

ayondo portfolio management GmbH

Ex-ante Cost Calculation

1 CONTENT AND PURPOSE OF THIS DOCUMENT

ayondo portfolio management GmbH provides social trading services. In this context, it is required by law to inform clients in advance about the costs and incidental costs associated with the service provided and to present the effects of these costs on performance.

This document serves the purpose of fulfilling this obligation and to give you as a client an impression of the costs and additional costs you have to expect when using the service. Please note that the actual costs will depend heavily on how you use the social trading offered by ayondo, e.g. which Top Traders you follow and with how much capital.

The examples presented in this document should not be construed as a binding forecast of the costs actually incurred by you, but should rather be used as an introduction to deal with the costs and thus to get a better idea of how certain influencing factors affect the cost burden.

2 THE SERVICE AND THE RELEVANT PARTNERS

The social trading services offered by ayondo portfolio management GmbH require the interaction of several partners to ensure smooth operation. In addition to you as a client, there are the so-called Top Traders as well as three companies of the ayondo group of companies, namely ayondo markets Ltd., ayondo GmbH and ayondo portfolio management GmbH.

In order for you to be able to subscribe to trading strategies in your account (which would make you a **Follower**), these trading strategies must be implemented by a so-called **Top Trader** and the results of the implementation must be published.

The Top Traders and Followers are part of the social trading community on the website www.ayondo.com, which is managed by **ayondo GmbH**. A Top Trader can either implement his trading strategy virtually (then he is called a "virtual money trader") or he can trade with real money (then he is called a "real money trader").

The virtual money trader only has a contract with ayondo GmbH. The real money trader also needs a contract with **ayondo markets Ltd.**, so that ayondo markets Ltd. can operate a CFD trading account for him or her, over which he or she can implement his or her trading strategy with real money. If the Follower wants to subscribe to trading strategies with real money, he or she also needs a CFD trading account at ayondo markets Ltd..

ayondo portfolio management GmbH forms the link between Followers and Top Traders with its "ayondo auto execution"

software. If a Follower wants to replicate the trading strategy of a Top Trader in their real money trading account, then the technical solution provided by ayondo enables the trading decisions of the Top Trader ("signals") to be converted into corresponding trading orders. The investment decisions made by the Top Trader are passed through the ayondo auto execution interface to the broker, who then executes them and thereby replicates the Top Trader's strategy in the Follower's trading account.

3 WHAT TYPES OF FEES AND CHARGES CAN ARISE WHEN USING SOCIAL TRADING PROVIDED BY AYONDO?

In the context of the social trading services offered by ayondo, the fees charged by ayondo portfolio management GmbH are one of the costs to be taken into account.

Ayondo portfolio management GmbH charges different fees, depending on how the Top Trader selected by the Follower is rewarded.

If a Top Trader receives a volume-based compensation, ayondo portfolio management GmbH charges a fee of 1 Euro cent (i.e. € 0.01) or currency equivalent per executed trading signal of the respective Top Trader.

If a Top Trader is rewarded on the basis of performance and management fees, ayondo portfolio management GmbH charges a management fee, the amount of which depends on the amount of capital with which the Follower follows the Top Trader, as well as a

performance fee, the amount of which depends on how successful the execution of the signals of the respective Top Trader was for the Follower (the fee rates can be viewed at any time on the website of ayondo).

In addition to these fees charged by ayondo portfolio management GmbH, there are additional costs associated with the use of ayondo's social trading system.

Particularly noteworthy here are the costs for the execution of the trading signals at ayondo markets Ltd.. These costs consist of the spread, i.e. the difference between the buying and selling price of the CFDs traded in each case, as well as financing costs when holding positions overnight.

For CFDs denominated in a currency other than the client's account currency, a currency conversion must be carried out at the closing of the CFD position at a cost to the client equal to the spread of the exchange rate of the foreign currency (difference between the buying and selling price of the foreign currency) plus an added mark-up.

In addition to these costs and fees, which are charged by ayondo portfolio management GmbH and ayondo markets Ltd. and incurred by the client, other costs may be relevant for the client, which are not directly related to the service, e.g. cost of using the internet or telephone charges.

With respect to certain costs, the Follower should note that the relative amount of fees (based on the capital held by the client in his

CFD trading account) may increase if the Follower does not follow one but multiple Top Traders. This is the case e.g. with respect to the signal fee, since that fee is charged per transaction and the number of transactions will be larger the more Top Traders one follows.

4 HOW TO READ AND USE THIS DOCUMENT

As can be seen from the presentation and explanation of the cost types, in the context of ayondo's social trading services many different costs and fees are to be taken into account, the amounts of which depend on many different factors. As a result, the cost burden for a Follower can vary widely depending on how he uses social trading. In this respect, it should be emphasized that the examples of figures presented below should not be interpreted as a forecast of the cost burden without reference to the client's intended manner of using social trading.

Instead, the examples should be used as a starting point to illustrate to the reader the effects of certain parameters on the cost burden. Ayondo recommends that before subscribing to a trading strategy, one should evaluate it fully, taking into account the characteristics of the strategy and the effects of these characteristics on expected costs.

To this end, this document provides a good basis as it presents the effects of the, from ayondo's point of view, most important factors on the cost burden.

5 HOW WERE THE FOLLOWING EXAMPLES SELECTED?

Since the actual costs associated with using the social trading offered by ayondo cannot be reliably predicted ex-ante, ayondo has decided to use examples to illustrate the potential impact of costs on performance.

Ayondo has selected the following examples, from the mass of all active Top Traders (at time of preparing this document), by filtering the statistics of all active Top Traders, based on the following criteria:

1. The maximum drawdown of the Top Trader must be less than 25%.
2. The Top Trader must have had at least 5 Followers during the previous 12 months (the "reporting period") and must have had at least one Follower on the last day of the reporting period.
3. The Top Trader must have made at least 10 trades during the reporting period, at least one of them in the last quarter of the reporting period.
4. The risk measure ("TRS") of the Top Trader may at no time have been "high" (TRS greater than or equal to 8) during the reporting period. The reason for this is that ayondo believes that Top Traders, who implement high risk trading strategies, do not help Followers develop sustainable trading strategies. The idea of ayondo's offer is precisely that the Followers can inform themselves about the Top Traders and their strategies

in order to use sustainable trading strategies for themselves.

Ayondo considers the trading strategies of Top Traders with a TRS of 8 or greater as unsafe and not sustainable.

5. The risk of the Top Trader as measured by the TRS must not have fallen from "medium" (TRS between 5 and 7) to "low" (TRS less than 5).

From the Top Traders filtered on the basis of these criteria, ayondo has formed the following four groups:

- I. TRS low, performance positive
- II. TRS low, performance negative
- III. TRS medium, performance positive
- IV. TRS medium, performance negative

From these four groups, the Top Traders with the largest number of transactions conducted during the reporting period and the Top Trader with the smallest number of transactions conducted during the reporting period have been selected.

The statistics of the Top Traders, selected by the method described above, are shown anonymously below. Ayondo will check at least annually if these statistics are still good examples and adjust the presentation as it sees fit.

6 EX-ANTE CALCULATION METHODS

In order to have a minimum amount of reliable data available for the ex-ante preliminary cost calculation, a full calendar year is used as a reference period for the following calculations. From the pool of available and active trading strategies, the ones that have shown to be representative under the above criteria have been identified.

The calculation is based on an investment amount of 5,000 € in order to ensure a comprehensible presentation of the respective costs.

Some of the costs are directly related to the amount of the investment. The signal fee is a charge that accrues per signal being routed and is therefore transaction related. The level of capital allocated to trading strategies is irrelevant for the calculation of the signal fee.

We present eight trading strategies and the associated costs below, assuming that trading signals of the respective investment strategy would have been replicated in the trading account of the Follower without individual adjustments and time interruptions.

In the presentation of the ex-ante cost calculation, a distinction is made between the costs for providing the service and the costs associated with the financial instruments.

The term "cost of service" includes costs directly related to ayondo auto execution.

The term "cost of financial instruments" includes, in this context, the costs associated with the acquisition or disposal of a financial instrument, in other words, the holding of a position in the managed trading account at ayondo markets Ltd.

6.1 Examples of Cost Calculations

I(a)	TRS Risk Categorisation Low, Performance Positive	
Trading system	Signal provider A	
Account currency of the signal provider	EURO	
Trading activity	High	
Holding period of the positions	Intraday to a few days, selected strategy positions are also held longer	
Number of signals	4,043	
Performance (after deducting all costs and fees)	+25.72%	
Maximum Draw Down	14.16%	
Ex-ante Cost/Fee Calculation		
Cost of service: € 40.43		
Signal Fee	€40.43	0.81%
Cost of financial instruments: € 479,61		
Spread	€309,08	6.18%
Financing costs	€168,59	3.37%
FX-Conversion	€1,94	0.04%

I(b)	TRS Risk Categorisation Low, Performance Positive	
Trading system	Signal provider A2	
Account currency of the signal provider	EURO	
Trading activity	Low	
Holding period of the positions	A few days to occasionally several weeks	
Number of signals	239	
Performance (after deducting all costs and fees)	+47.52%	
Maximum Draw Down	13.78%	
Ex-ante Cost/Fee Calculation		
Cost of service: €2.39		
Signal Fee	€2.39	0.05%
Cost of financial instruments: €310.76		
Spread	€53.69	1.07%
Financing costs	€235.55	4.71%
FX-Conversion	€21.52	0.43%

II(a)	TRS Risk Categorisation Low, Performance Negative	
Trading system	Signal provider B1	
Account currency of the signal provider	EURO	
Trading activity	Medium	
Holding period	Mostly intraday, occasionally a few days	
Number of signals	890	
Performance (after deducting all costs and fees)	-5.16%	
Draw Down	6.16%	
Ex-ante Cost/Fee Calculation		
Cost of service: €8.90		
Signal Fee	€8.90	0.18%
Cost of financial instruments: €149.03		
Spread	€131.10	2.62%
Financing costs	€17.02	0.34%
FX-Conversion	€0.91	0.02%

II(b)	TRS Risk Categorisation Low, Performance Negative	
Trading system	Signal provider B2	
Account currency of the signal provider	Euro	
Trading activity	Low	
Holding period	Mostly intraday, occasionally a few days	
Number of signals	106	
Performance (after deducting all costs and fees)	-1.60%	
Draw Down	5.24%	
Ex-ante Cost/Fee Calculation		
Cost of service: €1.06		
Signal Fee	€1.06	0.02%
Cost of financial instruments: €59.03		
Spread	€31.53	0.63%
Financing costs	€25.86	0.52%
Financing costs	€1.64	0.03%

III(a)	TRS Risk Categorisation Medium, Performance Positive	
Trading system	Signal provider C1	
Account currency of the signal provider	Euro	
Trading activity	High	
Holding period	Short term to several weeks	
Number of signals	3,131	
Performance (after deducting all costs and fees)	0.41%	
Draw Down	24.99%	
Ex-ante Cost/Fee Calculation		
Cost of service: €31.31		
Signal Fee	€31.31	0.63%
Cost of financial instruments: €1,219.15		
Spread	€661.25	13.22%
Financing costs	€557.90	11.16%
FX-Conversion	-	0.00%

III(b)	TRS Risk Categorisation Medium, Performance Positive	
Trading system	Signal provider C2	
Account currency of the signal provider	Euro	
Trading activity	Low	
Holding period	Medium to long term	
Number of signals	172	
Performance (after deducting all costs and fees)	12.12%	
Draw Down	17.84%	
Ex-ante Cost/Fee Calculation		
Cost of service: €1.72		
Signal Fee	€1.72	0.03%
Cost of financial instruments: €363.11		
Spread	€229.47	4.59%
Financing costs	€121.26	2.43%
FX-Conversion	€12.38	0.25%

IV(a)	TRS Risk Categorisation Medium, Performance Negative	
Trading system	Signal provider D1	
Account currency of the signal provider	Euro	
Trading activity	High frequency	
Holding period	Very short term, individual positions from a few minutes to sometimes several months	
Number of signals	13,471	
Performance (after deducting all costs and fees)	-4.61%	
Draw Down	24.85%	
Ex-ante Cost/Fee Calculation		
Cost of service: €134.71		
Signal Fee	€134.71	2.69%
Cost of financial instruments: €5,233.37		
Spread	€3,000.86	60.02%
Financing costs	€2,169.62	43.39%
FX-Conversion	€62.89	1.26%

IV(b)	TRS Risk Categorisation Medium, Performance Negative	
Trading system	Signal provider D2	
Account currency of the signal provider	Swiss Franc	
Trading activity	Low	
Holding period	A few days to several weeks	
Number of signals	120	
Performance (after deducting all costs and fees)	-3.19%	
Draw Down	10.29%	
Ex-ante Cost/Fee Calculation		
Cost of service: CHF 1.40		
Signal Fee	CHF 1.40	0.03%
Cost of financial instruments: CHF 187.91		
Spread	CHF 133.20	2.66%
Financing costs	CHF 42.72	0.85%
FX-Conversion	CHF 11.99	1.26%

7 COST-RELEVANT INFLUENCING FACTORS

Since each signal provider pursues an individual strategy and different approaches with regard to risk and money management, it is not possible to create a generally valid ex-ante cost calculation.

It is important to understand which factors determine the costs and how they affect them.

The following overview gives an insight into how certain factors affect the costs. Combined factors can increase or decrease costs. Multiplier effects *can* occur.

Type	Relevance for Costs	Cost Type
Trading frequency	Yes	Signal Fee
Holding period	Yes	Financing costs
Size of position	Yes	Spread Financing costs Exchange rates
Currency of the trading system	Yes	Exchange rate between account currency of signal provider & Follower

In order for a Follower to estimate his or her costs, it is necessary for the Follower to take a close look at the trading system or trading behaviour of the signal provider before subscribing to a trading strategy. It is also important that the Follower is aware of the fact that the investment behaviour and the associated risk and money management can change. Thus, it is possible that a previously very active signal provider retracts his or her trading activity, due to market uncertainties, whilst another signal provider may suddenly become more active and take on larger positions in emerging volatile trading phases, because he or she sees market movements as rather promising.

Basically, a Follower should keep an eye on the subscribed trading strategy, not only because of the costs but also because of possible risks, which result from a changed investment behaviour of the signal providers.

In addition to the above factors, which are primarily related to a trading strategy, other factors can influence the costs. This second category refers to the reference markets from which CFD prices are derived. For example, spreads outside of liquid trading periods may increase (e.g. currency trading). Furthermore, fast market movements can lead to an increase in spreads. The costs of instruments with less liquid underlyings tend to be greater than those that have sufficient liquidity.

As a Follower, you should analyse exactly whether a signal provider adheres consistently to a self-imposed rule set or often adapts his or her strategic orientation to market conditions.

Under certain circumstances, it is possible that the performance of the signal provider's trading system deviates from that of the Follower. Possible reasons for this are explained in more detail in the document "Risk Warnings".

For financial instruments listed in a foreign currency, additional costs may arise as a result of deviations in foreign exchange rates . These effects can be positive or negative.

7.1 YOU DETERMINE THE COSTS

The social trading platform offered by ayondo offers users of the service a variety of settings and options to increase or decrease the opportunity/risk ratio. As a Follower, you have the option to tailor the trading strategy applied by the signal provider to your individual needs and thus to tailor the risk and money management to your personal preferences. For example, you can choose a leverage that increases or decreases profits and losses.

Since you also influence the position size with the leverage, you indirectly determine the amount of the fees.

The same applies if, for example, you exclude certain instruments from following, i.e. if you only want to convert certain signals in your own account or subscribe to selected signals with a reduced weighting. You are actively involved in social trading, via the

configuration options offered, and therefore decide to a certain extent how the fees are composed and in what amount they accrue.

7.2 WHERE ARE WHICH COSTS INCURRED?

The following overview summarises once again which types of fees can be incurred in social trading and which companies can be assigned to them.

	Company	Cost Type
Financial portfolio management	ayondo portfolio management GmbH	Signal Fee Performance Fee Management Fee
Trade/Brokerage	ayondo markets Ltd.	Spread Financing costs Currency conversion

7.3 TYPES OF COST

Different types of costs can be incurred when using portfolio management. In order to achieve the greatest possible transparency for the user of the service, the type of costs, which can be charged by ayondo portfolio management GmbH, are summarised here.

7.3.1 One-Off Costs

At ayondo portfolio management, there are no one-off costs (e.g. setup fee) to use the service.

7.3.2 User Fees for Services

There are no recurring user fees for the provision of social trading technology and use.

7.3.3 Inactivity Fees

If you do not use the social trading service, the trading account maintained at ayondo markets Ltd. may be debited with a so-called inactivity fee. An inactive account is defined as an account on which no trades have been executed within the periods defined below (either since the account was opened or since the last trade was executed, whichever was the last) and on which there are currently no open positions.

Your account will be charged with an initial Inactivity Fee in the event that your account has been inactive for a period of 180 calendar days. In the event that your account remains inactive for subsequent periods of 30 calendar days after the initial Inactivity Fee has been charged, your account will incur additional recurring Inactivity Fees upon the anniversary of each 30 day period.

All Inactivity Fees will be charged in the currency of your account and in units of 10 for all currencies with the exception of the following:

Account currency	Inactivity Fee in terms of the account currency
New Zealand Dollar	20
Swedish Krona	100
Danish Krone	80
Singapore Dollar	20
Malaysian Dollar	50
Hongkong Dollar	100

Please refer to ayondo markets Ltd.'s Terms and Conditions for all details regarding the inactivity fee.

7.3.4 Social Trading Fees

Costs only arise if the social trading service is used on a real money account. The costs incurred are always directly related to the trading transactions carried out on your trading account or the positions held by you in the trading account.

Costs are charged by both ayondo portfolio management GmbH and ayondo markets Ltd..

The fees associated with portfolio management depend on the type of trading strategy you subscribed to. The billing model that comes

into play in each case is directly related to the billing method chosen by the signal provider. Ayondo portfolio management GmbH has no influence on the latter. The signal provider makes this choice in his Top Trader account, which he maintains at ayondo GmbH.

7.3.5 Other Costs

Depending on the choice of the method of deposit, costs may occur when depositing capital on the trading account maintained at ayondo markets Ltd. These costs are primarily based on the specific ePayment provider used, the location of that ePayment provider and your location (i.e. within or outside of the EEA).

7.4 PERFORMANCE AND MANAGEMENT FEE

7.4.1 General Information

The performance and management fee ("PMF") billing model was only introduced in 2017.

So far, there are only a few trading strategies that are classified under the PMF model, which means that no meaningful data can be collected from which realistic conclusions can be drawn for a reliable ex-ante cost calculation.

In order to be able to provide an ex-ante cost calculation for the PMF fee model, ayondo has decided to take a simplistic approach. With regard to the PMF fee model, ayondo portfolio management GmbH charges two components of fees, which are described in more detail below: a performance fee and a management fee. In addition, there are costs for the execution of the transactions.

This should act as a guide to the costs that may arise at ayondo markets Ltd.

7.4.2 Performance Fee

The Performance Fee (PF) is payable whenever the subscribed trading strategy reaches a new high compared to the entry level or previous high. The new value is called an individual high watermark. For the performance achieved, which is the difference between the previous and the new value, a fee of 25% will be charged.

The following sample calculation clarifies the functionality:

Let's assume that the return on a given investment amount was €1,000. With respect to these €1,000, a performance fee of 25% is due.

Your Income	PF	Fee to be Paid
€1,000	× 25%	€250

Under the conditions mentioned, your trading account would be charged with an amount of €250.

Once a new high watermark has been reached, it defines the new reference value. As long as it is not reached and exceeded, no further performance fee is due. This type of charge is therefore only charged if a positive return has been achieved.

7.4.3 Management Fee

The management fee is directly related to the amount of capital allocated to the trading strategy. The management fee is 1 percent

per year. The management fee will be charged proportionally each day.

The following sample calculation clarifies the functionality:

If you subscribe to a PMF-classified trading strategy and allocate €5,000 of your capital to this trading strategy, you will be charged a fee of €0.137, which will be debited from your account.

Your Investment Volume	MF	p.a	Fee per Day
€5,000	x 1%	/360 Days	€0.137

7.4.4 Signal Fee

When subscribing to a PMF strategy, there are no additional costs for signals.

7.4.5 Additional Costs

Other costs may apply. Analogous to the signal fee model, a distinction must be made between the costs charged by ayondo portfolio management GmbH and costs charged by ayondo markets Ltd.

The costs charged by ayondo markets Ltd. consist mainly of the spread of the instruments traded, financing costs and costs for currency conversions.

To get an idea of the costs that may be incurred, you may refer to the costs for financial instruments listed in Chapter 6.

8 IMPORTANT NOTICE

This document only reflects the statistics of the Top Traders during the reporting period. In this respect, it should be noted that the actual circumstances could change at any time, for example by adjusting or changing the fees or fee models.

Please note that statements and statistics relating to the past are not a reliable indicator of future developments.

We recommend that you familiarise yourself with the products offered, the service and the interaction of the individual processes before using the service. Only start executing signals in your trading account if you are sure that you have fully understood the risks.

Since the ex-ante cost analysis provides only a rough orientation, we recommend that you actively analyse the trading decisions of the Top Traders, and evaluate whether the cost/return ratio still meets your expectations.

For more information on all aspects of social trading, visit the ayondo website at www.ayondo.com.

On the ayondo markets Ltd trading platform, further information in relation to costs is available in the so-called "Key Investor Information Documents". Further information on costs and incidental costs for the CFDs that can be traded at ayondo markets Ltd. are available in other parts of the website, also. If you have any questions, you may always contact ayondo Customer Service.

In order to adequately reflect changes in the underlying statistics, ayondo will review the information contained in this document on

an annual basis and make changes as necessary. The most up-to-date version of this document can be viewed at any time on the ayondo website or can be requested from Customer Services.