

WEM Balanced

Actively Managed Portfolio

Wealth Effect Management o.c.p., a.s.



WEALTH EFFECT

MANAGEMENT

o.c.p.



WEALTH EFFECT MANAGEMENT





WEM is a dynamic and **innovative company**

Our clients have trusted us with care for their financial life for over 10 years. International experience combined with the long-term familiarity with the Slovak financial market enables us to bring our clients the same standard and quality of care that is common on mature Western markets. We build on traditional values such as honesty and trust. We believe that only a high moral credit of our team can secure our clients sufficient protection of their property in any life situation.

To reach the highest level of professionalism and transparency we have founded the company WEM o.c.p., which is part of the WEM Group. The investment firm enables us to create products and services of unique character.



WEM Balanced

Basic characteristics of an investment

Geographic orientation

USA / EU

Synthetic benchmark

0,6 x LEEGTREU Index*
+ 0,4 x S&P 500 Index

Riskiness

„4“ medium risk

Target Gross Profitability

7% p.a.**

Investment time span

>2 years

Minimum deposit

30.000,- EUR

* Bloomberg Barclays Euro Aggregate Government Index

** Calculated based on simulated profitability in the past and before deduction of fees and commissions and before tax

Detailed **characteristics** of the investment

Ideal time span: > 2 years
Reference currency: EUR
Efficiency of investment: Sharpe Ratio 1,35*
Riskiness of investment: Standard Deviation 7,10%*
Monte Carlo VaR 95% 1d 0,74% / 1m 3,48%**



Lower risk = lower yields

Higher risk = higher yields



Types of risks: FX risk, Firm specific risk, Market risk

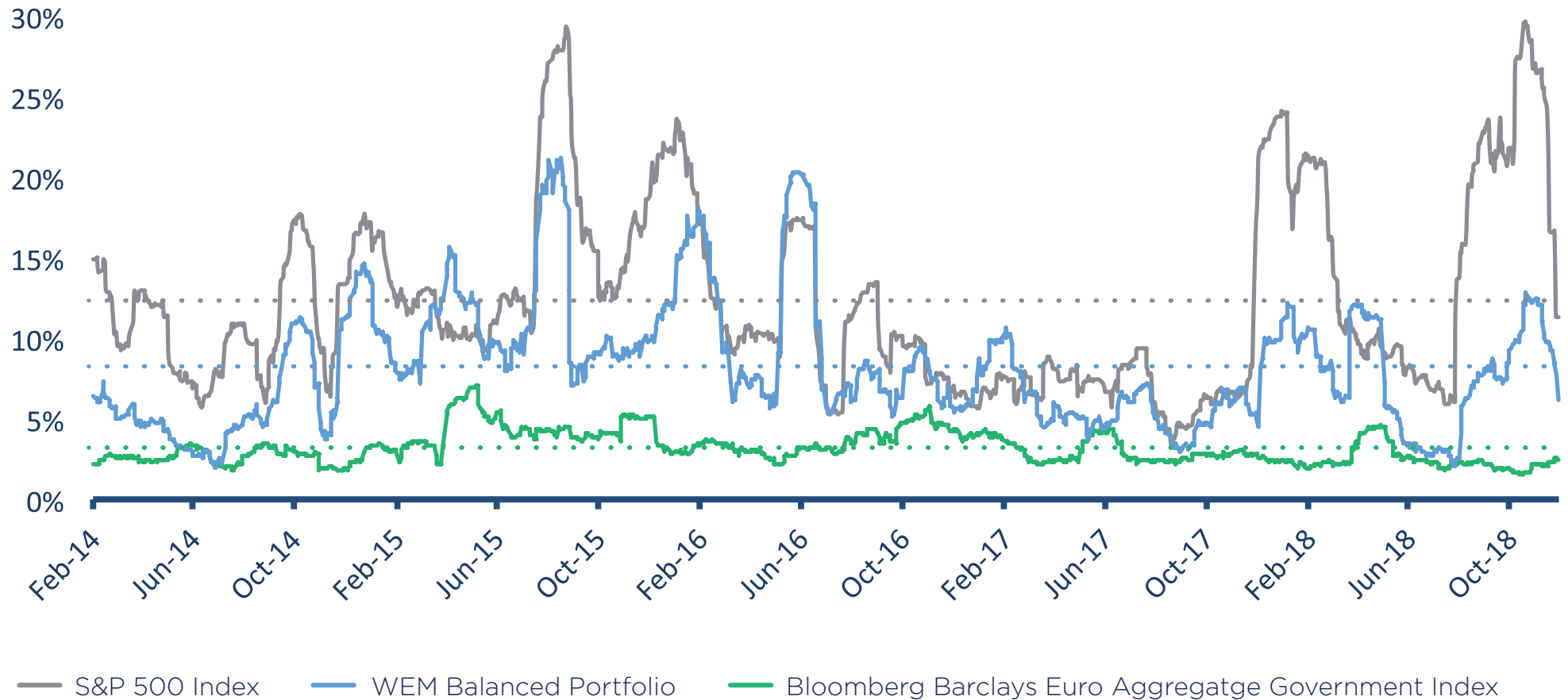
Capital guarantee: No

Hedging: Realised in case of need

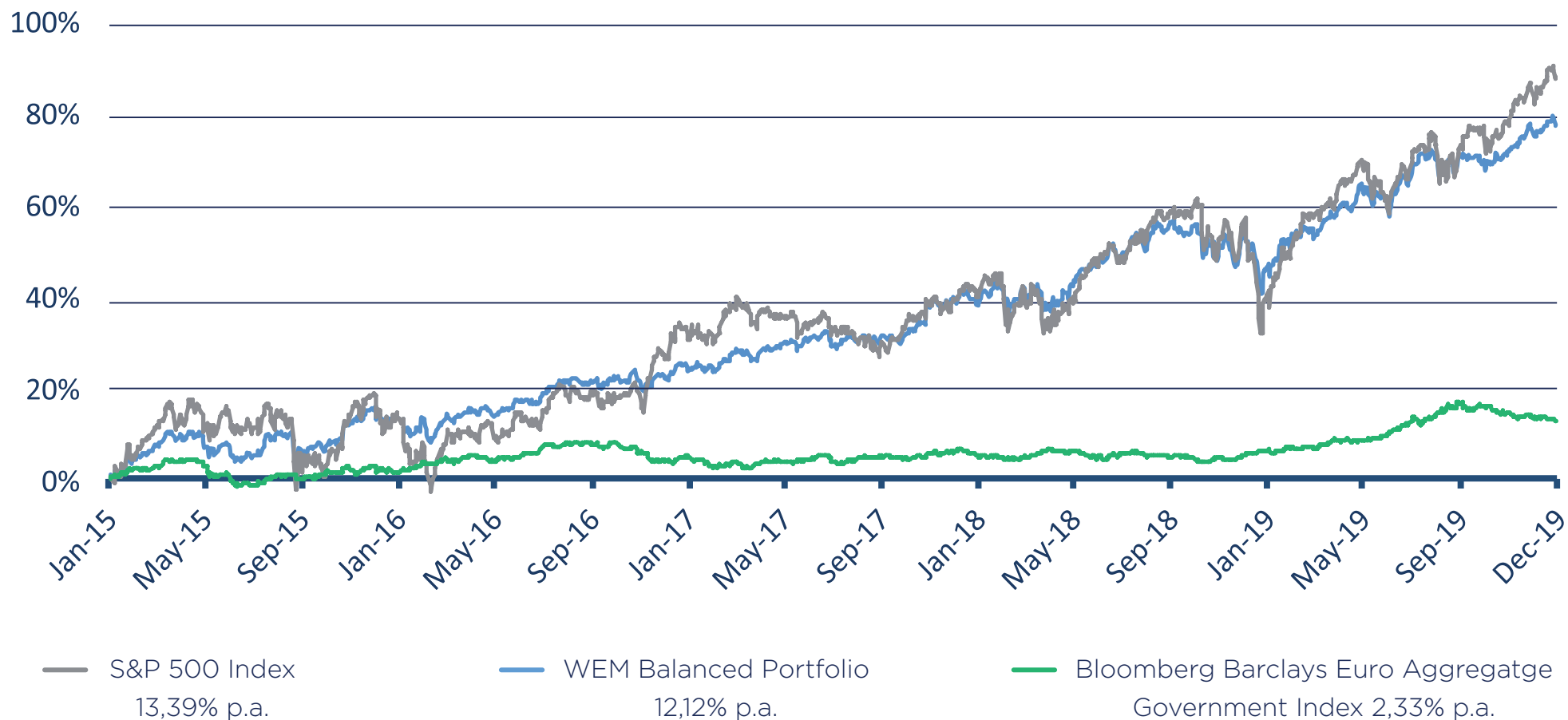
Liquidity:: 100% (at standard market conditions)

* Calculated based on simulated and historical performance in the past at a period of 1250 days. Calculated in EUR, on February 20, 2019

** Simulated VaR (in EUR) as of February 20, 2019 for initial asset weights in portfolio, used method -Monte Carlo; VaR = the probability that the portfolio will not generate a higher loss within aspecified time interval



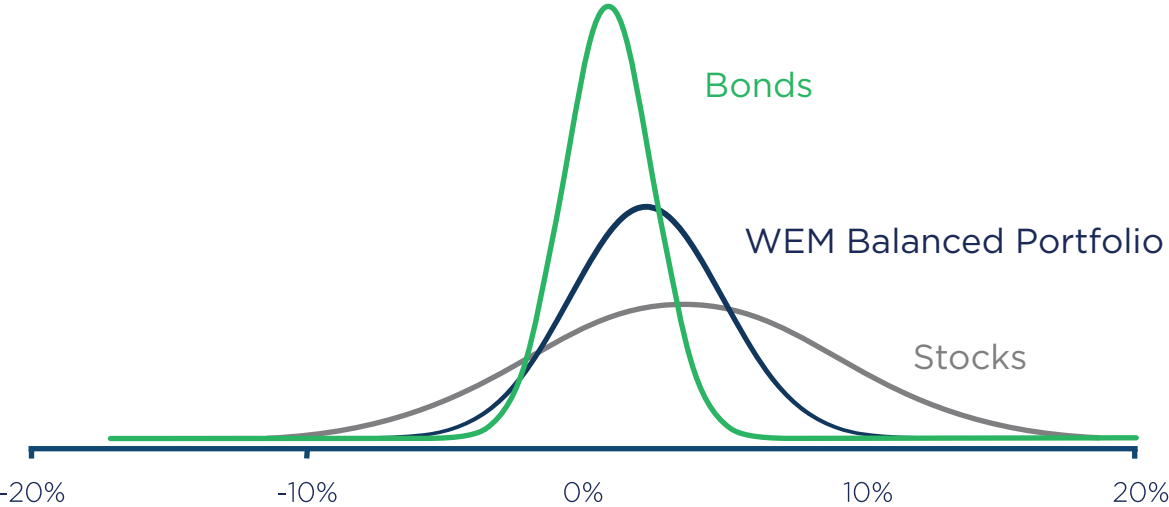
Comparison of the simulated 30-day volatility (ie risk) of WEM Balanced portfolio over the past five years with a major US stock index and a broad-based European bond index focused solely on government bonds (dashed lines illustrate the average 30-day volatility over the entire period). Source: Bloomberg Professional Terminal.



Comparison of the simulated cumulative percentage performance of WEM Balanced portfolio over the past five years with a major US stock index and a broad-based European bond index exclusively targeting government bonds. All revenues are converted into EUR and are shown before deduction of fees, commissions and pre-tax. Source: Bloomberg Professional Terminal.

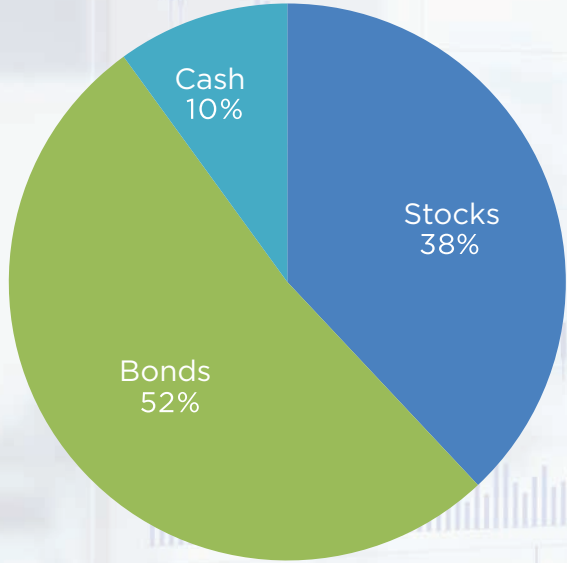
Investment Goal

Actively managed portfolio WEM Balanced enables clients to invest in the TOP US equity stocks while optimizing risk by investing in high quality Euro area government bonds. The main objective of the portfolio is to generate yield on a regular basis that corresponds with the risk profile of the investment, ie. maximize return to an extent that is consistent with expected capital preservation and maintaining the high liquidity of realized investments.



The appropriate combination of bonds and stocks in the portfolio creates diversification effect in the form of risk elimination. Example shown the Gaussian curve which illustrate the risk of individual asset classes, measured by the standard deviation of historical returns.

Weights of Individual Asset Classes in the Portfolio*



* The initial weights of individual asset classes in the portfolio on initial investment may differ from the displayed shares. The limits for asset shares in the portfolio are set out in the relevant Investment Strategy.



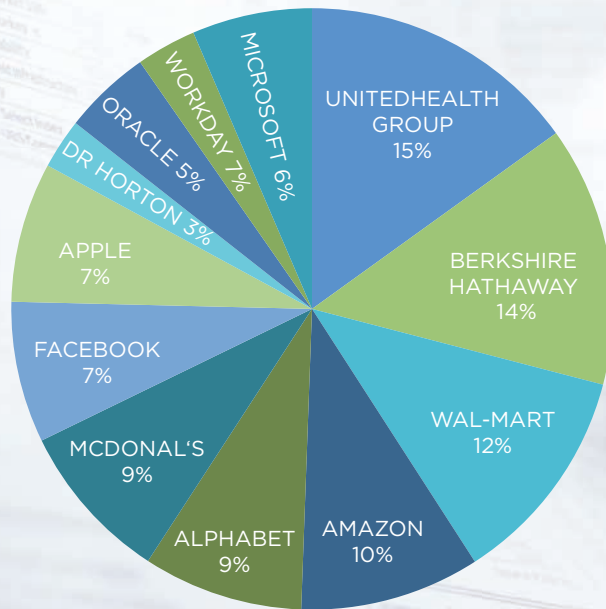
Instruments of **Portfolio Management**

To manage the portfolio, we use state-of-the-art working tool - Bloomberg Professional Terminal. Bloomberg is a global leader in providing financial information and financial analytical tools.

Bloomberg Terminal enables efficient management of investment portfolios, as it offers comprehensive real-time information on financial and non-financial developments of individual asset types, macro economic information about national economies, stocks and other financial indexes, comments and analyzes of major investment banks, analysts' expert estimates, statistical information, etc.

Based on the long-term experience of portfolio manager in the financial industry and his ability to deploy utilize the Bloomberg Professional Terminal for the purpose of an efficient portfolio management, it is possible, in Slovak terms, to manage an investment portfolio that exceeds the Global Benchmark and achieve returns that are fully comparable (or better) to TOP global investment companies. At the same time, these revenues are achieved with a responsible and well-managed investment risk.

Weights of individual companies in the equity component of the portfolio*



* The initial weights of individual asset classes in the portfolio on initial investment may differ from the displayed shares. The limits for asset shares in the portfolio are set out in the relevant Investment Strategy.

Description of portfolio **stocks**



VISA INC-CLASS A SHARES

Visa Inc., a payments technology company, operates as a retail electronic payments network world wide.



Oracle Corporation develops, manufactures, markets, sells, hosts, and supports database and middleware software, application software, cloud infrastructure, hardware systems, and related services worldwide.



ALPHABET INC-CL A

Alphabet Inc., through its subsidiaries, builds technology products and provides services to organize the information. The company offers Google Search that provides information online.



APPLE INC

Apple Inc. designs, manufactures, and markets mobile communication and media devices, personal computers, watches, and portable digital music players worldwide.



AMAZON.COM INC

Amazon.com, Inc. operates as an online retailer globally. It operates Amazon Web Services (AWS) segments. The company serves consumers through retail websites, such as amazon.com.



WORKDAY INC-CLASS A

Workday, Inc. provides enter prise cloud applications for finance and human resources in the United States and internationally. It offers applications for customers to manage critical business functions that enable them to optimize their financial.



UnitedHealth Group™

UNITEDHEALTH GROUP INC

United Health Group operates as a diversified health and well-being company in the United States. The company’s UnitedHealth care segment offers consumer-oriented health benefit plans and services for national employers, public sector employers, mid-sized employers, small businesses, and individuals; and health care coverage, and health and well-being services to individuals aged 50 and older.



MICROSOFT CORPORATION

Microsoft Corporation develops, manufactures, licenses, sells and supports software products. The company offers operating system software, server application software, enterprise and consumer application software, software development tools, and Internet and Intranet software. Microsoft is in addition developing video game consoles and digital music devices.



WAL-MART STORES INC

Wal-Mart Stores, Inc. operates retail stores in various formats worldwide.

BERKSHIRE HATHAWAY INC.

BERKSHIREHATHAWAY INC-CL B

Berkshire Hathaway, Inc. is a publicly owned investment manager. Through its subsidiaries, the firm primarily engages in the insurance and reinsurance of property and casualty risks business.

facebook

FACEBOOK

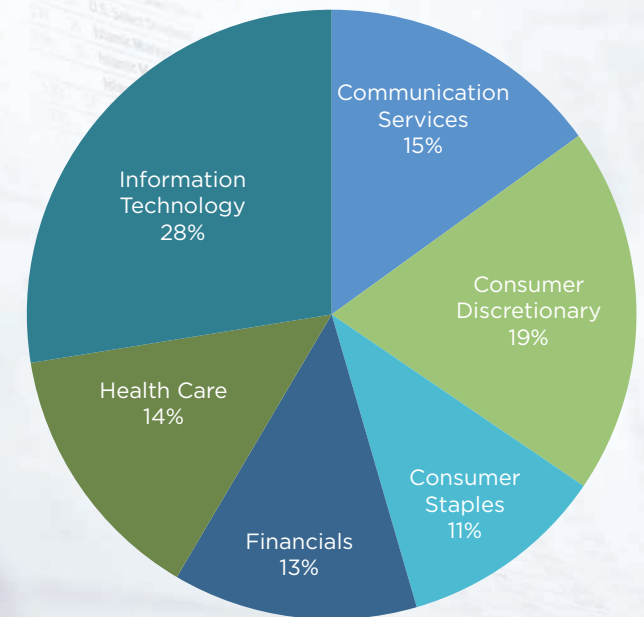
Facebook, Inc. operates as a social net working company worldwide.



MCDONALD'S CORP

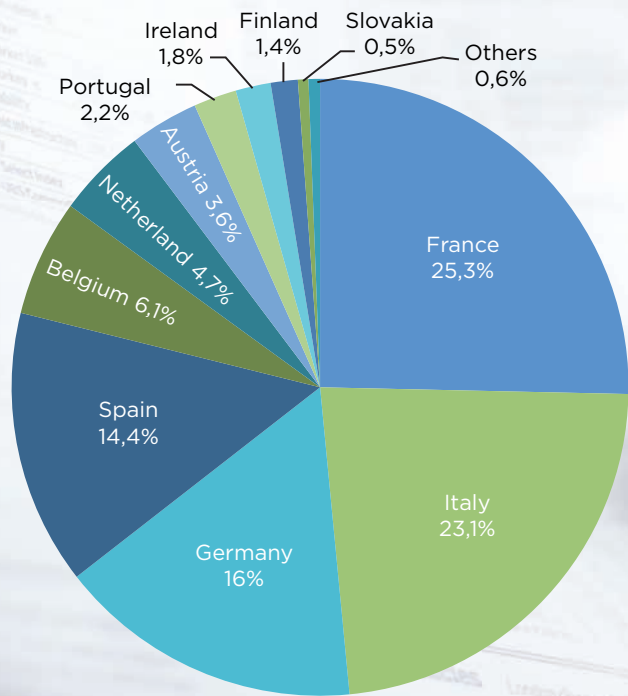
McDonald's operates and franchises a network of fast food restaurants.

Weights of individual industries in the equity component of the portfolio*



* The sectors are divided into GICS standards (Global Industry Classification Standard). The initial weights of individual asset classes in the portfolio on initial investment may differ from the displayed shares. The limits for asset shares in the portfolio are set out in the relevant Investment Strategy.

Weights of Individual Countries in the Bond Component of the Portfolio*

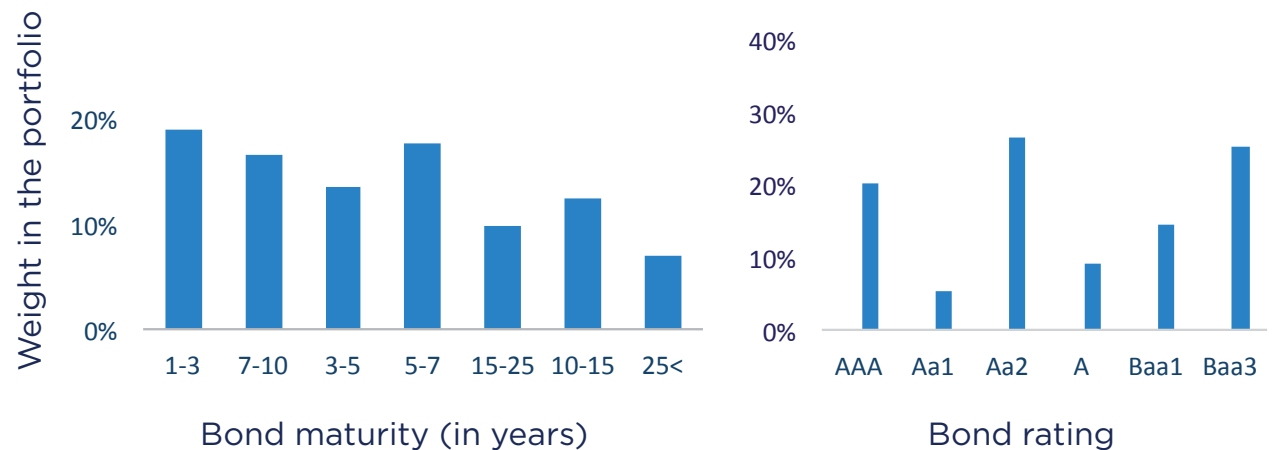


* The initial weights of individual asset classes in the portfolio on initial investment may differ from the displayed shares. The limits for asset shares in the portfolio are set out in the relevant Investment Strategy.

Structure of the Bonds in Portfolio

The optimal part of the portfolio is composed by government bonds. Individual bond value will always exceed 2 billion EUR. The maturity of bonds vary from 1 to 25 years (the duration of all bonds is 7,5), and the credit quality of bonds is always exclusively in the Investment Grade level (ie, the rating of bonds will be in the range of AAA to BBB). The geographic focus of the bonds is on the states that are members of the Eurozone.

Breakdown of the Bonds in Bond Component of the Portfolio by Maturities and Ratings*



Historical Simulated Portfolio Performance, Statistical Information About the Portfolio, Development of the “Alpha” Parameter and the Value of the Expected Portfolio Loss in Case of Recurrence of Selected Negative Economic Events*

	Profit	Loss	P/L	Date	The impact of events on:	PORT	S&P500	
Number of Days	733	570	Best 1	3,2%	26.12.2018	Stock crash in Japan 1989/1990	-9,3%	-23,6%
Percentage Ratio	56,3%	43,8%	Best 2	2,4%	27.10.2017	US Financial Crisis 2008/2009	-13,1%	-23,3%
Average Performance	0,41%	-0,42%	Best 3	2,2%	25.10.2018	Emerging markets crisis 1998	-9,0%	-31,6%
Standard Deviation	0,37%	0,43%	Worst 1	-2,7%	10.10.2018	"Black Monday" 1987	-8,3%	-21,9%
Longest Sequence (Days)	9	7	Worst 2	-2,6%	24.08.2015	Lehman Brothers Bankruptcy in 2008	-8,0%	-19,7%
Average Sequence (Days)	2,25	1,75	Worst 3	-2,4%	3.12.2015	US debt ceiling risk in 2011	-3,2%	-16,6%

Portfolio Profit for Individual Periods:

	cumulative	p.a.
From 1.1.2015 to 31.12.2019 (5 years)	77%	12,1% p.a.
From 1.1.2016 to 31.12.2019 (4 years)	57%	11,94% p.a.
From 1.1.2017 to 31.12.2019 (3 years)	44,8%	13,14% p.a.
From 1.1.2018 to 31.12.2019 (2 years)	28,4%	13,14% p.a.
From 1.1.2019 to 31.12.2019 (1 year)	21,4%	21,4% p.a.

Profit / Loss for Years:

	PORT	Benchmark	Alpha
For 2015	12,7%	6,0%	6,7%
For 2016	9,4%	8,5%	0,9%
For 2017	11,8%	3,3%	8,4%
For 2018	5,7%	0,5%	5,1%
For 2019	21,4%	19,3%	2,1%

* *All revenues are converted into EUR and before deduction of fees, commissions and before tax, calculated to 31.12.2019



Our **Team**



Peter Štadler
Chairman of the Board of Directors

[in linkedin.com/in/peterstadler/](https://www.linkedin.com/in/peterstadler/)



Matej Baššovanský
Consultancy Services, Member of the BoS

[in linkedin.com/in/matej-bastovansky/](https://www.linkedin.com/in/matej-bastovansky/)



Michal Kováč
Front-office, Member of the BoS

[in linkedin.com/in/kovac-michal/](https://www.linkedin.com/in/kovac-michal/)

Type of Document

This document represents an investment survey by the company Wealth Effect Management o.c.p., a.s., seat: Prievozská 4C, 821 09 Bratislava, ID No.: 51 127 113, registered in the Business Register of the District Court Bratislava I., Section: Sa, File No.: 6652/B, in accordance with § 73c and the related law no. 566/2001 Coll. of Laws on shares and investment services and amending certain other acts, as amended. This investment survey serves only for informative purposes and information provided in it is neither investment advice nor personal recommendation.

The investment strategy presented in this investment survey does not have to be suitable or appropriate for each client or a potential client, depending on their familiarity with and experience in the field of investment concerning the particular investment strategy, their financial situation, including ability to bear losses, and on their risk tolerance, and investment objective.

Risk Warnings

Investment in financial tools included in the investment strategy presented in this investment survey is connected with risk. The investment value and the revenue from it can fall as well as rise and there is no guarantee of return of the originally invested sum. Profitability in the past is not a reliable indicator of future profitability. This document cannot be taken as an explanation of all risks connected with investment in the particular investment strategy and the related financial tools or with use of an investment service. All risks presented in this document can combine, which can result in a higher total risk connected with the particular investment. Due to the fact that the investor's property is invested in shares according to a particular investment strategy, the investment is subject to risks concerning share investment. This document is property of the company Wealth Effect Management o.c.p., a.s. Any further use, reproduction, publishing, copying of this document or any of its part is subject to prior approval of the company.



WEALTH EFFECT

MANAGEMENT

o.c.p.

Wealth Effect Management o.c.p., a.s.

Apollo Business Center II, blok D

Prievozská 4/C, 821 09 Bratislava

www.wemocp.sk