

## Methodology Discretionary Portfolio Management

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MeDirect offers you online Discretionary Wealth Management. With the MeDirect online tool, you can identify an investment profile that is most suitable to you given the personal and financial information and time horizon that you provide to us by completing an online questionnaire.

Based on your investment profile and time horizon, we will suggest a diversified portfolio of mutual funds that fits your investment needs. This portfolio will only contain non-complex investments. When investing, you should at all times take into account that there is a certain risk involved and that your invested capital is not guaranteed.

You can get started with online Wealth Management with a budget of 5.000 Euro. On top of this, we offer you the possibility to invest an extra amount of money into your portfolio on a monthly basis, starting from 100 Euro a month, which can be changed at any time. Should you wish to do so, you can stop your online Wealth Management at any time without any costs: you only pay the stock exchange tax (TOB) and other tax charges if applicable.

Hereunder, we will describe the different steps involved to apply for a Discretionary Wealth Management portfolio.

### General approach

Our online Wealth Management tool is based on a clear and simple 4-step process:

#### Step 1: Your information

MeDirects' online Wealth Management tool will guide you through a set of questions regarding your personal and financial situation. **It is very important that the information you provide is as accurate and complete as possible, in order to allow us to give you the best possible investment advice.** All information provided will be solely used to suggest a tailor-made portfolio and will be treated as highly confidential at all times.

This information include, amongst other things:

- your investment horizon
- your knowledge and expertise on investments
- your financial situation
- your attitude towards risk
- your investment objectives

We encourage you to keep us informed of any changes to your personal and financial circumstances. If the changes so require we will amend your portfolio so that it remains aligned to your investment profile and objectives at all times.

#### Step 2: Our analysis

We will analyse the data you provide to suggest an investment strategy with the right mix of asset classes.

Each portfolio consists of mutual funds that invest in shares, bonds and possibly a cash position. Each portfolio is designed so as to maximise the gains that can be obtained for a given investment profile and risk level. There is always the possibility that the return of your portfolio is lower than expected, due to unfavourable market developments. Our analysts however try to diversify your portfolio in order to spread and control the risk in accordance with your profile. You should be aware at all times

that there are risks involved when investing and that your invested capital cannot be guaranteed.

### Step 3: Our recommendation

We will recommend a diversified portfolio containing several mutual funds which - in our opinion - are suitable for you and come closest to your personal and financial situation and risk preferences. All our portfolios contain funds with a good track record and transparent management and fee structure. We will never recommend intricate and structured investments. Our portfolios can also include a cash position, depending on your investment profile.

**We also give you the possibility to opt for an investment profile with a lower risk exposure than the one we recommend, should you want to take less risks.** If you opt for an investment profile with a lower risk exposure, you should take into account that you might achieve lower returns. It is however impossible to opt for an investment profile characterised by a higher risk than the one we recommend.

We will follow up and manage the recommended portfolio for you. Each quarter, the MeDirect Investment Committee analyses the financial markets and determines whether your portfolio is subject to amendments. We can change the composition of your portfolio or replace one mutual fund with another when a certain mutual fund falls short of expectations. Every time your portfolio is updated, you will be notified by means of a secure message.

### Step 4: Execution of your plan

Subsequently, you have the possibility to invest in the portfolio we recommended. Once you have confirmed instructions to execute your portfolio, you will receive an overview of your investment profile in your secure mailbox.

After your plan has been executed, you can choose to stop the Wealth Management portfolio at any time, or to withdraw a certain amount from it. You also have the possibility to add an extra lump sum or to change the amount of your monthly contribution.

You will receive a detailed investment overview regarding the composition and return of your portfolio on a 6-months basis. You will also receive a quarterly report highlighting the most important changes to your portfolio. By logging into our secured online platform, you can follow up the evolution of your portfolio on a day-to-day basis.

## The methodology for determining your investment profile

The methodology to determine your investment profile was developed by the independent Belgian Financial Planning Bureau Stremersch Van Broekhoven & Partners. This bureau has developed a wide expertise in wealth management analysis and provides investment advice and financial planning services since 1990.

This methodology contains the following elements:

### Investment Horizon

Your investment horizon is a very important indicator and should encompass a period of at least 5 years. The longer your investment horizon, the more risk your portfolio can take, because the fluctuations of the financial markets can be absorbed over a longer time. In case your investment horizon is less than 5 years, market fluctuations should be limited to a minimum by investing in a conservative way. In this case, you should ask yourself whether investing in a portfolio of mutual funds is appropriate, or a savings product might be a more obvious choice.

The questionnaire also assesses if you have a sufficient buffer to cover unforeseen expenses. It is important that you have other sources of income or wealth to cover unexpected expenses. If you sell part or all of your portfolio at short notice to cover unpredicted expenses you might incur losses.

### Knowledge and Expertise

These questions will determine whether or not you have sufficient knowledge and expertise in investments, and thus if you are able to evaluate your Wealth Management portfolio and its risk and return. You should also have the necessary knowledge to understand the characteristics of the mutual funds included in your portfolio. The most important thing here is that you understand that a mutual fund does not give you capital protection nor guaranteed returns.

We will also examine how you acquired your experience regarding investments and if you actively follow-up the financial markets. If you do not possess this basic knowledge we will not be able to propose to you a Wealth Management portfolio.

### Financial Situation

The questions regarding your financial situation are intended to map your total wealth. The current situation of your wealth is an important factor to determine how much more risk you can take with your investment portfolio.

According to our model for example, an investment in real estate will be deemed to be safer than an investment in shares. Therefore if your current wealth is allocated in properties, there will be more space to take some risk with your investment portfolio. Your monthly family income help us determine whether there is sufficient buffer to cover your monthly expenses. The higher the buffer, the more risky your portfolio can afford to be.

Your saving capacity is also taken into account. Should your financial situation allow you to save a significant amount of money to be invested in a portfolio, you will in principle be able to take more risks, compared to a situation where you are not able to save anything. If your household income originates from several sources, this indicates that you have diversified sources of income, such as rent from real estate, or dividends from investments.

Finally, we will examine if there are any ongoing or planned financial commitments.

### Risk tolerance and investment objectives

This part of the questionnaire will measure not only your tolerance towards risk, but also your appetite for risk. Assessing how you handle risk can be very subjective.

Investing is always subject to financial markets fluctuations. The higher your risk profile the higher the fluctuations are likely to be. Should you not feel comfortable with the risk profile assigned to you, you can always opt for a more conservative portfolio. You should however bear in mind that a lower risk profile will imply lower expected return.

Your capacity to absorb risk will also depend upon whether you wish to invest in the long term without any specific financial goal or if you wish to invest for a planned purchase.

### Important Message

- The value of investments can fluctuate upwards and downwards. Past performance is no guarantee nor indication for future results. Investing is always subject to risk.
- Should there be changes in your personal and financial situation, we encourage you to inform us as soon as possible. Such changes could affect your investment profile and change the current composition of your investment portfolio.
- You will be asked to review your investment profile on a yearly basis in order to assess whether there are any changes or confirm that no changes did occur in your personal or financial situation.