

Purpose

This document will provide you with key information about this investment product. It is not promotional material. The provision of this information is required by law to help you understand the nature, risks, costs, potential returns and losses associated with this product and to compare it with other products.

Zero-cost option strategy

Product: Zero-cost option strategy
 Creator: AKCENTA CZ a.s. (www.akcenta.eu)
 Competent supervisory authority: Czech National Bank
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Warning

The product you are considering buying is complex and can be difficult to understand. The product is not suitable for every investor. The product is suitable for an investor who is actively investing, has experience and is aware of the investment risks.

I. What product is it?

Type

A zero-cost option strategy is an investment tool that is used to hedge currency risk. The specific feature is that it offers a more favourable exchange rate compared to a currency forward. However, this exchange rate is associated with uncertainty in the form of a previously unknown resulting exchange volume. This instrument is suitable for clients for whom the uncertainty of the resulting exchange volume is acceptable and who, on the other hand, perceive a better exchange rate compared to a standard forward as a significant advantage.

If on the fixing date the Bloomberg 14:00 fixing rate is lower in case of sale of the main currency (or higher in case of purchase of the main currency) than the agreed strike rate, then the client exchanges denomination 1 for the agreed strike rate. If, on the fixing date, the Bloomberg fixing rate is higher on the sale of the main currency (or lower in the case of the purchase of the main currency) or equal to the strike rate, then the client exchanges denomination 2 for the agreed strike rate.

Objectives

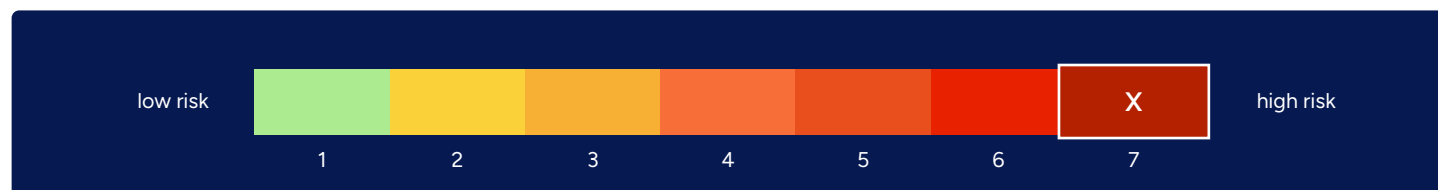
The objective of the Zero-cost option strategy is to profit from a change in the price of the underlying assets. In the case of currencies, these prices are set by bank transactions where banks quote currency pairs to each other. AKCENTA obtains these prices from the counterparty (the bank). This product is designed for clients who wish to execute managed transactions and benefit from short-term exchange rate movements from the aggregate performance of the underlying assets and are willing to bear the risk of losing the entire amount invested in a short period of time.

Intended customer

This product is only suitable for corporate customers who have sufficient experience in hedging against currency risks. As the structure may be terminated before the agreed maturity, resulting in little or no protection, the buyer should be in good financial shape and should use other, more certain hedging products as part of their overall hedging strategy.

II. What risks am I taking and what return could I achieve?

Risk indicator:



The risk indicator assumes that you keep the product for 365 days. The actual risk can change significantly. This product is high risk. The prices of the underlying assets may fluctuate significantly in a short period of time and you may suffer a substantial unlimited loss. Gains and losses are also affected by the degree of leverage used. A higher ratio leads to higher profits or higher losses. All derivative contracts are legally classified as 7, which is the highest risk class.

Performance scenarios

The example of the Zero-cost option strategy is based on realistic grounds. The example may not exactly match the specific conditions of your contract.

Long position - purchase 100.000 EURCZK

Scenario	Opening odds position	Exchange rate change in %	Reference fixing at maturity	Profit / Loss [CZK]
Stress	25,100	-1,50%	24,724	-37 650,00
Adverse	25,100	-0,50%	24,975	-12 550,00
Moderate	25,100	0,30%	25,175	7 530,00
Favorable	25,100	1,00%	25,351	25 100,00

Short position - sale 100.000 EURCZK

Scenario	Opening odds position	Exchange rate change in %	Reference fixing at maturity	Profit / Loss [CZK]
Stress	25,100	1,50%	25,477	-37 650,00
Adverse	25,100	0,50%	25,226	-12 550,00
Moderate	25,100	-0,30%	25,025	7 530,00
Favorable	25,100	-1,00%	24,849	25 100,00

The scenarios presented are estimates of future performance based on past facts regarding exchange rate movements and are not an accurate indicator. The stress scenario shows what you may get back or what you may have to pay in extreme cases. The figures include all costs of the product itself. The figures do not take into account your personal tax situation, in particular the tax regulations of your home country, which may also affect the success of your investment.

III. What happens if AKCENTA is unable to make a payment?

If AKCENTA fails to meet its obligations under this product or is unable to make a payment, you may lose all or part of your payment or suffer an unlimited loss. This product is not protected by any deposit insurance scheme, statutory or otherwise.

IV. What costs are associated with the investment

The amounts shown represent the cumulative cost of the TARF Option for a 365-day period. These figures are estimates and are subject to change over time. The table below shows the impact of each cost on the investment return.

One-off costs	Fee charged when the transaction is opened.	0%
Ongoing costs	Ongoing fees associated with holding product positions/fees in the underlying asset market.	0%
Collateral composition	The amount of collateral depends on the size of the investment and the financial stability of the client. The collateral is deposited in the client's separate IPA.	1-20%
Swap Points	The fee relates to the funding of the position and is charged at the time the position is held for the next day/period.	

The person selling or advising you about the product may charge you different costs. If so, this person will provide you with information about these costs and explain the impact that any costs will have on your investment over time.

V. How long should I hold the investment? Can I withdraw the money early?

For this particular product, the usual holding period is 1 year, but the purchase of this option should match your cash flow requirements. There is no minimum holding period, however the product is more profitable if held for a minimum of 1 year and a maximum of 24 months. Generally, the option should be held to maturity, but can be exercised earlier on request. Depending on the market value of the product, you may see a gain or loss on termination.

VI. How can I lodge a complaint?

All the necessary information for the handling of complaints and claims is provided on the website: <https://www.akcenta.com/claims-form>. The details are contained in the Complaints Procedure, which is also on the website. Under the conditions set out in the legislation, you can contact the Czech National Bank (www.cnb.cz) or the Financial Arbitrator (www.finarbitr.cz).

VII. Other relevant information

For more information on this product, please visit the <https://www.akcenta.com/derivative-transactions> section of our website or contact the relevant AKCENTA CZ expert at +420 498 777 777.