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Information on Mintos portfolio management services

In this document, AS Mintos Marketplace ("Mintos") discloses to its investors and potential investors the information regarding provision of portfolio management services for investing by means of [Mintos portfolio settings](#) ("conservative", "Mintos Core", "high-yield"), [custom portfolio settings](#) and ETF Predefined portfolio management settings (Core ETF 10, Core ETF 35, Core ETF 60, Core ETF 90) according to the Financial Instruments Market Law of the Republic of Latvia.

Before Mintos begins to provide portfolio management services to investors, Mintos determines whether the portfolio management services are appropriate or suitable for the investor. The aim of the Suitability & Appropriateness assessment is to determine if the appropriate product and/or service is suitable for the specific investor. It is Mintos obligation to ensure that the investors are informed of the associated risks with investing that are in line with the portfolio management services, and to provide the necessary information so that the investors can determine their financial situation and to bear these risks. By evaluating the suitability and appropriateness of the investor, Mintos also evaluates whether the provided investment service fits investors' objectives and needs, and is appropriate to their knowledge and experience for the specific investment service. The investor is required to annually refill Suitability & Appropriateness assessment to reassess the investor eligibility for Mintos portfolio settings, custom portfolio settings and ETF Predefined portfolio management settings suitability for the particular investor. If the portfolio management service by way of using the Mintos portfolio settings are considered suitable and appropriate, investors can invest by using any of the [Mintos portfolio settings](#) ("conservative", "Mintos Core" and "high-yield") and any of the ETF Predefined portfolio management settings (Core ETF 10, Core ETF 35, Core ETF 60, Core ETF 90). For investors who joined after 23.12.2022. from Mintos portfolio settings only ("Mintos Core") and custom portfolio settings are available. If the portfolio settings are not considered suitable and appropriate for the investor, Mintos warns the investor accordingly and the investor may have the possibility to invest manually in Notes without use of any [portfolio management services](#).

To provide the portfolio management services to the investor, Mintos categorises the investor as a retail client, a professional client, or an eligible counterparty. By default, Mintos categorises all natural and legal persons as retail investors, however, investors can apply to be re-categorised, as stated in the client classification and investment product/service suitability and appropriateness assessment policy/procedure.

Portfolio management services provided by Mintos include executing the investment order in the name of the investor, to purchase and sell the financial instruments (Notes and ETFs) in the investor's portfolios. This service is provided in accordance with the Policy on client classification and investment product/service suitability and appropriateness assessment. Financial instrument portfolios are managed by Mintos in the interests of the investors and at their expense.

Information about the Mintos portfolio settings ("conservative", "Mintos Core" and "high-yield") and ETF Predefined portfolio management settings (Core ETF 10, Core ETF 35, Core ETF 60, Core ETF 90) can be found on [Mintos website](#).

In addition to Mintos portfolio settings investors also have access to the means of investing in Notes through the *Custom portfolio settings*. Custom portfolio settings allow to use portfolio management services of Mintos to automatically invest in Notes that meet the investment criteria selected by the investor, including the level of risk. In the case of Custom portfolio settings, the investors can choose dynamic diversification, set their diversification settings, choose Mintos preset values, or disable diversification. The dynamic diversification daily recalculates diversification indicators to achieve optimal diversification according to selected criteria and market conditions. Additional information regarding Custom portfolio settings can be found on [Mintos website](#).

Within Mintos portfolio settings and custom portfolio settings Mintos provides investment opportunities in one type of financial instruments - Notes. To provide diversification and reduce the risk that the portfolio settings invest in Notes which consist of loans from only one lending company, diversification settings are used. For Mintos portfolio settings ("conservative", "Mintos Core" and "high-yield"), the proprietary diversification algorithm takes into account what is available on the market at any given moment and in which Notes the investors have already invested. Diversification settings are calculated from a portfolio target that is set by the investor or from the sum of the investor's available funds and outstanding investments in the portfolio ($\text{MIN}(\text{Target}; \text{OI} + \text{Available balance})$).

To provide diversification in Core ETF portfolios, they are composed of ETFs that track widely traded stock and bond capitalization weighted market indexes. ETF Predefined portfolio management settings pre-determine what the target ratios will be for each of the ETFs in the specific settings. Over time, due to fluctuations in market prices, the ETF ratios in the investor's Predefined portfolio management settings may deviate from the target ratios. To ensure that the proportion of ETFs in the ETF Predefined portfolio management settings is maintained or closer to the target proportions of each ETF's Predefined portfolio management settings, Mintos performs a dynamic rebalancing each time investors increase or decrease their Predefined portfolio management settings. Dynamic rebalancing means that when increasing ETF Predefined portfolio management settings, the investor's funds are preferentially directed to ETFs that are underweight in the overall ETF portfolio. At the reduction of the ETF portfolio - which has too much weight in the overall ETF portfolio.

Method and frequency of valuation of the financial instruments in the investor's portfolio

Mintos ensures the assessment of assets in the Investor's investment portfolio, managed by means of Mintos portfolio setting, custom portfolio settings and ETF Predefined portfolio management settings, on at least a weekly basis. The investor also receives a quarterly report from Mintos free of charge through email. The assets in the Investor's investment portfolio are assessed by their market or fair value in line with the Mintos Procedure for accounting of financial instruments and financial instrument transactions.

Investor compensation scheme

Mintos is a member of the national [investor compensation scheme](#) established according to the requirements of [EU Directive 97/9/EC](#). If Mintos fails to meet its obligations towards the investor, retail investors are entitled to a compensation of 90% of the resulting permanent loss, up to a limit of €20 000.

The investor compensation scheme does not compensate investors for losses resulting from:

- Changes in the price of an investment
- The default of a borrower, lending company, or issuer
- The lack of a market for the purchase or sale of an investment.

The investor protection scheme does not apply to investments in loans via assignment agreements.

Disclaimer: Mintos does not delegate discretionary management in general or part of the financial instruments or funds in the client portfolio. Mintos does not apply any specific investment performance benchmark between investors and Mintos, which would compare the performance of investors' financial instrument portfolio.