Portfolio Management Schedule of Fees

This Portfolio Management Schedule of Fees is Appendix 2 to the Portfolio Management Agreement (the "Agreement") and is an integral part thereof.

1. Structure of the Fees

The Parties agree that the structure of the Fess (jointly referred to as the "**Fees**") shall be as follows.

<table>
<tr><th colspan="2">Types of Fees</th><th>Fixed or variable</th><th>Document</th><th>Amount/percentage</th></tr>
<tr><td rowspan="2">Portfolio Management Fees</td><td>Management Fees</td><td>N/A</td><td rowspan="2">This Appendix 2 "Portfolio Management Fee Schedule"</td><td>Zero</td></tr>
<tr><td>Performance Fees</td><td>Variable</td><td>Profit Sharing
< 4% of profit = 0% Performance Fee
4 – 30% of profit = 25% Performance Fee
> 30% of profit = 50% Performance Fee</td></tr>
<tr><td colspan="2">Execution Fees</td><td>Fixed/variable</td><td>Appendix 2.1 "Execution Fee Schedule"</td><td>Varies by an instrument</td></tr>
<tr><td colspan="2">Third Party Costs</td><td>Fixed/variable</td><td>Appendix 3 "Costs, Charges and Inducements"</td><td>Variable</td></tr>
</table>

1.1. The Profit Sharing Model

1.1.1. The Portfolio Management Fees are based on the **Profit Sharing model.** The Investment Manager shall **evaluate of the Portfolio** of the Client and indicate portfolio valuation and performance to the Client in the following manner:

Revaluations of open positions are marked-to-market on a last closing business day of the month and the final result is summed up at the end of the current financial year.

1.2. Portfolio Management Fees in detail

The Parties agree that the following Portfolio Management Fees shall apply:

1.2.1. Annual Management Fee - **0%**

1.2.2. Hurdle Rate – **4% per annum on pro rata basis**.

i. The Hurdle Rate for any period less than a full year, 365/366 days, shall be amended on a pro rata basis (see e.g. in 1.2.5. i)

1.2.3. Profit Sharing model applies to the Portfolio Management Fees as follows:

i. 25% Performance Fee shall be charged to Skanestas on <u>profits</u> from 4% to 30% p.a. on pro rata basis (the "25% Performance Fee").

ii. 50% Performance Fee shall be charged to Skanestas on <u>profits</u> of over 30% p.a. on pro rata basis (the "50% Performance Fee").

For avoidance of doubt, the application of the Profit Sharing model is explained in fee samples and scenarios below in Clause 6.

1.3. Execution Fees

The Execution Fees under the Portfolio Management Agreement are charged by the Company. The Execution Fee Schedule is Appendix 2.1. The Execution Fees will be withheld from the Client's account on the date of execution (the trade date).

1.4. Third Party Costs

Third Party Costs under the Portfolio Management Agreement are charged by the Company and are described in Appendix 3, Costs, Charges and Inducements. Third Party Costs will be on the date when an operation is processed and only if de facto incurred.

2. How the Fees are charged

2.1. The Portfolio Management Fees are charged **on an annual basis** (for cases where the full year of actual 365/366 days took place for the Portfolio Management). The Performance Fees shall be calculated for the period ending with the last business day of the current financial year (e.g. 31 December of the current year). The Performance Fee shall be charged and withheld from the Client account within 30 (Thirty) calendar days from the year end (i.e. between 31 12 of the current year and 31 01 of the next year). This applies to all clients irrespective of the date when the account was created.

2.1.1. Where the Performance Fees are calculated for the Portfolio Management service provided during the **incomplete year**, i.e. less than 365/366 days, the Performance Fee shall be calculated **on pro rata basis** (see definitions in Clause 5 and sample fee calculations in Clause 6) and will be charged and withheld from the Client account within 30 (Thirty) calendar days from its calculation.

2.2. The Company reserves the right and the Client irrevocably agrees with this right of the Company to charge the Portfolio Management Fee, which has been respectively accrued during the period, every time the

Client makes a withdrawal, irrespective of the period for which such Fee is charged. In such case the Portfolio Management Fee shall be calculated on pro rata basis.

2.3. The Performance Fees are calculated and charged net of Execution Fees.

3. VAT

3.1. VAT may apply to the Portfolio Management Fees. VAT does not apply to the Execution Fees.

4. High Watermark

4.1. The Performance Fee shall be calculated by reference to the High Watermark (adjusted to the Hurdle Rate, any deposits or withdrawals), where the increase of the value of the Client's Portfolio took place, was recorded by the Portfolio Manager. Such increase shall be the greater of:

(1) the Value of the Client Portfolio at the beginning of the current financial year; or

(2) the highest Value of the Client's Portfolio for which a Performance Fee was previously assessed and charged.

4.2. The High Watermark shall be recorded by the Portfolio Manager:

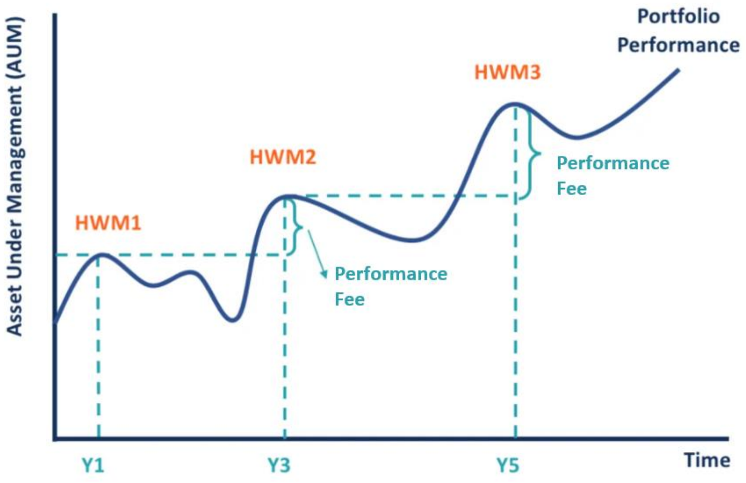
(1) on the last business day of the current financial year; and

(2) on the day when the Client has requested any withdrawal from his Client account under the Portfolio Management Service.

4.3. Understanding the High Watermark

The below diagram (Diagram 1) demonstrates the principle and applicability in daily operations.

Diagram 1



As Diagram 1 shows, a Portfolio of the Client reached its first High Watermark in the first Year, but the value dropped during Year 2. Since the AUM is below the High Watermark, the Client is not charged the

Performance Fee in Year 2. In Year 3, the Portfolio retrieved its growth potential and reached an AUM that is higher than in Year 1.

Thus, a new High Watermark is reached, and the Portfolio Manager is entitled to charge the Performance Fee for the portion of AUM above the previous High Watermark.

5. Definitions

Portfolio Management Fee means a fee, which is charged by the Company for the performance of the services of Portfolio Management under the Agreement, consisting of the Management Fee, if apply, and of the Performance Fee.

Execution Fee, if applicable, means fixed brokerage fees charged by Skanestas for execution of trades.

High Watermark means a benchmark the highest increase of the Value of the Client's Portfolio, used by the Portfolio Manager to set requirements for the Performance Fee.

Hurdle Rate means the reference rate of return on your portfolio under the Agreement on which no Portfolio Management Fee is charged.

Performance Fee means payment made to the Portfolio Manager for generating profit for the Client under the Portfolio Management Agreement on the Portfolio of the Client. Performance is indicated in the Periodic Statement provided to the Client by the Portfolio Manager.

Profit Sharing means a model of charging a performance-based portfolio management fee by sharing with Skanestas the percentage of the profit earned under the services of Portfolio Management.

Pro rata basis means 'in proportion', i.e. the Company shall use this basis to accurately and definitely measure and/or calculate a relevant parameter (e.g. portfolio performance, applicable fees, period of portfolio management, etc.) proportionately to and in accordance with the time parameters. The Portfolio Management Fees shall be calculated in proportion to the time period for which they will be charged.

Per annum means per year, where the year is the actual year of 365/366 days. Reference to per annum on pro rata basis shall mean the factual days out of the current year that shall be considered by the Company.

Third Party Costs mean any fees, expenses, costs, taxes, levies, duties arising from the Portfolio Management activity and carrying out transactions under the Portfolio Management, that are incurred by the Client from a third party which executes such transactions.

VAT means value added tax. Current VAT rate in Cyprus is 19%. VAT may apply to the services of Portfolio Management.

6. Fee calculation samples

6.1. For avoidance of doubt, the application of the Profit Sharing model is explained herein below on a hypothetical USD 1 000 000 (One Million US Dollars) portfolio. It has a contractual as well as explanatory nature. **The full year of 365 days is used** for this example.

i. **Scenario 1:** Profits under the Hurdle Rate (4%) have zero Portfolio Management Fees.

ii. **Scenario 2:** Profits for a specified period are 15% (e.g. USD150 000). It falls under the Profit Sharing range from 4% to 30% p.a. (Clause 1.2.3 (i)).

Hypothetical invested amount: 1 000 000 USD

Final Amount at reference date: 1 150 000 USD

Band 1: 4% of Invested amount = 1MIL * 4% = 40 000 with No Charges

Band 2: Remaining Amount = 110 000 * ¼ Charge = 27 500 USD

Skanestas will charge 1/4 Performance Fee over 4% Hurdle Rate, i.e. USD 27 500 + VAT, if applicable.

iii. **Scenario 3:** Profits for a specified period are 40% (e.g. USD 400 000). (Clause 1.2.3 (ii)).

Hypothetical invested amount: 1 000 000 USD

Final Amount at reference date: 1 400 000 USD

Fees Band 1: 4% of Invested amount = 1MIL * 4% = 40 000 with No Charges

Fees Band 2: 26% (30%-4%) of Invested Amount = 1 Mil * 26% * ¼ Charge = 260 000 *0.25 = 65 000 USD

Fees Band 3: Remaining Amount = 400 000 – 260 000 – 40 000 = 100 000 * 1/2 Charge = 50 000 USD

Skanestas will charge 1/4 Performance Fee over 4% Hurdle Rate, and 1/2 over 30% i.e. USD 115 000 + VAT, if applicable.

6.2. For avoidance of doubt, the below example explains scenarios where the **period is less than** 365/366 days and, thus, **pro rata basis is applied**. The application of the Profit-Sharing model is explained herein below on a hypothetical **USD 1 000 000 (One Million US Dollars) portfolio**, the **Profit is USD 300 000**, the **period** of the Profit is **90 days**. All data are hypothetical.

i. The Hurdle Rate shall be 1% (One per cent), where 4% is divided by 4 (i.e. 90 days).

Fees Band 1: 4% of Invested amount = 1MIL * 4% * 90/365 = 9 863 with No Charges

Fees Band 2: 26% (30%-4%) of Invested Amount = 1 Mil * 26% * 90/365 * ¼ Charge = 64 110 *0.25 = 16 027.40 USD

Fees Band 3: Remaining Amount = 300 000 – 64 110 – 9 863 = 226 027 * 1/2 Charge = 113 013.50 USD

The total Portfolio Management Fee in the above case shall be USD 129 041 (plus VAT, where applicable)**.**

6.3. Practical Examples of High Watermark

For avoidance of any doubt, below are two scenarios that demonstrate the figures when the High Watermark applies and when it does not.

Example 1. ***No High Watermark.***

Let us assume the Performance Fee is 20% annually. The Client invested $100,000 to its Portfolio Management Account with Skanestas, which generated a return of $10,000 in Year 1, -$3,000 in Year 2, and $23,000 in Year 3.

Year 1. The starting balance is 100,000. AUM at year-end is $110,000. The Performance Fee is 10,000*20%= $2,000.

Year 2. AUM at year-end is $107,000. The Performance Fee is Zero.

Year 3. AUM at year-end is $120,000. The Performance Fee is 23,000*20%= $4,600.

Example 2. ***The High Watermark applies.***

Year 1. The starting balance is 100,000. AUM at year-end is $110,000. The Performance Fee is 10,000*20%= $2,000.

The High Watermark is $110,000.

Year 2. AUM at year-end is $107,000. The Performance Fee is Zero.

The High Watermark is $110,000.

Year 3. AUM at year-end is $120,000.

The Performance Fee is $120,000-$110,000 (the High Watermark) = 10,000*20%= $2,000

*The Real performance calculation shall be made under the Agreement and its Appendices.

Comparing the two scenarios, the High Watermark prevents the Client from paying the Performance Fee in Year 3, which was achieved and charged in Year 1. The Client, who is protected by the High Watermark, will be able to pay a lower Performance Fee and, thus, keep a higher net return.

Should the Client require further clarifications on their Performance Fee calculation and the High Watermark that applies to them, they can contact the Portfolio Manager as it is mentions in the Agreement.