

KVARN INVESTMENT SERVICES LTD'S INVESTOR NOTICE

1. PURPOSE OF THE DOCUMENT

The purpose of this investor notice is to provide clients and potential clients of Kvarn Investment Services Ltd with information required by regulations and official guidelines governing the operations of investment firms, including information on the investment services offered by Kvarn Investment Services Ltd and the nature and risks of financial instruments and other investment objects. More detailed service- and product-specific information can be found in the respective service and product agreements and their terms and conditions, as well as their appendices.

This investor notice is valid from October 1, 2025. Kvarn Investment Services Ltd updates the investor notice regularly as needed. The current version of the investor notice is available at www.kvarnx.com.

2. GENERAL INFORMATION ABOUT KVARN INVESTMENT SERVICES LTD

2.1. Basic Information about Kvarn Investment Services Ltd

Kvarn Investment Services Ltd (hereinafter "Kvarn") is a Finnish investment firm licensed by the Finnish Financial Supervisory Authority under the Investment Services Act.

Kvarn's basic and contact information:

Company Name:	Kvarn Investment Services Ltd
Parallel Company Names:	Kvarn Investment Services Ab, Kvarn Investment Services Oy
Business ID:	3353427-9
Domicile:	Helsinki
Address:	Eteläesplanadi 24 A
Email:	contact@kvarn-investmentservices.com

The operations of Kvarn Investment Services Ltd are supervised by the Finnish Financial Supervisory Authority (FIN-FSA). The contact details for the FIN-FSA are Snellmaninkatu 6, PO Box 103, 00101 Helsinki, phone +358 9 183 51 (switchboard), kirjaamo@finanssivalvonta.fi. For more information: www.finanssivalvonta.fi.

2.2. Communication Methods and Languages

Kvarn provides services in Finnish and English. All information provided and maintained by Kvarn is available in Finnish.

Clients can interact with Kvarn through the online service. Clients can only place orders through the online service.

2.3. Client Reporting

Kvarn provides clients with information, reporting, and other notices through the reporting section of the online service. The reports and other notices to be provided to the client, their content, and delivery time are agreed upon separately in the service-specific agreements and their terms.

2.4. Recording of Phone Calls and Electronic Messages

As an investment firm, Kvarn is required by regulation to keep recordings of telephone conversations and electronic messages related to transactions that involve receiving, transmitting, and executing client orders. This recording and retention obligation also applies to telephone conversations and electronic messages intended to lead to such transactions. Kvarn is also obliged to keep records of discussions held in personal meetings with the client and to record orders given by the client in writing or in another durable medium.

Kvarn has the right to use telephone and other recordings as evidence in resolving any disputes that may arise in an order and for other purposes it has notified.

The client has the right to request a copy of the recordings of conversations and messages held with Kvarn. Kvarn is also obliged to provide the recordings to the competent authorities upon request. Kvarn retains the recordings referred to in this section for at least five years, and at the request of a competent authority, for seven years.

3. INFORMATION ON INVESTMENT SERVICES PROVIDED BY KVARN INVESTMENT SERVICES LTD

3.1. Investment Services

Kvarn offers its clients the reception and transmission of orders related to financial instruments for execution (*brokerage of orders*). The brokerage of orders is an investment service under the Investment Services Act.

3.2. Client Classification

Kvarn classifies its clients as either non-professional or professional clients. The client has the right to request in writing a change to the client classification made by Kvarn. Client

classification affects the scope of investor protection enjoyed by the client. Kvarn is not a member of the Investors' Compensation Fund. Therefore, Kvarn's clients are not covered by the Investors' Compensation Fund, regardless of their client classification. If a client is classified as a professional client, Kvarn is not obliged to comply with all procedural rules related to the duty to provide information and to investigate.

3.3. Information on the Appropriateness Assessment Conducted by Kvarn Investment Services Ltd

When Kvarn offers its clients investment services other than investment advice or portfolio management, it must, before providing the product or investment service, request information from the client about their investment experience and knowledge concerning the product or service in question, so that Kvarn can assess whether the planned investment object or investment service is appropriate for the client (appropriateness assessment). Kvarn does not offer its clients investment advice or portfolio management, and therefore does not conduct a broader suitability assessment of its clients. If an order initiated by the client concerns a so-called simple financial instrument, Kvarn is not obliged to assess the appropriateness of the financial instrument or the order for the client. Simple financial instruments include, for example, units in investment funds (excluding special investment funds).

When conducting an appropriateness assessment, Kvarn determines whether the client's investment experience and knowledge of the product or service in question are sufficient to understand the associated risks. Through the appropriateness assessment, Kvarn protects the client's interests and aims to exclude the client's investments in financial instruments whose risks the client does not sufficiently understand. To perform the assessment, it is important that the client provides Kvarn with up-to-date, accurate, and complete information.

If Kvarn assesses that the financial instrument or service is not appropriate for the client, or if the client does not provide sufficient information to perform the assessment, Kvarn is obliged to inform the client that Kvarn cannot assess whether the product or service is suitable for the client. In such a case, Kvarn is also obliged to warn the client about the risk associated with the transaction. If Kvarn assesses that the financial instrument or service is not appropriate for the client, or if the client does not provide sufficient information to perform the assessment, the client cannot place orders for the financial instruments in question with Kvarn.

4. INVESTOR COMPENSATION FUND

The Investor Compensation Fund secures the undisputed and due claims of

non-professional investors if an investment service provider belonging to the compensation fund is unable to pay the investor's claims in accordance with the agreement. Kvarn is not a member of the Investor Compensation Fund. Therefore, Kvarn's clients cannot receive compensation from the Investor Compensation Fund in the event of Kvarn's potential insolvency.

Kvarn is not a member of the Deposit Guarantee Fund.

5. INDUCEMENTS AND MINOR NON-MONETARY BENEFITS

5.1. Inducements

An inducement means any fee, commission, or other monetary or non-monetary benefit that Kvarn either pays or receives in connection with the provision of an investment service to or from someone other than the client or a person acting on behalf of the client. However, payments or benefits that enable the provision of investment services or are necessary for the provision of the service, such as custody fees, clearing and exchange fees, or fees based on regulations or legislation, are not considered inducements.

Kvarn receives inducements from the fund management companies and alternative investment fund managers for which Kvarn acts as a distributor. The inducements received by Kvarn are in the nature of distribution or sales commissions. The inducements received by Kvarn do not prevent Kvarn from acting honestly, fairly, and professionally in the best interests of the client.

The purpose of inducements is to enhance the quality of the service provided to the client by enabling additional or higher-level services to be offered to the client. The additional or higher-level services offered to the client are always proportional to the inducements received, so the additional services and higher-level services offered to the client depend on how many inducements Kvarn has received from the orders placed by the client. Additional services and higher-level services are always designed to meet the needs of each client group as well as possible. Kvarn uses the inducements it receives for, among other things, personal customer service and current investor events.

Kvarn regularly provides the client with information about the inducements related to the service provided to the client. The client receives information about the inducements related to the investment service offered to them before placing an order, in connection with the pre-trade cost information. In addition, the client receives, in connection with the regular annual cost reporting, information on the exact amount of inducements related to the service provided to the client.

5.2. Minor Non-Monetary Benefits

Kvarn and its staff may, in connection with the service provided to the client, receive so-called minor non-monetary benefits from someone other than the client or a person acting on behalf of the client. Minor non-monetary benefits are not considered inducements. However, minor non-monetary benefits must be reasonable and proportionate and of such a scale that they are unlikely to affect Kvarn's behavior in a way that is detrimental to the client's interests. Acceptable non-monetary benefits include, for example, seminars and training sessions regarding the specific features of a financial instrument or investment service and reasonably small hospitality, such as the provision of food and drink during a business meeting, seminar, or training session. Kvarn keeps a record of the minor non-monetary benefits it receives in accordance with the company's internal guidelines.

6. MANAGEMENT OF CONFLICTS OF INTEREST

6.1. Purpose of the Conflict of Interest Management Policy

This policy describes the principles and procedures by which conflicts of interest are identified, avoided, and managed at Kvarn. The policy takes into account Kvarn's size, organization of operations, and the nature, scale, and complexity of its business. The policy is binding on all Kvarn's staff, the CEO, and the members of the Board of Directors.

6.2. Principles for Identifying and Preventing Conflicts of Interest

Kvarn has implemented appropriate measures to identify and prevent conflicts of interest when providing investment services. The aim of these measures is to ensure that Kvarn's management and staff perform their duties honestly and loyally and conduct transactions as independently as required by Kvarn's size and operations and the significance of the risk of harm to the client's interests, in order to protect the interests of clients.

A conflict of interest refers to an exceptional situation related to the provision of an investment service, for example, between a client and Kvarn, which may involve a significant risk to the client's interests. A conflict of interest can also arise between Kvarn and its staff, or between two clients.

6.2.1. Identifying and Preventing Conflicts of Interest

When providing investment services, it is possible that conflicts of interest may arise. Kvarn and its staff primarily aim to identify and prevent potential conflicts of interest.

Conflicts of interest are also sought to be prevented through organizational and administrative measures.

The measures vary depending on the business or service in question. Conflicts of interest are managed, among other means, by:

- appropriate segregation of functions,
- risk management principles,
- principles for the transmission of orders,
- trading rules for staff and management,
- principles regarding ancillary and fiduciary duties of staff and management,
- preventing or monitoring the exchange of information between persons and functions, e.g., through various information systems and user rights, and
- internal training.

In identifying and preventing conflicts of interest, special attention should be paid to situations where a person belonging to Kvarn's management or involved in the provision of investment services:

- is likely to gain a financial advantage or avoid a financial loss at the client's expense,
- Kvarn or the aforementioned person has an interest in the outcome of the service provided to the client or the transaction carried out on behalf of the client that is different from the client's interest,
- Kvarn or the aforementioned person has a financial or other incentive to favor the interests of one client or group of clients over the interests of another client,
- Kvarn or the aforementioned person engages in the same business as the client, or
- Kvarn or the aforementioned person receives an inducement (cash or non-cash benefits or services) related to the service from someone other than the client.

The above-mentioned conflict of interest situations should be understood broadly. Avoiding a loss is equivalent to gaining a financial advantage. Inducements can take many forms, such as money, goods, and services.

Kvarn has implemented measures to prevent a person belonging to Kvarn's management or involved in the provision of investment services from participating simultaneously or successively in the provision of different types of services, if this could impair the proper management of conflicts of interest.

If sufficient independence cannot be achieved through the above-mentioned measures, Kvarn will, if necessary, adopt alternative measures or procedures.

6.2.2. Transmission of Orders

Kvarn has restricted access to the client information system with user rights. Each member of the staff and management has been assigned user rights to the information systems that the person needs in their work tasks, according to their role. User rights can only be changed with the approval of the CEO.

Client orders must be processed in the order they are received, unless the client has given a different instruction. The order of receipt must be properly documented so that it can be verified later if necessary. Kvarn has defined operating principles that it follows when transmitting and executing orders in order to achieve the best possible result for the client. The interest of another client or one's own interest must not be allowed to influence the processing of a client's order.

All orders are executed electronically on Kvarn's platform. Orders are processed automatically on the platform in the order they are received, and a transaction log of the data can always be confirmed. Conflicts of interest cannot arise in the transmission of orders because Kvarn's staff does not participate in this process.

6.2.3. Personal Transactions

Kvarn's Board of Directors has approved a policy for personal trading in financial instruments by its executive management and employees. The purpose of the policy is to implement sufficient measures to prevent and manage conflicts of interest, prevent insider trading, and prevent the misuse of confidential information about clients or their transactions. Trading on behalf of Kvarn's management and employees or their related parties is governed by the staff trading policy, which manages that the trading does not lead to a conflict of interest. If a conflict of interest threatens to arise, personal trading must be refrained from.

6.2.4. Remuneration Principles and Incentives

Remuneration and incentives can lead to a situation where a conflict of interest may arise between the client's interest and Kvarn's interest, or between the client's interest and the interest of a member of Kvarn's staff. Kvarn does not have remuneration structures and

incentives that could create conflicts of interest between the client's interest and the interest of a member of Kvarn's staff.

In all their activities, the staff must take into account the client's interest, and the service provided to the client must not depend on a commission paid to Kvarn or its staff.

The Board of Directors decides on the remuneration principles and systems to be followed at Kvarn, as well as on the remuneration of the CEO. In making these decisions, the Board of Directors ensures that the remuneration principles and systems followed at Kvarn or the remuneration of the CEO do not lead to undesirable practices. The Board of Directors approves cooperation agreements. Kvarn strives to avoid remuneration structures that could lead to conflicts of interest.

6.2.5. Ancillary Duties of Management and Staff

The membership of a person belonging to Kvarn's staff and management in the board of directors, operational management, or auditors of another entity providing investment services may cause a conflict of interest between Kvarn and the company in question. For this reason, the aforementioned parties must obtain the prior consent of the board of directors for the acceptance of a side or trust position, and any potential conflicts of interest are assessed before consent is given.

6.3. ACTIONS IN CASE OF CONFLICTS OF INTEREST AND MANAGEMENT REPORTING

If a conflict of interest cannot be avoided despite the aforementioned measures, the client must be treated in accordance with good practice in a conflict of interest situation, and the client must be provided with sufficiently detailed information about the nature and causes of the conflict of interest and the measures taken to reduce the risks to the client's interests in a durable medium before carrying out a transaction on behalf of the client, so that the client can make an informed decision about the investment service in connection with which the conflict of interest arises.

The client must also be clearly informed that the administrative arrangements developed by Kvarn for the conduct of the relevant investment service, which are intended to avoid or manage its conflicts of interest, are not sufficient to ensure with reasonable certainty that risks to the client's interests are avoided. When disclosing information, consideration

must also be given to the type of client to whom the matter is being disclosed.

Disclosure of conflicts of interest should only be used as a last resort, i.e., only when a conflict of interest cannot be avoided despite the aforementioned measures and the conflict of interest management measures cannot ensure with reasonable certainty that risks to the client's interests are avoided. The client must be able to decide for themselves whether they want the transaction to be carried out despite the conflict of interest. In a serious conflict of interest situation, Kvarn must refuse to provide the investment service. The aforementioned information must also be entered into the client information system under the relevant client's data without delay after the conflict of interest has been identified.

Observed conflicts of interest must be reported to Kvarn's compliance officer, who will report in writing to the executive management on the conflicts of interest that have arisen as soon as possible after the conflict of interest has been identified and at least annually. As a rule, conflicts of interest are sought to be avoided, but this is not always possible; however, repeated disclosure of conflicts of interest must be seen as a deficiency in Kvarn's conflict of interest principles and management measures. Kvarn must make the necessary changes to these.

6.4. MONITORING AND UPDATING OF POLICIES

The compliance with the operating principles is monitored by Kvarn's Compliance function together with the company's compliance officer. The Compliance function reports its findings to the management and Kvarn's board of directors.

If the findings give cause, the procedures and this guidance for identifying, mitigating, and managing conflicts of interest will be updated immediately. The CEO will inform the management and staff of the matter and of the corrective measures.

The content and timeliness of the operating principles for identifying and preventing conflicts of interest are reviewed by the board of directors regularly at least once a year and always when necessary.

7. PRINCIPLES FOR BEST EXECUTION OF ORDERS

7.1. GENERAL

When transmitting and executing client orders, Kvarn must take sufficient steps to achieve the best possible result for the client (best execution). The best possible result is achieved for the client when the client gets the best possible price for the financial instrument and the direct and indirect costs associated with the order are as low as possible for the client.

This section of the investor notice describes the procedures and principles that Kvarn follows to achieve the best possible result for its clients when transmitting or executing orders related to financial instruments on behalf of non-professional and professional clients. Through the procedures described in this document, Kvarn aims for the best execution of client orders. Orders are sought to be executed in the best possible way for the clients, accurately, without delay, and taking into account the equal treatment of clients.

Specific instructions given by the client regarding an order always take precedence over the operating principles described here. Specific instructions from the client may prevent Kvarn from following the measures in accordance with the operating principles.

7.2. OVERALL ASSESSMENT AND PRIORITY OF DIFFERENT FACTORS

To achieve the best possible result for the client, Kvarn assesses the following factors when executing and transmitting orders:

- the likely execution price and the costs of the order (total consideration);
- speed;
- the likelihood of execution and settlement of the transaction;
- the size and nature of the order; and
- any other factors that Kvarn considers relevant for the execution or transmission of the order.

The best possible result in executing an order is always assessed based on the client's total consideration. This applies to both Kvarn's non-professional and professional clients.

The total consideration consists of the price of the financial instrument and the costs related to the execution of the order, taking into account all costs incurred by the client,

including, in addition to Kvarn's costs, the fees of the execution venue, clearing and settlement costs, and other payments to third parties.

The best possible result is primarily assessed based on the total consideration. However, the best possible result, i.e., the best total consideration, cannot always be achieved because the diligent execution of orders requires Kvarn to also assess the other factors listed above. For example, the characteristics of the financial instrument, the order, or the execution venue, or an exceptional market situation, may require that another of the above-mentioned factors is more central in that particular case than the best total consideration. In a situation of rapidly decreasing liquidity, for example, it may be more important to get the order executed quickly than to search for the very best available price. If only one party provides a price for a financial instrument (as in most fund investments), the price comes directly from that party.

However, the order of importance of the factors forming the basis of the overall assessment may vary depending on the characteristics of the client, the order, the financial instrument, and the execution venue. Kvarn independently assesses the order of importance of the different factors, unless the client's instructions indicate otherwise.

7.3. TRADING VENUES AND PRINCIPLES

The execution and transmission methods mentioned in this section apply to financial instruments that are generally traded on a regulated market, in a multilateral trading facility (MTF), or on another organized trading venue. Such financial instruments include, for example, shares and depositary receipts, options and warrants, and ETFs.

Kvarn does not act as a stockbroker and does not directly execute client orders on any trading venues.

7.4. FUND UNITS

Kvarn executes an order received from its client concerning fund units by promptly submitting it directly to the fund management company, collective investment undertaking, or alternative investment fund manager that manages the fund in question.

7.5. TRANSMISSION OF ORDERS ON CLIENT'S INITIATIVE

The order transmission service offered by Kvarn is of an execution-only nature. In this case, the applicable operating principles for each financial instrument are followed, such as the principles described in section 7.4 for funds. Execution-only brokerage refers to orders placed on the client's own initiative, which are not accompanied by a recommendation or advice.

7.6. COMBINING ORDERS AND ACTIONS IN EXCEPTIONAL SITUATIONS

When transmitting an order, Kvarn may combine the order with other orders or divide it into parts. Combining can only occur when Kvarn believes it is unlikely that the combination as a whole would be detrimental to the client.

Kvarn has the right to temporarily deviate from these operating principles due to malfunctions of trading venues, markets, or systems. In malfunction situations, Kvarn will take reasonable steps to achieve a result that is, under the circumstances, the best possible for the client.

7.7. MONITORING AND INTERNAL GUIDELINES

Kvarn's current principles for the execution of orders must be available at www.kvarnx.com. They may be part of Kvarn's investor notice, which provides pre-trade information to clients related to the provision of investment and ancillary services. For clarity, it is stated that at present, this information is included in this investor notice.

Kvarn regularly assesses, at least once a year, the content and appropriateness of its order execution principles and arrangements. Any changes to the information disclosed to clients based on the assessment will be updated on Kvarn's aforementioned website without delay.

8. CUSTODY OF CLIENT ASSETS AND RELATED RISKS

8.1. CASH FUNDS

Kvarn does not offer custody of cash funds to its clients, nor does it otherwise hold or manage its clients' cash funds.

8.2. SECURITIES

8.2.1. DOMESTIC SECURITIES

Kvarn does not offer custody of securities to its clients.

8.2.2. FUND UNITS

Clients' domestic fund units are held in the fund unit register maintained by the respective fund management company. Kvarn therefore does not hold clients' domestic fund units.

9. CHARACTERISTICS AND RISKS OF FINANCIAL INSTRUMENTS

9.1. RISKS OF FINANCIAL INSTRUMENTS

This section of the investor notice contains a general description of the characteristics and risks of financial instruments. The client should note that the description of the characteristics and risks of financial instruments given in this investor notice is general and not intended to be a complete and exhaustive description. The description may not include all relevant characteristics and risks of financial instruments.

Investing generally always involves the risk of suffering financial losses. The client is always responsible for the risks associated with the investments they make, including in cases where Kvarn has assessed the appropriateness of the investment for the client. The client should note that the value of an investment object can rise and fall, and the client may lose the invested capital in part or in whole. The expected return may also not be realized at all. The historical performance of an investment object's value and return is not a guarantee of future performance.

Before making an investment decision, it is important that the client familiarizes themselves with the material concerning the investment object. The client should

therefore, before making an investment decision, familiarize themselves with, for example, the prospectus, terms and conditions, and other written material concerning the financial instrument, as well as the risks and taxation related to the financial instrument.

The risks associated with investing are often described using various risk concepts, the meaning of which may be difficult to understand. However, understanding these concepts is an essential part of assessing the risks associated with investing. Below are a few risk concepts and their meanings described.

Sustainability Risk – Sustainability risk means an environmental, social, or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

Interest Rate Risk – Interest rate risk means the risk of fluctuations in the interest rate level, which may cause the investment object in which the investment is made to lose value.

Price Risk – The risk that the price/rate of the investment object will fall.

Issuer Risk – Issuer risk refers to the risk that the issuer becomes insolvent and is unable to repay the invested capital and any possible return to the investor on the maturity date of the investment object. If the issuer risk materializes, the investor may lose the invested capital and return in part or in whole.

Liquidity Risk – The risk that it is not possible to sell or buy an investment object at a specific time due to its low turnover, or the risk that the price obtained for the investment object may be lower than what was paid for it. This may be due to, for example, the supply and demand of the investment object or market disruptions.

Credit Risk – The risk that, for example, the issuer, counterparty, or guarantor is unable to meet its commitments due to insolvency.

Market Risk – The risk of fluctuations in the market price, which can lead to a loss on the investment. The market risk category includes, among others, interest rate, currency, and stock price risk.

Currency Risk – The risk of fluctuations in exchange rates, e.g., the risk that the exchange

rate of the foreign currency to which the holding is tied weakens.

Volatility Risk – The risk that there are large fluctuations in the price or rate of the investment object, which can negatively affect the investment made.

General Description of Financial Instruments and their Nature - Funds and Fund Units

A fund is a "portfolio" that contains a variety of financial instruments, such as stocks or bonds, and its assets are jointly owned by the investors, i.e., the unitholders. The fund's assets are invested in accordance with the fund's rules and the legislative requirements for diversification and investment objects. A fund management company, which is supervised by the financial sector authority and has a license, manages the investment fund. The fund management company is also responsible for calculating the value of the fund and for arranging the custody of the investment objects in a depository. A portfolio manager or team, who are professional asset managers, manage the fund's investment activities.

One of the objectives of a fund is that when it invests according to the fund's rules in several, even dozens, of different financial instruments, the unitholder's risk is lower than that of an investor who invests in only one or a few financial instruments. The unitholder does not have to monitor, buy, sell, or manage individual financial instruments themselves, nor do they need to hold them themselves.

A fund often offers the opportunity to invest even with small amounts, unlike direct stock investment, which may require larger investments. Investing is simplest with a fund savings plan, which automatically saves a specified amount monthly into the selected fund directly from the unitholder's account. This time diversification strategy helps to manage the market risk associated with the timing of investments. The unitholders of the fund receive fund units, the number of which corresponds to the proportional share of their invested capital in the total capital of the fund. The purchase and redemption of fund units is typically possible on any business day. However, the subscription and redemption conditions are fund-specific. The fund management company regularly assesses, usually daily, the value of the fund units, which is based on the daily price development of the financial instruments belonging to the fund.

The capital invested in a fund may increase or decrease, so there is no guarantee that the investor will get back the full amount invested. There are different types of funds, and they differ from each other based on their investment strategies. The investment strategy determines the fund's target return and risk level, as well as which financial instruments the fund invests in.

Funds can be divided into two main categories: investment funds (UCITS) and alternative investment funds (AIFs), which include, for example, special investment funds. The operation, diversification of assets, and risk management of investment funds are strictly regulated. Alternative investment funds, such as special investment funds, may differ from investment funds in terms of investment objects, diversification, and legal forms. Alternative investment funds may involve increased risks, such as liquidity, volatility, and market risk. For this reason, some alternative investment funds may restrict their investor base and may not accept non-professional investors.

Alternative investment funds can vary greatly from one another. They can be entities or other forms of investment where funds are collected from one or more investors and invested according to an investment policy for the benefit of the investors. Alternative investment funds can be low- or high-risk funds, and some of them may use derivatives and leverage more often than traditional funds. Some alternative investment funds aim to achieve a positive return regardless of whether the stock or bond markets are rising or falling.

Alternative investment funds can be either open-ended or closed-ended. In open-ended funds, the investor can decide for themselves when to make or redeem an investment. Closed-ended alternative investment funds have a limited fundraising period, after which the size of the fund does not change except through value development. Typically, in a closed-ended alternative investment fund, the investor's investment is paid in several installments and the investment is made for a specific period of time.

The investment strategies of investment funds and alternative investment funds divide the funds into different fund types. Each fund type offers different opportunities for the investor and is designed to meet specific investment objectives. The fund type can be, for example, an equity fund, which invests mainly in stocks, or a bond fund, which focuses on bonds. There are also mixed funds, which invest in both stocks and bonds, as well as more

specialized funds, such as real estate funds or hedge funds, which use more complex investment strategies. The investor must choose the fund type that best suits their investment objectives and risk tolerance. Fund types include, among others, the following:

Equity funds focus mainly on equity investments. These funds may direct their investments to specific geographical areas (such as Europe or the United States) or to different sectors (such as information technology, the energy industry, or the financial sector), depending on the fund's investment strategy.

On the other hand, bond funds invest their assets in various types of interest-bearing financial instruments to diversify risk. The management of the fund is based on the analysis of interest rate expectations and credit risk.

Short-term bond funds typically invest their assets in money market instruments, such as bonds issued by governments, banks, or companies, with a short remaining maturity, typically less than a year. Short-term bond funds include money market funds and short-term money market funds, which are subject to stricter investment regulations.

Long-term bond funds focus on investments in long-term (maturity over one year) debt instruments, such as bonds issued by governments, public entities, or companies.

Mixed funds make investments in both stocks and interest-bearing instruments. In them, the weighting of investments can vary according to the market situation. The relative weights of bond and equity investments, as well as their fluctuation range, are defined in the fund's rules.

A fund of funds is an investment fund that invests its assets in other funds. A fund of funds offers an alternative to investing in several different funds and allows for risk diversification in the same way as a well-structured own fund portfolio. It should be noted that the total costs of funds of funds consist not only of the fund's own costs, but also of the fees of the target funds. These funds can offer different investment orientations and risk levels.

Alternative investment funds, also known as alternative investment funds, offer a wider range of investment opportunities than traditional funds. They can invest in assets that are not stocks or debt instruments, such as commodities, real estate, or loans. The value

of these alternative investments often does not follow the same trends or cycles as traditional investments, and they are often used to diversify a portfolio. Trading in alternative investment funds may be restricted, for example, subscriptions and redemptions may only be accepted a few times a year, or the fund may be a so-called closed-end fund. These funds may charge higher fees for subscription and redemption than other funds, especially in redemption situations, where the fees often compensate the fund for the costs associated with the sale and purchase of the fund's illiquid investments.

Private equity funds are usually closed-end funds with a predetermined term. During this period, the fund makes its investments and exits from them. Investors can only join the fund during a specific period, and investments are made and returns are distributed generally at the same time and on the same terms. Shares in a private equity fund can be sold to another investor during the fund's term, and when the fund has exited its investments, it is liquidated. The investment objects of private equity funds are defined in the fund's terms, but most commonly they invest in the shares of unlisted companies (Private Equity). There are also private equity funds on the market that invest in early-stage companies (Venture Capital) or other real asset classes such as real estate and infrastructure projects.

Shares

Shares are shares in a limited liability company that entitle the owner to a share of the company's share capital. When the company makes a profit, it can distribute dividends to the shareholders. Shares also provide voting rights at the general meeting, which is the company's highest decision-making body. The more shares a person owns, the greater their share of the company's capital, dividends, and votes. The voting right and the right to a dividend may also vary depending on the share class to which the shares belong. There are both public and private limited liability companies (Plc or Ltd), but only in public companies can shares be traded on a regulated market.

The value of publicly listed companies, including the value of individual shares, is determined in the market, typically on stock exchanges, based on supply and demand. The market price of an individual share is called the stock price. In theory, the value of a company - and the value of its shares - corresponds to the present value of the company's

future cash flows. Since future cash flows cannot be predicted with certainty, many factors affect the pricing of a share, such as the company's financial performance, future prospects, the general development of the world economy, the interest rate level, market sentiment, and company-specific circumstances, such as changes in the management team and organization or innovations. Shares are high-risk investment products, and the risk levels of different companies can vary considerably.

In stock investing, it is important to diversify risk across different companies, industries, and markets. The trading volume - i.e., how much a particular stock is bought and sold - can also affect the stock price. If the trading volume of a stock is high, and large quantities of shares can be bought and sold without a major impact on the stock price, the liquidity of the stock is said to be good.

Information on the buying and selling prices of shares, as well as information on trading volumes, is published on various platforms, such as various websites, as well as in the financial media, which are maintained by marketplaces, investment firms, and media companies. The timeliness of this price information may vary depending on the publication method.

It is important to note that owning shares also carries risks. If a limited liability company is unable to meet its obligations, it may be declared bankrupt. The share capital, i.e., the capital invested by the shareholders, is the capital that is last in line to receive a share of the company's assets in bankruptcy. This typically leads to the shares of a bankrupt company becoming worthless.

There can be several different series of shares, most often A and B shares. The series of a share is typically related to the voting rights of the share. Different voting rights arise when the company's ownership base grows and the influence of the original founders or owners is sought to be protected by giving them greater voting rights. New shares that are issued generally carry fewer voting rights and possibly a greater right to dividends than the original A-series shares. They are designated B or C, etc.

An initial public offering (IPO) refers to the process by which a company's shares are brought to the public stock market for trading on a stock exchange or a multilateral trading facility (MTF). In this process, the public is offered the opportunity to subscribe for

(i.e., buy) the company's shares. Most often, it involves an existing company whose shares have not previously been available for sale on regulated markets, and whose owners want to broaden the ownership base and facilitate trading in the company's shares.

When a limited liability company wants to grow its operations or recover from a loss-making period, it may need additional share capital. The company can raise this capital by issuing more shares through a rights issue. Limited liability companies can also carry out a directed share issue, which is similar to a regular share issue, but is directed only to a specific group of investors. Limited liability companies can also carry out an issue in kind, in which the company issues new shares for the purpose of acquiring other companies, businesses, or assets in a form other than cash. In both a directed share issue and an issue in kind, the voting power and share capital of the former shareholders are diluted, but this does not affect the number of shares held by the old owners.

Bonds

A bond is a debt instrument issued by a state, municipality, bank, or other company and offered as an investment to the general public. Bonds can be divided into two main types: interest-bearing bonds and structured bonds, which are so-called structured products. Bonds are generally subscribed for at the time of their issuance, but they can also be bought and sold on the secondary market during the term of the loan.

A nominal interest rate, which is stated in the loan terms, is paid on the principal of the bond, and it is called the coupon rate. The returns of traditional interest-bearing bonds are easy to calculate in advance, and they entitle the holder to a claim on the issuer of the loan, i.e., the issuer.

Bonds can vary depending on the issuer, the collateral provided by the issuer for the loan, the term of the loan, and the form of interest payment. Usually, the interest is paid annually.

The risk in bonds is related to a possible price change during the term of the loan if market interest rates change. Another risk factor is that the issuer or guarantor is unable to repay the loan. Fully collateralized loans are generally less risky than unsecured loans. However, the risk of loss on bonds is generally lower than on stocks, because the

bondholder has a better priority to the issuer's assets in a bankruptcy situation.

An interest-bearing bond issued by a high-credit-rated issuer can be a good option for an investor who wants to minimize the risk of losing capital. They are generally recommended for short-term savings, and also for long-term savings they are quite common if the investor does not want to risk their capital. However, the interest on bonds can be relatively low compared to the long-term return of the stock market. For this reason, they may not be suitable for investors who are seeking high returns and are willing to take on greater risk.

Calculating the returns on bonds can be more complex than on traditional deposits, as the return depends on many factors, such as market interest rates, inflation, and the creditworthiness of the issuer. In addition, the return can vary significantly between different loans depending on their specific characteristics and risk profile.

It is also important to remember that although bonds are generally less risky investments than stocks, they are not completely risk-free. For example, the bankruptcy of the issuer can lead to investors losing part or all of their invested capital. In addition, a rise in market interest rates can lead to a decrease in the value of the bond, which can cause losses for investors if they decide to sell the bond before its maturity.

Bonds are therefore a versatile and often less risky option for investors who want to diversify their investments and/or protect themselves from stock market fluctuations. They can provide stable returns and protection against inflation, but their expected return is generally lower than in riskier investment objects, such as stocks.

As market interest rates rise, the prices of already issued fixed-rate interest-bearing bonds fall. This is because the interest rate on new loans follows the actual market interest rate and thus offers a higher interest rate than financial instruments that have already been issued. Conversely, when the market interest rate falls, the prices of already issued loans rise.

Loans issued by the Finnish state and municipalities generally have a low credit risk. However, the credit risk of these, as well as of other states and public law issuers, must always be assessed taking into account the issuer's financial situation and future prospects. Legal and political risks must also be assessed.

Issuers other than the state and municipalities may provide collateral in the form of other financial instruments or property when issuing a loan. If the issuer belongs to a group, the loan may have a guarantee from the group's parent company or another group company. In this case, the credit risk must be assessed for both the issuer and the guarantor.

There are also bonds that involve a higher risk than other loans if the issuer has difficulties with the repayment of the loan. Examples of this are debentures, which have a lower priority than the issuer's other commitments. However, the return on a debenture is generally better than on a regular bond from the same issuer.

If an investor decides to sell their bond before maturity, the final return is determined by the general interest rate level on the date of sale. The premature sale of a bond may also involve a liquidity risk if there are not enough buyers on the secondary market.

Bonds carry a greater risk than bank deposits, but a lower risk than stock investments. On the other hand, the return on bonds is usually higher than on bank deposits.

The issue price, i.e., the subscription price, significantly affects the return on a bond. The issue price is either exactly, below, or above 100% of the nominal value of the bond. An issue price below 100% improves and, conversely, an issue price above 100% reduces the calculated interest return of the bond. The issue price is determined by the issuer according to the current market situation.

It is important to note that bonds are complex investment instruments, the understanding and evaluation of which requires a thorough knowledge of the financial markets. Investors should always conduct a thorough due diligence check before making an investment decision, including research into the issuer's financial situation, understanding the terms of the loan, and making a risk assessment. The help of investment advisory professionals can be of great assistance here.

When considering bonds, it is also important to take into account the investment time horizon. Bonds can be a good option for an investor who wants to minimize the risk of losing capital and who has a long investment horizon. On the other hand, their return may be relatively low compared to the long-term return of the stock market.

Derivatives

Derivative instruments, such as options, forwards, futures, and swap contracts, are complex financial instruments with various potential underlying assets. These can be, for example, stocks, bonds, commodities, indices, or currencies. Derivatives can be used in investment activities to manage risk or to increase it.

The characteristic feature of derivatives is their structural nature, where a change in the price or rate of the underlying asset directly affects the value of the derivative instrument. This effect is often proportionally greater than the change in the value of the underlying asset itself. This phenomenon is called leverage, and it can generate a significant return on the invested capital relative to a direct investment in the underlying asset.

On the other hand, leverage can also cause a greater loss through the derivative instrument than the price change of the underlying asset, if the price development of the underlying asset does not meet the investor's expectations. In some cases, the loss can be many times the original investment.

The investor must be prepared to make quick decisions, often even within the same day, if the value of the derivative instrument appears to be falling. In risk assessment, it must also be taken into account that a negative price development can make it challenging to sell a position or holding. Operating in the derivatives market requires the investor to have both an understanding of the financial markets and the ability to make quick decisions.