Non-harmonised funds, on the other hand, are characterised by greater freedom to invest the assets raised than harmonised funds. They are not subject to the constraints and limitations laid down by Community law for harmonised funds.

#### **b) Mutual funds**

A mutual fund is defined as the autonomous assets, divided into units, belonging to a plurality of participants, managed upstream. The assets of a mutual fund are autonomous because they are legally distinct from both the assets of the individual participants and the assets of the fund manager. The assets of the fund, whether open-end or closed-end, can be collected through one or more emissions. Mutual funds are established and managed in Italy by asset management companies (AMCs). The management activity is carried out through purchase and sale transactions and any other act of administration that is deemed appropriate or useful to increase the value of the fund and possibly distribute the proceeds to the participants and that is not precluded by the legislative provisions, the provisions issued by the supervisory bodies and the clauses of the fund regulation. The management activity is the responsibility of the fund manager, while the individual participant cannot influence the way the fund is managed and the investment choices.

Participation in a mutual fund is possible by subscribing to units represented by certificates issued by the fund itself.

Mutual funds may be open-end or closed-end, i.e. funds in respect of which the participants have the right to request redemption of the units at any time, or funds in respect of which the right to redemption of the units is granted to the participants only at predetermined intervals.

In particular, with reference to open-end mutual funds, savers may enter or leave the investment by buying or selling the fund's units on the basis of the theoretical value (increased or decreased by the fees envisaged) of the unit; this value is obtained by dividing the value of the fund's entire managed portfolio, calculated at market prices, by the number of units in circulation.

Each fund is characterised by a predefined portfolio composition in terms of asset classes. In this respect, funds are divided into securities funds and real estate funds; the category of securities funds includes the following types of funds: (i) equities, (ii) balanced, (iii) bonds, (iv) liquidity, (v) flexible.

Real estate funds, on the other hand, are mutual funds that invest in real estate. Real estate funds fall into the category of closed-end funds.

### **c) Investment companies with variable capital (SICAVs)**

Investment companies with variable capital (SICAVs) collect capital from investors and invest it in financial markets. They differ from mutual funds mainly in that the subscriber does not purchase units but shares in the company. By investing in a SICAV, you become a shareholder with the ability to exercise your voting rights. Like mutual funds, the capital of a SICAV is not fixed, but varies according to new subscriptions and redemption requests. SICAVs are open-end bodies: an investor can always subscribe new shares and request their redemption. This also shows the main difference compared to joint-stock companies: the share capital is not fixed, but is equal to net equity, which varies according to new subscriptions and redemptions. Shares representing capital must be fully paid up at the time of issue and contributions may only be made in cash. In addition to the different legal nature of mutual funds, the peculiarity of the SICAV is the high specialization of the individual sub-funds on different market areas and/or sectors able to meet all investment needs.

### **d) Exchange Traded Funds**

Exchange Traded Funds (ETFs) are a particular category of mutual funds or SICAVs characterised by having the same risk profile as a specific stock exchange index; the certificates representing the units are admitted to trading on a regulated market. ETFs passively replicate the composition of a market index (geographical, sectoral, share, bond or other asset classes) and consequently also its return. ETFs can therefore be assimilated to open-end, passively managed UCIs whose risk profile is linked to a reference benchmark, i.e. the basket of securities making up a given index. ETFs may replicate the reference index either synthetically or by purchasing securities directly from the underlying basket. ETFs that replicate reference indices synthetically, or through 'Over The Counter' derivatives, must purchase securities, typically government bonds, to be placed as collateral for the exposure of the derivative. ETF collateral must follow the UCITS concentration rules in a similar way to the approach used by more traditional mutual funds.

### **e) Exchange Traded Commodities (ETCs)**

Exchange Traded Commodities (ETCs) are financial instruments issued against the issuer's direct investment in either physical commodities or commodity derivatives. Therefore, the price of ETCs is connected, directly or indirectly, with the trend of the underlying asset.

ETCs are designed to provide investors with tools that are easy to manage and deal with in order to access particularly difficult and technical markets, such as commodity

markets. ETCs allow you to invest in a single raw material (such as, for example, gold, oil, sugar, soya, zinc) or in a specific basket of commodities.

ETCs are very similar to ETFs in terms of trading modalities and investment strategy but have some legal and fiscal differences. In particular, unlike ETFs, which have to ensure a certain degree of diversification, ETCs may also refer to a single raw material or to poorly diversified indices.

ETCs are non-maturity securities issued by a special purpose vehicle against direct investment in raw materials or investment in commodity contracts entered into by the issuer with high standing international operators. Compared to ETFs, ETCs are therefore not legally comparable to mutual funds or SICAVs. ETCs are subject to the partial or total loss of value of the underlying commodities (or commodity index) and the risk of default of the issuing company.

For the sake of completeness and taking into account also the investments underlying the units or shares of UCIs traded by GWA, it is useful to provide some guidance also with regard to the nature and characteristics of the classes of financial instruments represented by shares and bonds.

#### **f) Shares**

The share is the minimum unit of participation of a member in the share capital of a joint-stock company, a limited partnership or a cooperative society limited by shares. All the shares of a company are characterised by the same nominal value and by specific rights guaranteed to the relative holders, as well as by indivisibility, autonomy and circulation.

A shareholder who owns several shares may dispose of them separately and independently (for example, he may sell some shares and remain the owner of the others, or he may exercise his voting rights with some shares and not with the others).

There are different types of shares that differ according to (i) the rights they incorporate, (ii) the circulation regime, (iii) whether they are listed or not.

#### **g) Bonds**

Bonds are debt securities representing a loan issued by a private company or a government entity to finance part of its financial needs. A bond is a credit instrument that represents a fraction, of equal nominal value and with the same rights, of a financing transaction. The subscriber or holder of the bond becomes a creditor of the issuing company, which is obliged to repay the capital invested at maturity.

The characteristic elements of a bond are: (i) the nominal interest rate, which may be fixed over the life of the bond, or variable (predetermined or indexed); (ii) the maturity; (iii) the coupon, which may be zero (zero-coupon bond) or periodic at predetermined maturities; (iv) the method of redemption, which may be either ordinary (one-off redemption at maturity or progressive redemption at certain maturities) or extraordinary (early redemption or repurchase on the market); (v) the redemption price, which may be fixed or variable.

The issuer enjoys wide freedom both in determining the content of these characteristic elements and in the possibility of incorporating into the bond some optional elements typical of derivative contracts. As a result, there are many categories of bonds on the market.



“Convertible bonds” are in an intermediate position between equities and bonds. The holder of the loan has the right to decide whether to remain a creditor of the issuing company for the entire duration of the loan, or whether, in certain periods, to convert its status from creditor to shareholder on the basis of a predetermined exchange ratio (in the issue regulation).

The list of instruments may be subject to change in relation to the commercial choices made by GWA from time to time.

### **3 RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS AND INVESTMENT SERVICES**

The following paragraphs provide information on the risks associated with the investment services provided by GWA and the financial instruments in which the Client's assets may be invested or which are recommended (in the advisory service on an independent basis combined with the receipt and transmission of orders). The purpose of the following is to provide some non-exhaustive basic information on the risks associated with services and investments in financial instruments, with particular reference to the risks associated with portfolio management services and investment advice.

#### **Part I - The risk assessment of an investment in financial instruments**

To assess the risk deriving from an investment in financial instruments, the following aspects must be borne in mind:

- to which type or asset class it belongs;
- the variability in the price of the financial instrument;
- its liquidity and potential liquidity;
- the currency in which it is denominated;
- the other factors that constitute a source of general risks.

##### **a) Different asset classes**

First of all, a distinction must be made between the various classes of different assets. Each asset class is defined as the set of securities with similar risk characteristics and nature. Specifically, the Asset Classes considered by GWA (mainly as the underlying of the financial instruments traded) are Equity, Alternative, Bond and Cash, which are further subdivided into the following micro-asset classes:

- Global & Sector Equity
- Europe Equity
- North America Equity
- Japan Equity
- Emerging Markets Equity
  
- Balanced & Flexible
- Hedge funds
- Commodities
- Alternative - Other Strategies
  
- Euro Government Bond
- Global Government Bond

- Euro Corporate Bond
- Global Corporate Bond
- Euro Convertible Bond
- Global Convertible Bond
- Euro High Yield Bond
- Global High Yield Bond
- Euro Aggregate Bond
- Global Aggregate Bond
- Global Diversified Bond
- Emerging Markets Bond

Other conditions being equal, an equity security is riskier than a debt security, as the return payable to the holder is more associated with the economic trend of the issuing company. The holder of debt securities will only risk not receiving a return at maturity in the event of serious financial difficulties of the issuing company. Moreover, in the event of bankruptcy of the issuing company, the holders of debt securities may participate, with the other creditors, in the subdivision, generally over very long periods, of the proceeds of sale of the company assets, while holders of equity securities are virtually excluded from seeing a return of part of the sum invested in the event of bankruptcy.

#### **b) Risk of price variability**

The price of each financial instrument depends on many factors and may vary to a greater or lesser extent depending on the nature thereof.

For ETFs that replicate indices belonging to different Asset Classes, the risk of price variability is attributable to a set of equity or debt securities belonging to the basket of underlying index composition that the ETF aims to replicate.

#### **c) Specific risk and generic risk**

Both for equity securities and for debt securities, the risk may be ideally broken down into two components: specific risk and generic (or market) risk. The specific risk depends on the issuer's particular characteristics (see point (e) below) and may be substantially reduced by subdividing the investment into securities issued by different issuers (portfolio diversification), while the systematic or market risk represents that part of price variability of each security that depends on the market fluctuations and cannot be eliminated by diversification.

The systematic risk for equity securities traded on an organised market originates from the market changes in general; changes that may be identified in the movements of the market index.

The systematic risk of debt securities (see point (d) below) originates from fluctuations in market interest rates that affect the prices (and therefore the returns) of securities to a greater extent the longer the residual life (the residual life of a security at a certain date is represented by the period of time remaining between that date and the time of its repayment).

In general, the systematic risk for each security is given by the price variations of the Asset Class in which it is included, that it is generally represented by one or more reference indices.

#### **d) The effect of diversification of investments.**

As pointed out, the specific risk of a particular financial instrument may be reduced by diversification, i.e. by subdividing the investment into several financial instruments.

Investors may achieve a high degree of diversification at low cost by investing their funds in units or shares of Undertakings for Collective Investment (mutual funds, investment companies with variable capital (SICAVs)), including ETFs.

It should be pointed out that investments in these types of financial instruments may be risky, due to the characteristics of the financial instruments in which they plan to invest (e.g. funds only investing in securities issued by companies operating in a particular sector or in securities issued by companies domiciled in certain States) or due to an insufficient diversification of investments.

#### **e) Issuer risk**

For investments in financial instruments, one has to assess the solid equity position of the issuing companies and their economic prospects taking into account the characteristics of the sectors in which they operate.

It must be considered that the prices of equity securities reflect the average expectations of market operators on the prospects of a profit made by the issuing enterprises at any time. With regard to debt securities, the risk that the issuing companies or financial entities are unable to pay the interest or repay the capital is reflected in the amount of interest that these bonds guarantee for the investor. The higher the perceived risk of the issuer, the higher the interest rate the issuer will have to pay the investor.

In the case of Undertakings for Collective Investment constructed from a basket of diversified securities, the issuer risk is residual. In the case of synthetic ETFs, the issuer risk is given by the counterparty of the derivative to which the ETF payout is actually linked. However, this exposure must comply with the concentration limits (10% of the NAV) set out in the UCITS regulations.

#### **f) Interest rate risk**

With regard to debt securities and Asset Classes referring to them, the investor must take into account the fact that the actual measurement of the return is constantly adapted to the market conditions by price variations of the securities themselves. The return on a debt security will only be close to that embedded into the security itself at the time of purchase if the security itself is held by the investor to maturity or at the same interest rate and credit risk conditions as the issuer.

If the investor needs to release the investment before the security matures, the actual return could be different from that guaranteed by the security at the time of purchase. In the case of ETFs, which do not have a precisely determined maturity like mutual funds, the price changes caused by the movement of interest rates are dependent on the residual maturity of the securities making up the index and therefore present in the portfolio.

In particular, the longer the residual life, the greater the variability of the price of the security itself with respect to changes in market interest rates, except for securities whose coupon adjusts with the change in rates (so-called floating rate securities). It is therefore important for the investor to see when he or she may need to demobilise the investment.

### **g) Liquidity and potential liquidity**

The liquidity of a financial instrument consists of its ability to be converted quickly into cash without impairment. Securities traded on organised markets, such as ETFs, are more liquid than securities not traded on such markets. This is because the supply and demand for securities is largely channelled to these markets and therefore the prices recorded there are more reliable as indicators of the actual value of the financial instruments.

However, it should be borne in mind that sometimes, due to extraordinary market conditions, the disposal of securities traded on organised markets may also result in difficulties for investors in liquidating their investments and the need to incur additional costs, thereby limiting the potential liquidity of the securities themselves.

The liquidity condition, presumed but not guaranteed by the listing of the security on regulated markets or MTFs, could also be guaranteed by the commitment of the same intermediary to repurchase it according to pre-established criteria and mechanisms consistent with those that led to the pricing of the product on the primary market.

### **h) Currency**

If a financial instrument is denominated in a currency other than the investor's reference currency, typically the Euro for an Italian investor, in order to assess the overall risk of the investment, consideration must be given to the volatility of the exchange rate between the reference currency (Euro) and the foreign currency in which the investment is denominated.

The investor must take into account that the exchange rates with the currencies of many countries, in particular developing countries, are highly volatile and that, in any case, the exchange rate trend can significantly affect the overall investment result.

### **i) The other factors that constitute a source of general risks**

Money and securities deposited

The investor may obtain information on the protection provided for sums of money and securities deposited for the performance of transactions, particularly in the event of the intermediary's insolvency. The possibility of recovering possession of his money and securities deposited could be conditioned by particular legislative provisions in force in the places in which the depositary has offices as well as the guidelines of bodies which, in cases of insolvency, are attributed powers to settle the asset positions of the party experiencing difficulties.

Fees and other charges

Before commencing operations, the investor must obtain detailed information on all fees, expenses and other charges payable to the intermediary. The remuneration payable to the intermediary or the objective criteria for determining it are set out in the Agreement. The investor must always take into consideration the fact that these charges should be deducted from any profits made in the transactions performed while they will be added to any losses incurred.

Electronic trading support systems

Most trading systems are supported by computerized system for the order routing procedures, for cross-referencing, recording and clearing transactions. Just as all

automated procedures, the systems described above may suffer temporary outages or be subject to malfunctioning. The possibility for the investor of being indemnified for losses deriving directly or indirectly from the events described above could be jeopardized by limitations of liability established by the suppliers of the systems or by the markets. The investor should obtain information from his intermediary on the aforesaid limitation of liability connected with the transactions he is considering performing.

#### Electronic trading systems

Computerised trading systems may be different from each other and may differ from “shouted” trading systems. Orders to be executed on markets using computerised trading systems may or may not be executed as specified by the investor in the event that such trading systems fail or stop due to the hardware or software of such systems.

#### **j) Derivative instruments**

For the sake of completeness and taking into account the investments underlying the financial instruments traded by GWA, it should be noted that derivative financial instruments are characterised by a very high level of risk, the appreciation of which by the investor is hindered by their complexity.

### **Part II - The risks of investment services provided**

The Client acknowledges that the guidance provided by GWA in the performance of the advisory service on an independent basis consists solely in the issuance of advice and recommendations which the Client is free to follow or not to follow, in whole or in part. Any investment/disinvestment decision is the sole responsibility of the Client, who may decide whether or not to execute it with any intermediary authorised to provide investment services.

The Client acknowledges that the personalised recommendations given following the advisory service on certain financial instruments may suddenly lose their validity from the point of view of their convenience and adequacy, also as a result of economic and market events. Therefore, the consequences of the Client’s untimely or partial execution of orders relating to the execution of investments cannot be attributed to GWA in any way.

In providing the advisory service, GWA has a duty to provide means and not results and therefore does not guarantee any specific results with regard to the recommendations provided and does not assume any responsibility for the outcome of the recommended operations or the results produced by them.

Therefore, GWA shall not be liable for any loss, damage or loss of profit suffered by the Client as a result of the execution of the operations carried out on the basis of the recommendations provided.

Investors must obtain full information from the intermediary on the characteristics and degree of risk resulting from the use of suggestions and should only conclude the Agreement if they are reasonably sure that they have understood the nature of the service and the degree of exposure to risk it involves.

## **4 INFORMATION ON THE CLASSIFICATION AND SUMMARY OF THE MAIN RULES OF CONDUCT UNDER MIFID DIRECTIVE II**

Within the framework of the rules set out in Directive 2014/65/EU (the so-called Mifid II) and its implementing regulations on investor protection, GWA must disclose to clients their classification into the three specific categories of retail client, professional

client and eligible counterparty. In providing investment services, GWA is required to observe different rules of conduct depending on the specificities of each of the three categories, with a higher client protection regime with regard to the category of retail clients and progressively less stringent for the category of professional clients and eligible counterparties.

Retail clients are a residual category, being defined as all those who are neither professional Clients nor qualified counterparties.

In so far as the passported activities to Italy are concerned, the professional client may be private or public (in particular, Article 6, paragraph 2-sexies, of the Consolidated Finance Act delegates to the Ministry of Economy and Finance, having heard the Bank of Italy and Consob, the issue of an implementing regulation identifying the public professional clients “by law” as well as the criteria by virtue of which public entities may request to be treated as professional clients. See in this regard the Decree of the Minister of Economy and Finance no. 236 of 11 November 2011).

A private professional client is, in fact, a client with the experience, knowledge and skills necessary to knowingly make its own investment decisions and to correctly assess the risks it assumes.

Private professional clients are divided into:

- professional client per se;
- elective professional client.

The following fall into the category of private professional clients per se :

1. persons who are required to be authorised or regulated to operate in financial markets, both Italian and foreign (EU/non-EU) such as: banks, SIM/investment companies, other authorised or regulated financial institutions, insurance companies, Undertakings for Collective Investment and companies managing such undertakings, pension funds and companies managing such funds, dealers on own account in commodities and commodity derivatives, persons who deal exclusively on own account in markets of financial instruments and who participate indirectly in the liquidation service, as well as in the clearing and guarantee system (locals), other institutional investors, stockbrokers;
2. large enterprises meeting at least two of the following requirements of size at individual company level: - balance sheet total: Euro 20,000,000; - net turnover: Euro 40,000,000; - own funds: Euro 2,000,000.
3. institutional investors whose main activity is to invest in financial instruments, including entities engaged in the securitisation of assets or in other financial transactions.

The category of professional private clients “on request” identifies clients, other than those listed above, who possess the knowledge, experience and skills necessary to make investment decisions and correctly assess the risks they take. A Client may fall into this category if he or she expressly requests it and if certain criteria and procedures are complied with. In assessing such a request, GWA cannot rely on any presumptions and must properly verify the Client’s market expertise and experience. In order to be classified in this category, it is therefore necessary to follow a special procedure that provides for:

- a) written request for up-grading by the Client (both natural and legal person) with whom the Client communicates that he or she wants to be treated as a professional Client;
- b) written warning from GWA to the Client regarding the protections and rights he or she may lose if the up-grading request is accepted;
- c) written declaration by the Client that he or she is aware of the consequences of the loss of such protections and rights;
- d) GWA's assessment of the client's ability to make informed investment decisions and understand the risks involved. The assessment focuses on the client's skills, experience and knowledge. For the purposes of the assessment, the Intermediary may refer to the "fitness test" applied to the managers and directors of persons authorised under European directives in the financial sector. At least two of the following requirements must be met in the course of the above assessment:
  - the client has carried out transactions of a significant size on the market in question with an average frequency of 10 transactions per quarter in the preceding four quarters;
  - the client's financial instruments portfolio value, including cash deposits, must exceed Euro 500,000;
  - the client must work or have worked in the financial sector for at least one year in a professional position requiring knowledge of the transactions or services offered.

In the case of legal entities, the assessment referred to above shall be carried out with regard to the person authorised to carry out transactions on their behalf and/or the legal person itself.

- e) GWA's determination, on the basis of the reasonable measures it has taken for this purpose, that the client seeking to be treated as a professional client meets the requirements set out in letter d) above;
- f) whether or not GWA accepts the upgrading request.

The qualification as a professional client determines:

- the non-application of certain protective rules, including:
  - the rule that the choice of places for the execution of orders is to be conducted on the basis of the price of the financial instrument and the costs of execution;
  - the provision to communicate any difficulties that could affect the execution of orders as soon as the intermediary becomes aware of them;
  - additional reporting requirements for transactions with contingent liabilities;
  - the provisions on off-premises offers;
- the partial derogation from the rules for the adequacy and appropriateness assessment and, in particular:
  - with regard to professional clients, there is a presumption of knowledge and experience of the same, both in the adequacy assessment and in the appropriateness assessment;
  - with specific reference to professional clients by law, there is also a presumption, in the context of the adequacy assessment, that they are financially capable of bearing any investment risk compatible with the stated investment objectives.

## **5 INCENTIVES IN THE PROVISION OF THE ADVISORY SERVICE IN CONJUNCTION WITH RTO AND PLACEMENT.**

The information required by the applicable regulations on incentives (so-called inducements) is provided below.

General disclosure on minor non-monetary benefits received as part of the advisory service on an independent basis

It should be noted that, with regard to the investment services provided, GWA does not receive any kind of incentive outside the fees paid by the Client and does not accept non-monetary benefits, except for those of a minor nature that are eligible under the relevant rules.

More specifically, GWA may accept smaller non-monetary benefits such as: a) information and documentation relative to a financial instrument or investment service, generic or personalised for a specific client; (b) material written by a third party, commissioned and paid for by a corporate issuer or potential issuer to promote a new issue by the company, or where the third party is contractually committed and paid for by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly documented in the material and that the material is made available to any intermediary wishing to receive it or to the public at large at the same time; c) participation in congresses, seminars and other training events on the advantages and characteristics of a given financial instrument or investment service; (d) hospitality of a reasonable *de minimis* value, such as food and drink, during a business meeting or a conference, seminar or other training event referred to in point (c).

Such minor non-monetary benefits shall not affect GWA's conduct in any way that is detrimental to the interests of the Client.

## **6 ORDER EXECUTION POLICY**

### **6.1 General concepts**

In providing the service of receipt and transmission of orders, GWA shall take all reasonable steps to obtain, when transmitting orders, the best possible result for its Clients, taking into account, pursuant to Article 27 of EU Directive 2014/65 ("MiFID II"), the price, costs, speed and likelihood of execution and settlement, the size, nature of the order or any other relevant consideration.

To this end, in accordance with the provisions of the MiFID II Directive and the Delegated Regulation (EU) 2017/565, GWA has adopted an Order Execution and Transmission Policy aimed at obtaining the best possible result for its Clients (Best Execution) when executing the orders in question.

GWA makes, as described below, its choices for the transmission of orders to another intermediary who will execute them. The relative importance of the factors and criteria that may contribute to the determination of best execution is defined pursuant to Article 64, paragraph 1, of Delegated Regulation (EU) 2017/565 and is as follows:

1. total consideration for the transaction, consisting of the price of the financial instrument and the costs of execution incurred, which include all costs directly related to the execution of the order,
2. speed and probability of execution,



3. probability of settlement (understood as a guarantee on the delivery of traded instruments),
4. size and nature of the order (equal treatment for any order quantity placed on the market).

In particular, in selecting the relevant factors that consistently and durably contribute to the best possible result for retail clients, GWA believes that the total consideration is normally the most important criterion.

GWA reserves the right, in compliance with current rules, to consider other factors among those highlighted above as prevailing where this is necessary in relation to the particular circumstances and/or specificities related to the Client, the order and/or the financial instrument.

If the Client gives specific instructions regarding the execution of an order, the order is executed in accordance with these instructions, limited to the elements covered by the indications received. This could prevent the application of the Order Execution and Transmission Policy, prejudicing the achievement of the best possible result for the Client. Limited to the subject matter of these instructions, therefore, GWA is relieved of its obligation to ensure best execution for the Client. It should also be noted that, in the case of partial instructions received by the Client, the order is executed according to these instructions, applying the Order Execution and Transmission Policy for the part left to its discretion.

## **6.2 Choice of intermediaries**

When GWA offers the RTO and placement services in conjunction with the Wealth Advisory service, it will only execute orders with intermediaries with whom the Client's liquidity and financial instruments are deposited, without prejudice to the possibility for GWA to notify the Client of intermediaries it deems more efficient.

## **6.3 Policy verifications and updates**

GWA monitors the effectiveness of the Order Execution Policy adopted in order to identify and correct any deficiencies. GWA reviews its Order Execution Policy at least once a year, and in the event of material circumstances affecting its ability to continue to achieve the best possible result for its Clients.

As part of the transmission of orders, in order to verify that the best results are obtained for the Clients, GWA periodically reviews the choice of the client's appointment as negotiator, analysing the quality of the execution obtained.

In order to be able to carry out the above activities, GWA periodically requests the Intermediaries, by virtue of the authorisation granted by the Client, to update and report on the controls it deems necessary.

## **6.4 Summary of order execution policy for retail Clients**

GWA adopts a strategy for the transmission of orders received from retail Clients in order to ensure the best possible result for them. As we have seen, the best possible result, in the case of retail Clients, is determined by giving priority, among the execution factors, to the price of the financial instrument and the costs relating to execution (the so-called total consideration).

It should be noted that in connection with the execution of orders, Clients with advisory contract do not incur additional costs with respect to the payment of the GWA Fee.

## **7 FEES AND OTHER CHARGES**

Before concluding the Agreement, the Client must obtain information about all fees and the methods of calculating the same, the expenses and other charges due by the Client.

The amount of the costs is stated in the terms and conditions relating to the services provided by GWA and is accepted by the Client upon activation of one of the services provided.

## **8 INFORMATION DOCUMENT ON THE HANDLING OF CLIENT COMPLAINTS**

The Client or potential Client who intends to submit any complaints may send such complaints in writing to the following addresses:

GWA Investments LTD, Portomaso Business Tower Suite 4, Level 4 – Portomaso, St. Julian's STJ 4011 MALTA;

e-mail: [info@gwainvestments.com](mailto:info@gwainvestments.com);

GWA has procedures in place to ensure that complaints from Clients or potential Clients are dealt with promptly. Upon receipt of the complaint, GWA Investments LTD will record it in the Complaints Register and the Compliance function will take charge of handling the complaint and will take action with the internal structures for its resolution within 40 days of receipt of the complaint.

GWA will then contact the Client and will endeavour to resolve the complaint jointly. GWA undertakes to make its determinations regarding the complaint known within 45 days of receipt of the complaint.

### **Clients in Italy**

If the outcome of the complaint submitted to GWA is unsatisfactory, the Client may, before appealing to the judge, refer, if he or she is a retail Client, to the Arbitrator for Financial Disputes - ACF - referred to in Article 32-ter of the Consolidated Finance Act, in accordance with the procedures laid down in the relevant implementing rules issued by Consob and referred to on the website [www.acf.consob.it](http://www.acf.consob.it), or request information directly from GWA. The right to appeal to ACF cannot be waived by the Client and is always exercisable even in the presence of clauses devolving disputes to other bodies for extra-judicial settlement possibly contained in the contracts. In order to settle out-of-court any dispute with GWA, even in the absence of a prior complaint, as an alternative to the case or for matters beyond the competence of ACF, the Client may activate, individually or jointly with GWA, a mediation procedure aimed at conciliation. The request for mediation is presented by filing an application with a body determined in accordance with Legislative Decree 28/2010 as subsequently amended. The request for out-of-court settlement of disputes in accordance with one of the procedures described above is a condition for the admissibility of any judicial request.

### **Clients in Malta**

If the outcome of the complaint submitted to GWA is unsatisfactory, the Client may, refer their complaint to the Financial Services Arbiter (hereinafter the "FSA"). The Company will ensure that where the offer of remedial action or redress is accepted, the Company will comply with these terms promptly. Where relevant, the Company will ensure that it cooperates fully with the FSA's and any settlements or awards made by FSA to the complainant.

The contact details of the FSA are:

Office of the Arbiter for Financial Services  
1st Floor  
St Calcedonius Square  
Floriana FRN 1530  
Malta

## **9 CONFLICT OF INTEREST POLICY**

### **9.1 Recitals**

The relevant legislation provides that in the provision of investment and ancillary services and activities, or a combination of such services, the intermediary:

1. takes all appropriate measures to identify and prevent or manage conflicts of interest that may arise between such intermediary, including its directors, employees and related agents or persons directly or indirectly connected to their Clients or between two Clients;
2. draws up, implements and maintains an effective conflict of interest policy, formulated in writing and appropriate to the size and organisation of the business and the nature, scale and complexity of the activity carried out;
3. when the organisational or administrative arrangements adopted to prevent conflicts of interest prejudicial to the interests of its Clients are not sufficient to ensure, with reasonable certainty, that the risk of harm to the interests of Clients is avoided, clearly informs Clients, before acting on their behalf, of the general nature and/or sources of such conflicts of interest and of the measures adopted to mitigate such risks;
4. maintains and regularly updates a register in which it records the types of investment or ancillary services or investment activities carried out by or on behalf of the intermediary for which a conflict of interest has arisen or, in the case of an ongoing service or activity, may arise which may adversely affect the interests of one or more Clients.

More specifically, this paragraph 9 aims to summarise the macro-types of conflicts of interest related to the current structure of GWA, taking into account the circumstances related to the structure and the activities and services provided, as well as the main measures taken to prevent conflicts of interest and to manage those cases that may cause damage to Clients.

This policy will be updated on an ongoing basis to take into account, on the one hand, the evolution of GWA's structure and services provided and, on the other hand, any regulatory changes.

Any significant changes made to this policy will be duly communicated to the Client, through the platform.

### **9.2 Definition of conflicts**

GWA has identified the types of conflicts of interest that may arise in the provision of investment services or activities and ancillary services between GWA and the Client, or between Clients.

In accordance with Article 34 of Delegated Regulation (EU) 2017/565, GWA has developed an effective conflict of interest policy to prevent conflicts of interest from adversely affecting the interests of the client, taking into account the structure and activities of the GWA entities.

In particular, GWA, in the provision of the services of:

- a) investment advice in financial instruments on an independent basis;
- b) receipt and transmission of orders;
- c) placement without underwriting;

in line with the Company's general approach, aimed at guaranteeing complete independence in the performance of all services, has decided to limit, in some cases, its operations, thus introducing, in most of the conflicts of interest identified, management mechanisms so radical as to sterilise ex-ante and objectively the risk of potential damage to Clients. Any legal, economic or contractual links or relationships with any of the issuers or distributors of the financial instruments recommended shall be disclosed to the Client, where required.

GWA will only maintain a relationship with the Client with advisory contract based on a so-called fee-only compensation system, avoiding different or additional remuneration schemes.

At the request of the Client, it is possible to obtain more details on the policy adopted with regard to conflicts of interest.

### **9.3 Conflict of interest policy**

GWA takes all reasonable steps under applicable law to identify, with respect to specific investment services and activities and ancillary services provided or exercised on its behalf, circumstances that create or may create a conflict of interest that may adversely affect the interests of one or more Clients.

GWA's conflict of interest policy provides for:

- the identification of situations of conflict of interest that may arise in the course of the relationship between GWA and the Client or between Clients;
- the preparation and maintenance of efficient measures to identify possible conflict situations in advance;
- the implementation of appropriate controls for the management of situations of conflict of interest, where they have occurred.

For the purposes of identifying conflicts of interest, GWA considers whether itself, a relevant person or a person having direct or indirect control over it is in any of the following situations, whether as a result of the provision of investment or ancillary services or the performance of investment activities or otherwise:

- a) GWA or the person is likely to make a financial gain or avoid a financial loss at the expense of the Client;
- b) GWA or the person has a separate interest in the result of the service provided to the Client or the transaction carried out on its behalf from that of the Client;
- c) GWA or the person has a financial or other incentive to favour the interests of another Client or group of Clients over those of the Client concerned;

- d) GWA or the person carries out the same activity as the Client;
- e) GWA or the person receives or will receive from a person other than the Client an incentive in connection with the service provided to the Client, in the form of monetary or non-monetary benefits or services.

The conflict of interest policy adopted by GWA is designed to ensure that relevant persons engaged in various professional activities involving a conflict of interest carry out such activities with a degree of independence appropriate to the size and activities of the investment firm and the group to which it belongs and the risk that the interests of Clients may be adversely affected.

Among the procedures that GWA adopts to guarantee its clients the required degree of independence are:

- a) effective procedures to prevent or control the exchange of information between subjects involved in activities that present the risk of conflict of interest, when the exchange of such information could adversely affect the interests of one or more Clients;
- b) the segregated supervision of relevant subjects whose main duties entail acting on behalf of Clients or providing services to Clients whose interests could potentially be in conflict, or that otherwise represent different interests that could potentially be in conflict, including those of the company;
- c) the elimination of any direct ties between the remuneration of relevant parties who mainly carry out an activity and the remuneration of, or income generated by, other relevant parties who mainly carry out another activity, if such a tie could lead to a conflict of interest in relation to those activities;
- d) measures aimed at preventing or limiting any person from exercising undue influence on the way in which a relevant party performs investment or ancillary services or investment activities;
- e) measures aimed at preventing or controlling the concurrent or consecutive participation of a relevant party in investment or ancillary services or investment activities when their participation could adversely affect the correct management of conflicts of interest.

Where the organisational or administrative arrangements made by GWA to prevent conflicts of interest prejudicial to the interests of its clients are not sufficient to ensure, with reasonable certainty, that the risk of harm to the interests of its Clients is avoided, GWA shall clearly inform its Clients, before acting on their behalf, of the general nature and/or sources of such conflicts of interest and of the measures taken to mitigate such risks, providing information in sufficient detail, having regard to the characteristics of the Client, to enable the Client to make an informed decision on the service in which the conflict of interest arises. This information shall be provided on a permanent storage device.