



Panama, May 20, 2022

**Re.: Risks Associated with (Omnibus) Global Accounts**

Dear Client:

SARDONA CAPITAL maintains as a strategy of transparency and avoiding risks, and for greater security of its clients, the individual accounts. However, SARDONA CAPITAL S.A. hereby inform you about the risk associated with the use of a global custody account based on the new agreement 1-2022 issued by the Superintendency of the Securities Market (SMV), which incorporates the rules for the management and handling of global custody account.

Based on the Custody, Administration and Investment Agreement and the Line of Credit Agreement which you have signed as client of SARDONA CAPITAL, you declare a) to know and understand the legal, and operational risks involved in the use of global custody account (omnibus) which SARDONA CAPITAL may maintain with other foreign financial institutions, agents and intermediaries b) to know and understand that the global accounts maintained by SARDONA CAPITAL with the foreign financial intuitions, agents or intermediaries are governed by the applicable laws of the country in which such foreign financial institutions, agents or intermediary is located, c) to be aware the consequences and the specific, legal and operational risks arising from transactions through such global custody accounts maintained by SARDONA CAPITAL with foreign financial institutions, agent and intermediaries.

As a client of SARDONA CAPITAL S.A. you understand and are aware that SARDONA CAPITAL is obliged to maintain a separate and individualized registry of the assets and securities of its clients but as well the assets and securities corresponding to its own resources, pursuant to the provisions of the Superintendence of Securities of Panama.

Therefore, to comply with the current regulation and new Agreement 1-2022 issued by the Superintendency of the Securities Market (SMV), SARDONA CAPITAL hereby inform you that, SARDONA CAPITAL is not the final custodian of assets and securities since it maintains a contractual relationship with various financial institutions that play this role, which entails its own risks that may affect the investment accounts of the clients.

The use of global custody accounts may entail the temporary restriction of the availability and/or the exercise of the rights derived from the securities and financial instruments, the decrease in value or even loss of the securities and financial instruments owned by them, because of the risks detailed below:



**Legal risks:**

- Identification of the regulations applicable to the rights and interests of the Client, the end holder of the securities and financial instruments.
- The material risk arising from the fact that the applicable legislation does not provide foreseeable and adequate substantive protection of the Client's interests.
- The risk of insolvency of the holder of the global accounts which may result in a limitation for the Client to exercise its right of separation or to be recognized as the owner of the securities and financial instruments.
- Any intermediary in the chain of custody in the different global accounts could incur in possible fraud or misappropriation.

**Operational risks:**

Those risks that could result from the operations carried out in said accounts, such as operations related to derivatives or those concerning amounts delivered to the entities in charge of clearing and settlement or central counterparty of amounts from time to time, among them:

- Those arising from the existence of different intermediaries in the chain of custody, which may produce incidents in the communications between them that may affect the rights associated with the financial instrument corresponding to the end holder.
- Those derived from operations that require periodic adjustments of the guarantees or payments of daily liquidations of profits and losses or, in general, the delivery of amounts, periodically, to the entities in charge of clearing and settlement or central counterparty of amounts periodically.
- The default of a single Investor may result in prejudice to all the Clients holding securities or financial Instruments deposited in that global account, since the nominee holder of the global account may not have sufficient funds to provide the Cash or Securities Amounts required to the markets or to the counterparties, so that the other beneficial owners of the global account end up having to respond or suffer the losses arising from the said default.
- Possible existence of temporary restrictions on the availability of securities, decrease, or loss of value because of poor administration, mismanagement of assets and inadequate record keeping or negligence of the depositary or custodian.

**Insolvency Risks (of either the account holder or the sub-custodian):**

- Possible Insolvency of the holder of the securities, in this case SARDONA CAPITAL.
- In the event of insolvency of the holder there may be limitations for the client to exercise segregation rights or to be recognized as owners of the securities and not as mere holders of credit rights against the global account holder.



**SARDONA**  
CAPITAL S.A.

**Custody Risks:**

- Insolvency risk of any of the intermediaries involved in the custody chain, considering that the last or higher links influence on the initial or lower links in said chain, to the extent that there is no direct annotation of the final Client holders of securities or financial instruments in the Issuer's registers and/or in the Central Securities Depository in charge of said registry. Real ownership always depends on the relevant Intermediary having or being able to dispose of a sufficient number of securities to cover the account, i.e., that the entire custody chain is correctly squared and reconciled by all the intermediaries involved thereof.
- Risk of securities inflation if a chain of custody intermediary claims to have more securities than it actually has, so that there may be more securities in the market than the number of securities issued. In this situation, if the intermediary goes bankrupt, a rule would be necessary to determine how the number of securities available will be distributed among all clients.
- Systemic market risk that exists in this type of indirect holding system, through global accounts, since the close interconnection among all participants greatly facilitates the spread of systemic risk. If any of the intermediaries in the chain of custody fail to fulfill its obligations, those who depend on it, in turn, would not be able to fulfill theirs; and if the latter fail to fulfill their obligations, those who depend on them would not be able to fulfill theirs either.

**Intermediation Risks:**

- Limitations in the relationship between the Issuer and the client, which may affect the latter's legitimacy for the exercise of the political and economic rights associated with the financial instrument.

That said, we understand that as a client of SARDONA CAPITAL, you are aware of and assume the consequences and specific legal, custody, brokerage, and operational risks, among others, involved in the acquisition or disposal of securities or financial instruments through global accounts.

We remain at your disposal in case you have any questions in this regard.

Best regards,

**SARDONA CAPITAL, S.A.**