

# Ex-ante Information on Costs

---

pure●

## Ex-ante Information on Costs

### of DonauCapital Pure Investment GmbH

#### 1 Introduction

DonauCapital Pure Investment GmbH ("Pure" or "we") offers clients the possibility to use Social Trading. This means that Pure operates an infrastructure in the form of an online platform (the "Platform") for Social Trading, on which a client as a so-called signal taker (hereinafter referred to as "Strategy Investor") can make the trading decisions of so-called signal providers (hereinafter referred to as "Strategy Providers") the basis of his own trading activity. While Strategy Providers publish their trading decisions on the Platform, you as a Strategy Investor can activate your user account in such a way that the trading decisions of Strategy Providers selected by you are automatically executed in your own account.

In order to be allowed to provide the service described, Pure has a permission granted by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). The regulation that accompanies this permission obliges Pure to inform clients, prior to the provision of the service, about all costs and associated charges that will be incurred by the client when using the service. This information shall be provided in this document.

It is important to understand that the actual costs incurred are not known in advance and cannot be reliably predicted in advance. This is because the actual costs incurred by a client depend on many factors, e.g. which Strategy Provider a Strategy Investor selects and how the selected Strategy Provider(s) act.

The detailed information on the costs of different trading strategies is therefore not to be understood as a forecast of the costs actually incurred when using the service, but as an illustration of possible cost burdens in different scenarios. Based on this understanding, the information is intended to enable you to gain an impression of what your cost burden might look like in different cases.



## 2 Our business model in detail

To use our service, you must have a trading account with the broker cooperating with us (the "Broker") in addition to a user account on the Platform. Contracts for Differences ("CFD", plural "CFDs") are used to implement the trading strategies. The functioning and risks of CFDs are explained in the document "Risk Disclosure", which you can access on our platform.

In detail, a transaction with the Social Trading offered by us works as follows:

If you have set up your user account with us in such a way that you follow a certain Strategy Provider with an amount of money defined by you, then that amount of money is allocated for accounting purposes to a trading account maintained by the Broker that contains the capital of the Strategy Provider and all Strategy Investors following him ("Pooled Account"). The capital of the Strategy Provider and all Strategy Investors following him is thus pooled for accounting purposes ("Pooled Capital").

The Strategy Provider sees how much Pooled Capital is held in total in the Pooled Account and then trades this Pooled Account. If the Strategy Provider then places a trading order ("Order") with the Broker via the platform, this Order is executed by the Broker. As soon as a Strategy Investor terminates following the Strategy Provider, the capital due to the Strategy Investor is deducted from the Pooled Account and allocated to his own trading account.

## 3 Cost Items

In the following, we list the cost items that may be incurred when using our service. A distinction can be made between the costs of our service and the transaction costs that the client must pay to the broker. Please note that you may incur costs of which we have no knowledge, such as telecommunication costs, costs for hardware and software, etc.; these costs are not dealt with in this document and are not included in the breakdown of possible costs.

### 3.1 Costs of our service

We charge two types of fees for our service, namely a management fee ("Management Fee") and a performance fee ("Performance Fee").

### 3.1.1 Management Fee

The Management Fee is a fee based on how much capital you allocate to a particular Strategy Provider to invest. The Management Fee is between 0.5% and 2% per annum of the capital allocated to that Strategy Provider, depending on the Strategy Provider selected, and is charged pro rata at the end of each day, except Saturdays and Sundays, and debited from your trading account. The Management Fee for a particular Strategy Provider can be viewed in the Strategy Provider's profile on the Platform.

### 3.1.2 Performance Fee

The Performance Fee is a fee the amount of which depends on how much profit you make by following a particular Strategy Provider. The Performance Fee is between 15% and 35% of the profit made with the Strategy Provider chosen. The profit is calculated after taking into account the transaction costs mentioned in Chapter 3.2. The performance fee is calculated on a monthly basis.

The basis for the calculation of the Performance Fee is the so-called "Highwatermark Method". Highwatermark Method means that in order to calculate the profit achieved by the Strategy Investor, two peaks of the capital invested by the Strategy Investor are compared. If the Strategy Investor initially invests e.g. 1,000 € to follow a certain Strategy Provider, these 1,000 € form the first peak. If this capital increases to a new peak of e.g. 1,500 € due to the trading decisions of the Strategy Provider, the two peaks are compared with each other to determine the Strategy Investor's profit. In our example, the profit would be 500 €, so the percentage of the 500 € applicable to the Strategy Provider in question would have to be paid as a Performance Fee. If the Performance Fee for the Strategy Provider in question was for example 20%, 100 € of the profit would have to be paid as a Performance Fee in this example. The Strategy Investor's account balance would therefore be 1,400 € after deducting the Performance Fee, so that this account balance of 1,400 € forms the new peak. If the value of the capital invested subsequently falls below 1,400 € due to the trading decisions of the Strategy Provider, a Performance Fee is only due again if the value of the capital invested by the Strategy Investor subsequently rises again above the previous peak of 1,400 € due to the trading decisions of the Strategy Provider.

## **3.2 Transaction Costs**

In addition to the fees payable to us, there are transaction costs incurred when trading CFDs in Social Trading. These transaction costs consist of the following cost items:

- the spread,
- additional costs for the use of Social Trading,
- other costs incurred only in certain cases, namely overnight fees, currency conversion costs, and possible compensation payments to account for the effects of corporate actions and dividend payments.

The different types of costs are explained below. More detailed information on the specific amount of the respective cost items can be found on the broker's website.

### **3.2.1 The Spread**

Every transaction with CFDs consisting of opening and closing a position results in costs that are based on the difference between the bid and ask price of a CFD. This difference between the bid and ask price is called the "spread". The spread is not the same for every CFD, but differs depending on the underlying asset. In addition, the amount of the spread quoted by a broker is not constant, but usually changes with different market conditions.

### **3.2.2 Additional costs when using Social Trading**

With regard to trading CFDs on the basis of Social Trading, it should be noted that additional fees are charged by the Broker which would not be incurred when trading CFDs without Social Trading. Depending on the underlying asset, these fees consist either of a commission to be paid per traded unit or of an increase in the spread.

### **3.2.3 Other cost items**

In addition to the costs mentioned in Chapters 3.2.1 and 3.2.2, which are incurred for every transaction, there are other cost components that are only incurred in certain situations. These are

- a) overnight fees, which are only payable if a position is held beyond the end of a trading day (i.e. overnight);
- b) currency conversion costs when trading a CFD the underlying of which is denominated in a currency other than the currency in which the Strategy Investor's trading account is maintained;

- c) compensation payments to be made to the broker in certain cases to account for the impact of corporate actions or dividend payments on the underlying.

## **4 Examples of the cost impact of different trading strategies**

### **4.1 Preliminary remarks**

In the following we give examples of the possible cost impact of different trading strategies. As already explained, the detailed information on different trading strategies is not to be understood as a forecast of the costs actually incurred when using the service, but as an illustration of possible cost burdens in different scenarios. Based on this understanding, the information is intended to enable you to get an impression of what your cost burden might look like in different cases.

It should also be noted that the costs incurred by the spread include the additional costs for the use of social trading, as these two cost items cannot be clearly separated from each other. In addition, individual numerical values are rounded to make them easier to understand.

In the following, we present the profits or losses as well as the costs incurred for seven different trading strategies. The trading strategies are strategies that were actually implemented, but on a platform other than that of Pure. We present the most important key figures of two strategies with high risk, two strategies with medium risk and two strategies with low risk. Since no CFDs based on shares were traded in the aforementioned strategies, we also present the key figures for a strategy in which CFDs were traded on shares. This is because when trading such CFDs, there are types of income and costs that do not exist when trading CFDs on other underlyings, namely a commission of 0.5% of the position value as well as compensation payments that the client either receives from the broker or must pay to the broker as compensation for dividend payments or corporate actions of the underlying.

Please note that the risk ratings made in relation to the trading strategies relate to CFD trading, which is associated with significant risks, so that even a trading strategy classified as low risk here is associated with significant risks that go far beyond the risks usually associated with low risk (such as bonds issued by the Federal Republic of Germany).

## **4.2 Illustration of possible costs of Social Trading using examples**

### **4.2.1 Explanation of individual items**

In the following tables we present the cost burden of different trading strategies on the basis of what we consider to be the most important key figures. Where necessary, we have rounded the figures to two decimal places. All figures refer to a hypothetical scenario in which a Strategy Investor follows the trading strategy of the relevant Strategy Provider for one year with a capital of 100,000 €.

While some of the information is understandable in itself, for other information we feel it is necessary to briefly explain what the information in question means. If you have any questions about the information that is not answered in the following explanations, you can contact our customer service at any time.

The information in line 1 specifies all types of underlying assets of the CFDs that were traded in the relevant strategy.

The profit referred to in lines 3 and 4 is the profit that an investor would have made with the respective strategy before deducting Pure's fees. Thus, while the fees charged by Pure still have to be deducted from the profit indicated in lines 3 and 4 in order to determine the profit actually made, the transaction costs incurred have already been taken into account in the figure.

The maximum drawdown stated in line 5 quantifies the extent of the largest loss in value of the funds invested with the trading strategy that occurred during the reporting period.

In the presentation of the cost burden for a trading strategy in which CFDs on shares were also traded (Chapter 4.2.5), two items are included in the presentation of transaction costs that are not included in the other tables because they do not occur there. These are "Additional costs for the acquisition of CFDs on shares in €" (line 16) and "Compensation payments" (line 17).

These cost items only exist for transactions with CFDs on shares. Additional costs for the acquisition of CFDs on shares are incurred because the executing broker charges a commission of 0.5% of the position value for CFDs on shares.

Compensation payments are an item representing certain compensation payments made to account for the effects of corporate actions and dividend payments. To explain why these compensation payments are made, one can take the case of dividends being paid on a share that is the underlying of a CFD as an example. If someone does not hold the CFD but the share itself, he receives a payment from the issuer of the share, namely the dividend. In return, the price of the share on the stock exchange is reduced accordingly by the dividend payment. This correction of the price is also reflected in a corresponding reduction of the price of the CFD, without the person holding a corresponding CFD at that time receiving a dividend payment from the issuer. In order to take account of this circumstance – price correction without crediting a dividend payment – the broker makes a compensatory transaction in the account of the client holding the CFD in question. In the event that the client holds a long position in the CFD, the client will be credited as a compensation payment; in the event that the client holds a short position in the CFD, the broker will debit a corresponding compensation payment from the client's account.

In the case of the trading strategy shown as an example in Chapter 4.2.5, the client was credited with the net amount indicated there due to compensation payments, so that this amount must be deducted from the other costs in order to calculate the total cost charge. Therefore, "received by the client" is stated there in brackets. However, this is based on the specific circumstances of the transactions; in other cases, it could be that the Strategy Investor has to make compensation payments to the Broker in total.

Please note that the amount of compensation payments depends on the Terms and Conditions of the Broker and does not cover 100% of the price correction made.

## 4.2.2 Examples of the cost burden for trading strategies with high risk

### Example 1

Line number	Subject of the information about the strategy	Indication/ Numerical value
1	Underlyings of the CFDs traded	Gold, major currencies
2	Capital invested in €	100.000
3	Profit after one year in € (before deduction of the remuneration of Pure)	157.490
4	Profit after one year in % of the capital invested (before deduction of the remuneration of Pure)	157,49
5	Maximum drawdown in %	24,56
6	<b>Remuneration of Pure:</b>	
7	Performance Fee in %	35
8	Performance Fee paid in €	55.121,50
9	Management Fee in %	1,5
10	Management Fee paid in €	2.456,12
11	Costs of Pure's service in €	57.577,62
12	Costs of Pure's service in % of the capital invested	57,58
13	Total profit after deduction of all costs in €	99.912,38
14	Total profit in % of the capital invested	99,91
15	<b>Transaction costs:</b>	
16	Currency conversion costs in €	188,60
17	Overnight fees in €	3.233,43
18	Costs of the spread in €	16.252,20
19	Total transaction costs in €	19.485,63
20	Total transaction costs in % of the capital invested	19,49
21	Total costs in €	77.063,25
22	Total costs in % of the capital invested	77,06

## Beispiel 2

Line number	Subject of the information about the strategy	Indication/ Numerical value
1	Underlyings of the CFDs traded	Major currencies
2	Capital invested in €	100.000
3	Profit after one year in € (before deduction of the remuneration of Pure)	28.010
4	Profit after one year in % of the capital invested (before deduction of the remuneration of Pure)	28,01
5	Maximum drawdown in %	29,21
6	<b>Remuneration of Pure:</b>	
7	Performance Fee in %	35
8	Performance Fee paid in €	9.803,50
9	Management Fee in %	1,5
10	Management Fee paid in €	1.508,44
11	Costs of Pure's service in €	11.311,94
12	Costs of Pure's service in % of the capital invested	11,31
13	Total profit after deduction of all costs in €	16.698,06
14	Total profit in % of the capital invested	16,7
15	<b>Transaction costs:</b>	
16	Currency conversion costs in €	150,51
17	Overnight fees in €	2.896,20
18	Costs of the spread in €	11.570,43
19	Total transaction costs in €	14.466,63
20	Total transaction costs in % of the capital invested	14,47
21	Total costs in €	25.778,57
22	Total costs in % of the capital invested	25,78

## 4.2.3 Examples of the cost burden for trading strategies with medium risk

### Beispiel 3

Line number	Subject of the information about the strategy	Indication/ Numerical value
1	Underlyings of the CFDs traded	Indices
2	Capital invested in €	100.000
3	Profit after one year in € (before deduction of the remuneration of Pure)	8.250
4	Profit after one year in % of the capital invested (before deduction of the remuneration of Pure)	8,25
5	Maximum drawdown in %	16,77
6	<b>Remuneration of Pure:</b>	
7	Performance Fee in %	35
8	Performance Fee paid in €	2.887,50
9	Management Fee in %	1,5
10	Management Fee paid in €	1.513,32
11	Costs of Pure's service in €	4.400,82
12	Costs of Pure's service in % of the capital invested	4,4
13	Total profit after deduction of all costs in €	3.849,18
14	Total profit in % of the capital invested	3,85
15	<b>Transaction costs:</b>	
16	Currency conversion costs in €	164,47
17	Overnight fees in €	2.143,28
18	Costs of the spread in €	23.331,82
19	Total transaction costs in €	25.639,57
20	Total transaction costs in % of the capital invested	25,64
21	Total costs in €	30.040,39
22	Total costs in % of the capital invested	30,04

## Beispiel 4

Line number	Subject of the information about the strategy	Indication/ Numerical value
1	Underlyings of the CFDs traded	Major and minor currencies
2	Capital invested in €	100.000
3	Profit after one year in € (before deduction of the remuneration of Pure)	8.070
4	Profit after one year in % of the capital invested (before deduction of the remuneration of Pure)	8,07
5	Maximum drawdown in %	26,83
6	<b>Remuneration of Pure:</b>	
7	Performance Fee in %	35
8	Performance Fee paid in €	2.824,50
9	Management Fee in %	1,5
10	Management Fee paid in €	1.508,20
11	Costs of Pure's service in €	4.332,70
12	Costs of Pure's service in % of the capital invested	4,33
13	Total profit after deduction of all costs in €	3.737,30
14	Total profit in % of the capital invested	3,74
15	<b>Transaction costs:</b>	
16	Currency conversion costs in €	180,02
17	Overnight fees in €	1.943,74
18	Costs of the spread in €	28.008,85
19	Total transaction costs in €	30.132,61
20	Total transaction costs in % of the capital invested	30,13
21	Total costs in €	34.465,31
22	Total costs in % of the capital invested	34,47

## 4.2.4 Examples of the cost burden for trading strategies with low risk

### Beispiel 5

Line number	Subject of the information about the strategy	Indication/ Numerical value
1	Underlyings of the CFDs traded	Indices, gold, major currencies
2	Capital invested in €	100.000
3	Profit after one year in € (before deduction of the remuneration of Pure)	8.370
4	Profit after one year in % of the capital invested (before deduction of the remuneration of Pure)	8,37
5	Maximum drawdown in %	8,61
6	<b>Remuneration of Pure:</b>	
7	Performance Fee in %	35
8	Performance Fee paid in €	2.929,50
9	Management Fee in %	1,5
10	Management Fee paid in €	1.567,50
11	Costs of Pure's service in €	4.497,00
12	Costs of Pure's service in % of the capital invested	4,5
13	Total profit after deduction of all costs in €	3.873,00
14	Total profit in % of the capital invested	3,87
15	<b>Transaction costs:</b>	
16	Currency conversion costs in €	67,38
17	Overnight fees in €	1.322,00
18	Costs of the spread in €	7.763,20
19	Total transaction costs in €	9.152,58
20	Total transaction costs in % of the capital invested	9,15
21	Total costs in €	13.649,58
22	Total costs in % of the capital invested	13,65

## Beispiel 6

Line number	Subject of the information about the strategy	Indication/ Numerical value
1	Underlyings of the CFDs traded	Gold, major currencies
2	Capital invested in €	100.000
3	Profit after one year in € (before deduction of the remuneration of Pure)	10.070,00
4	Profit after one year in % of the capital invested (before deduction of the remuneration of Pure)	10,07
5	Maximum drawdown in %	4,17
6	<b>Remuneration of Pure:</b>	
7	Performance Fee in %	35
8	Performance Fee paid in €	3.524,50
9	Management Fee in %	1,5
10	Management Fee paid in €	1.543,21
11	Costs of Pure's service in €	5.067,71
12	Costs of Pure's service in % of the capital invested	5,07
13	Total profit after deduction of all costs in €	5.002,29
14	Total profit in % of the capital invested	5,00
15	<b>Transaction costs:</b>	
16	Currency conversion costs in €	83,93
17	Overnight fees in €	2.334,10
18	Costs of the spread in €	7.763,20
19	Total transaction costs in €	9.362,34
20	Total transaction costs in % of the capital invested	9,36
21	Total costs in €	14.430,05
22	Total costs in % of the capital invested	14,43

## 4.2.5 Example of the cost burden for a trading strategy in which CFDs on shares were also traded

### Beispiel 7

Line number	Subject of the information about the strategy	Indication/ Numerical value
1	Underlyings of the CFDs traded	Indices, major currencies, shares
2	Capital invested in €	100.000
3	Loss after one year in € (before deduction of the remuneration of Pure)	- 3.140,00
4	Loss after one year in % of the capital invested (before deduction of the remuneration of Pure)	- 3,14
5	Maximum drawdown in %	8,61
6	<b>Remuneration of Pure:</b>	
7	Performance Fee in %	35
8	Performance Fee paid in €	1.120,22
9	Management Fee in %	1,5
10	Management Fee paid in €	1.500,00
11	Costs of Pure's service in €	2.620,22
12	Costs of Pure's service in % of the capital invested	2,62
13	Total loss after deduction of all costs in €	- 5.760,22
14	Total loss in % of the capital invested	5,76
15	<b>Transaction costs:</b>	
16	Additional costs for the acquisition of CFDs on shares in €	4.071,00
17	Compensation payments (received by the client)	6.831,00
18	Currency conversion costs in €	2180,22
19	Overnight fees in €	5.750,00
20	Costs of the spread in €	5.205,90
21	Total transaction costs in €	10.376,12
22	Total transaction costs in % of the capital invested	10,38
23	Total costs in €	12.996,34
24	Total costs in % of the capital invested	13,00