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DECREE

of 24 July 2013

on the statute of a collective investment fund

Pursuant to Article 220(3) of Act No. 240/2013 Coll., on Management Companies and Investment Funds (hereinafter referred to as the “Act”), the Czech National Bank stipulates the following:

PART ONE

BASIC PROVISIONS

Article 1

Subject matter

This Decree incorporates relevant regulations of the European Union¹⁾ and stipulates the requirements for the content and structure of the statute of a collective investment fund (hereinafter referred to as the “statute”).

Article 2

Structure of the statute

(1) The statute shall consist of at least 12 parts containing:

- a) information on the collective investment fund (Article 3);
- b) information on the manager of the collective investment fund (Article 4);
- c) information on the administrator of the collective investment fund (Article 5);
- d) information on the delegation of a specific activity (Article 6);
- e) information on the depositary of the collective investment fund (Article 7);
- f) the investment strategy (Article 8);
- g) the risk profile (Article 9);
- h) information on past performance (Article 10);
- i) principles for management and information on the payment of shares in profit or income (Article 11);
- j) information on the units or shares issued by the collective investment fund (Article 12);
- k) information on charges and expenses covered from the collective investment fund’s assets (Articles 13 to 15); and
- l) additional information required for investors in order to make an informed assessment of the investment (Article 16).

(2) The information required under Article 16 may also be given in other parts of the statute if it factually relates to them. As regards the information referred to in Article 4(1)(g), (h) and (j), Article 5(1)(h), (i) and (k), Article 10(1), Article 13(1), (3), (4) and (5),

¹⁾ Article 63(1) and Articles 69–72 of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast).

Article 23 of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010.

Article 16(3)(d), (e), (f) and (h) and Article 19(4)(f), it is possible to refer in the relevant part of the statute to the appendix of the statute, in which such information is given.

(3) The information required under Articles 17 to 21 shall be given in the part of the statute pursuant to paragraph 1 to which it belongs in terms of its content.

(4) The statute of a collective investment fund that is a joint-stock company with variable capital, which creates sub-funds that do not have a separate statute, shall be subdivided according to whether the information is not common to all sub-funds. This information shall be given in relation to the sub-fund identified

- a) separately in the relevant part of the statute, or
- b) in a separate part made up of a set of relevant parts of the statute that are not common to all sub-funds.

(5) If the statute is divided pursuant to paragraph 4(b), paragraphs 1 to 3 shall be applied appropriately.

PART TWO

GENERAL REQUISITES OF THE STATUTE

Article 3

Collective investment fund

(Article 220(1)(b) of the Act)

(1) The information on the collective investment fund shall include

- a) the name, registered address and identification number if assigned;
- b) the date of establishment of the fund;
- c) information on entry in the list of investment funds²⁾ maintained by the Czech National Bank;
- d) the period for which the fund has been created or established;
- e) information on whether the fund is a standard or a special fund;
- f) information on whether the fund is a master or a feeder fund and
- g) historical data on status matters, in particular previous names of the fund, information on mergers or consolidations, information on changes in the manager of the collective investment fund or the administrator of the collective investment fund, the date of transformation of a special fund to a standard fund. If certain historical information is not known to the collective investment fund's manager or to the collective investment fund's administrator, or if there are any doubts about the correctness of such information, an explanatory note shall be provided.

(2) If the collective investment fund is a mutual fund, information shall also be provided on whether

- a) it is an open-end mutual fund or a closed-end mutual fund;
- b) a meeting of unit-holders is to be established. If it is the case, information shall be given on the scope of its competence;
- c) upon expiration of the period, for which the closed-end mutual fund has been established, it will enter into liquidation, or will be transformed into an open-end mutual fund or a joint-stock company with variable capital; and

²⁾ Article 597(a) or (b) of Act No. 240/2013 Coll., on Management Companies and Investment Funds.

d) during the existence of a closed-end mutual fund, a unit-holder has the right to repurchase a unit at the expense of the fund within specified deadlines, and a specification of the time limit, within which the mutual fund will repurchase the units.³⁾

(3) The information on the collective investment fund shall include the amount of capital in the case of a joint-stock company or the amount of registered capital in the case of a joint-stock company with variable capital.

(4) The information on the collective investment fund that is a joint-stock company with variable capital, whose articles of association allow to create sub-funds, shall also include a list of sub-funds created.

(5) In the case of an autonomous collective investment fund, the information on the collective investment fund shall also include information on the decision through which authorisation to carry on the business of an autonomous investment fund has been issued by the Czech National Bank, the date of issuance, the reference number and the effective date of the decision and any subsequent amendments thereto.

Article 4

Manager

(Article 220(1)(a) of the Act)

(1) The information on the manager of a collective investment fund that is not an autonomous collective investment fund shall include

- a) the name, registered address and identification number if assigned;
- b) the date of establishment of the manager;
- c) information on entry in the list of management companies or managers, having their registered address in foreign country that are authorised to manage investment funds;
- d) the amount of capital and information on whether the capital has been paid up;
- e) information on the decision through which authorisation to carry on business has been issued, including the name of the issuing authority, the date of issuance, the reference number and the effective date of the decision and any subsequent amendments thereto;
- f) information on the consolidated group⁴⁾, to which the manager of the collective investment fund belongs;
- g) a list of senior officers, or persons pursuant to Article 21(5) of the Act, including a specification of their functions;
- h) information on discharge of duties, by senior officers or persons pursuant to Article 21(5) of the Act, not related to the manager of the collective investment fund, if they are significant in relation to the activities of the manager of the collective investment fund or of the collective investment fund managed;
- i) information on the scope of business;⁵⁾ and
- j) a list of investment funds managed by the manager of the collective investment fund.

(2) The information on the manager of a collective investment fund that is an autonomous collective investment fund shall include information pursuant to paragraph 1(f) to (h) together with the explanation that the manager of the fund is fund itself.

³⁾ Article 146(1) of Act No. 240/2013 Coll.

⁴⁾ Article 22a(1) of Act No. 563/1991 Coll., on Accounting, as amended, as amended by Act No. 410/2010 Coll. and Act No. 188/2011 Coll.

⁵⁾ Article 11(1) of Act No. 240/2013 Coll.

Article 5
Administrator
(Article 220(1)(a) of the Act)

(1) The information on the administrator of a collective investment fund, in case when the collective investment fund is not administered by its manager, shall include

- a) the name, registered address and identification number if assigned;
- b) the date of establishment of the administrator;
- c) information on entry in the list of main administrators or administrators having their registered address in foreign country that are authorised to administer investment funds;
- d) information on the decision through which authorisation to carry on business has been issued, including the name of the issuing authority, the date of issuance, the reference number and the effective date of the decision, and any subsequent amendments thereto;
- e) a description of the scope of main activities which the administrator of the collective investment fund performs for the collective investment fund;⁶⁾
- f) information on the consolidated group, to which the administrator of the collective investment fund belongs;
- g) the amount of the capital and information on whether the capital has been paid up;
- h) a list of senior officers or persons pursuant to Article 21(5) of the Act, including a specification of their functions;
- i) information on discharge of duties, by senior officers or persons pursuant to Article 21(5) of the Act, not related to the administrator of the collective investment fund, if they are significant in relation to the activities of the administrator of the collective investment fund or of the collective investment fund administered;
- j) information on the scope of business; and
- k) a list of investment funds administered by the administrator of the collective investment fund.

(2) In case when the collective investment fund is administered by its manager, this fact shall be stated, as shall the information pursuant to paragraph 1(e).

Article 6
Delegation of a specific activity
(Article 220(1)(j) of the Act)

(1) The information on the delegation of a specific activity that forms part of the management of the collective investment fund⁷⁾ shall include

- a) the authorised entity's name, registered address and identification number if assigned;
- b) information on what proportion of the assets of the collective investment fund is to be administered by the authorised entity; and
- c) a specification of the activities that the authorised entity performs for the collective investment fund, the scope thereof, and a more detailed specification of the thing belonging to the assets of the collective investment fund the administration of which is to be delegated to such entity.

(2) The information on the delegation of a specific activity that forms part of the administration of the collective investment fund⁸⁾ shall include

⁶⁾ Article 38(1) and (2) of Act No. 240/2013 Coll.

⁷⁾ Articles 23 and 24 of Act No. 240/2013 Coll.

⁸⁾ Articles 51 and 52 of Act No. 240/2013 Coll.

- a) the authorised entity’s name, registered address and identification number if assigned;
- b) a specification of the activities that are significant for the collective investment fund performed by the authorised entity, and their scope.

Article 7
Depository

(Article 220(1)(a) of the Act)

The information on the depository of a collective investment fund shall include

- a) the name, registered address and identification number if assigned;
- b) information on entry in the list of investment fund depositaries;
- c) a description of the main activities of the depository of the collective investment fund and its duties to the collective investment fund, including a specification of its responsibilities, in particular for the safekeeping of the investment instruments owned by the collective investment fund, for the custody of the assets of the collective investment fund and for keeping records of the assets of the collective investment fund, even if the depository has delegated this activity;
- d) a description of additional activities performed by the depository of the collective investment fund for the collective investment fund;⁹⁾ and
- e) information on the consolidated group, to which the depository of the collective investment fund belongs;

(2) If the depository of the collective investment fund has delegated any activities, the information on the depository of the collective investment fund shall also include

- a) the authorised entity’s name, registered address and identification number if assigned;
- b) a specification of the activities pursuant to Article 71(1) of the Act that the authorised entity performs; and
- c) a specification of the main or other significant activities performed by the authorised entity.

Article 8
Investment strategy

(Article 220(1)(c) of the Act)

This part of the statute shall contain the investment strategy of the collective investment fund pursuant to Article 93(3) of the Act and information on investment and on management techniques pursuant to Article 215 of the Act.

Article 9
Risk profile

(Article 220(1)(d) of the Act)

(1) The risk profile of the collective investment fund shall be based on relation between risk and reward for the given investment and shall be expressed primarily by using a synthetic indicator. Article 8 and Annex 1 of a directly applicable legislative act of the European Union implementing the Directive of the European Parliament and of the Council on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities¹⁰⁾ (hereinafter referred to as the “Commission

⁹⁾ Article 65 of Act No. 240/2013 Coll.

¹⁰⁾ Commission Regulation (EU) No. 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when

Regulation”) shall apply mutatis mutandis to the manner of presentation of the synthetic indicator and the particulars of the narrative explanation.

(2) The risk profile of a collective investment fund shall contain warning that the value of the investment may decrease or increase, and that the return of the amount initially invested is not always guaranteed.

(3) Depending on the investment strategy chosen by the collective investment fund, the risk profile shall also include a description of all related substantial risks. In particular credit risk, liquidity risk, settlement risk, market risk, operational risk and concentration risk shall be disclosed.

(4) Where the manager of the collective investment fund uses efficient portfolio management techniques, information shall also be provided on the risks associated with the use of such techniques and their effect on the fund’s performance.

(5) Where a collective investment fund replicates the composition of a stock or bond index or another index, or tracks some other financial quantitatively expressed indicator (benchmark), a description of the risks arising from the method of chosen replication or tracking shall be provided.

Article 10

Past performance

(Article 220(1)(e) of the Act)

(1) The information on the past performance of a collective investment fund shall be presented in a bar chart.

(2) The calculation of past performance shall be based on the value of the fund capital of the collective investment fund and on the assumption that all the income of the collective investment fund has been reinvested.

(3) Articles 15 to 19 and Annex II of the Commission Regulation shall apply mutatis mutandis to the manner of presentation of the bar chart, to supplementary statements and to any use of simulated data for past performance.¹⁰⁾

Article 11

Principles for management and payment of shares in profit or income

(Article 220(1)(f) and (g) of the Act)

(1) The principles for management of the collective investment fund shall include in particular

- a) a definition of the accounting period of the collective investment fund;
- b) information on whether the approval of the financial statements, the decision on distribution of profit or other income of the collective investment fund and whether the decision on cover of loss falls within the competence of the statutory body or supervisory body of the manager of the fund;¹¹⁾
- c) rules and time limits for the valuation of assets and debt;¹²⁾ and
- d) the manner of use of the profit or other income. In particular, whether it will be distributed or reinvested.

providing key investor information or the prospectus in a durable medium other than paper or by means of a website.

¹¹⁾ Article 212 of Act No. 240/2013 Coll.

¹²⁾ Articles 194 to 202 of Act No. 240/2013 Coll.

(2) If the collective investment fund distributes shares of profit or yields, it shall provide information on their distribution, including

- a) the record date for the payment of shares of profit or yields;
- b) the time limit for the payment of shares of profit or yields;
- c) the manner, in which the shares of profit or yields will be distributed;
- d) the limitation in right for distribution of shares of profit or yields; and
- e) information on whether an advance on profit will be distributed pursuant to Article 120(2)(b) of the Act, including a specification of the conditions under which such distribution is possible and a statement of distribution of payment of the advance.

(3) If the collective investment fund issues units with special rights or various types of shares, it shall also provide detailed information on distribution of shares of profit or yields arising from units with special rights or from various types of shares.

Article 12

Units or shares issued by a collective investment fund

(Article 220(1)(h) of the Act)

(1) The information on units or shares issued by a collective investment fund shall include

- a) information on whether they are
 - 1. units or shares and
 - 2. securities or dematerialised securities;
- b) information on whether they are units or shares admitted to trading on a European regulated market¹³⁾ or admitted to trading in a multilateral trading system,¹⁴⁾ or whether their price is published through a European regulated market or a multilateral trading system, and the names of such markets or multilateral trading systems;
- c) the nominal value of the units or shares, if determined, or information that the value of units or shares has not been set;
- d) the currency in which the nominal value of the units or shares is expressed;
- e) the identification number pursuant to the international securities identification numbering system (ISIN), if assigned;
- f) the name of the entity that keeps records of dematerialised units or shares and a brief description of the manner in which such records are kept; and
- g) a description of any special rights attaching to the units or shares.

(2) A collective investment fund that is an open-ended mutual fund or a joint-stock company with variable capital shall, in addition to the information pursuant to paragraph 1, provide

- a) the method of determination and deadline for the calculation of the current value of a unit or an investment share, including the calculation that leads to determination of fund capital portion attributable to units with special rights or various types of investment shares when calculating the current value;¹⁵⁾
- b) notification that the administrator of the collective investment fund will issue units or investment shares for an amount pursuant to Article 130(2) of the Act, if the

¹³⁾ Article 59 of Act No. 256/2004 Coll., on Capital Market Undertakings, as amended by Act No. 420/2011 Coll.

¹⁴⁾ Article 69 of Act No. 256/2004 Coll., as amended by Act No. 420/2011 Coll.

¹⁵⁾ Article 190(4) and Article 191(5) of Act No. 240/2013 Coll.

- administrator of the collective investment fund intends to proceed in accordance with this provision;
- c) designation of place and frequency of publishing the current value of a unit or an investment share;
 - d) the procedures and conditions for the issuance of units or investment shares, in particular the determination of the record date, the minimum amount or quantity of units or investment shares on issuance, the method for rounding the value of a unit or investment share and deadlines for processing applications for the issuance of units or investment shares, including the settlement of any underpayments or overpayments;
 - e) the procedures and conditions for repurchasing the units or the investment shares, in particular deadlines for repurchasing and the method for rounding the value of a unit or investment share, including the settlement of any underpayments or overpayments;
 - f) reasons for which repurchasing may be suspended; and
 - g) designation of place of issuance and repurchasing of units or investment shares.

(3) A collective investment fund that is a joint-stock company but not a joint-stock company with variable capital shall, in addition to the information pursuant to paragraph 1, give

- a) a description of the procedure to be followed when subscribing shares together with information on subscription deadlines, including the possibility of terminating subscription prematurely or to reduce the subscription made;
- b) a specification of the place where shares are to be subscribed and, where applicable, information on entities providing services relating to the subscription of shares; and
- c) the procedure to be followed when increasing the capital of the joint-stock company.

Charges and expenses (Article 220(1)(i) of the Act)

Article 13

(1) The information on charges and expenses covered from the assets of the collective investment fund shall be presented in a table in accordance with Annex 1 and with the following requirements:

- a) a deduction, surcharge or charge shall express the maximum amount of consideration¹⁶⁾ that may be charged to an investor in connection with entry or termination of its investment;
- b) the ongoing charges¹⁷⁾ shall express the total amount of expenses covered from the assets of the collective investment fund over the accounting period; and
- c) if charges depends on the year-on-year rise in the value of fund capital attributable to one unit or one share of the collective investment fund (hereinafter referred to as the “performance fee”), it shall express the overall amount of consideration that can be covered from the assets of the fund if the performance of the fund exceeds the benchmark against which the performance is compared.

(2) The amount of charges pursuant to paragraph 1(a) and (c) shall be expressed as a percentage figure, along with the basis for the calculation.

(3) The ongoing charges pursuant to paragraph 1(b) shall be expressed for the previous accounting period as a percentage figure in the form of the total expense ratio. The fund’s total expense ratio (TER) shall be equal to proportion of the total amount of expenses to

¹⁶⁾ Article 10(2)(a) of Commission Regulation (EU) No. 583/2010.

¹⁷⁾ Article 10(2)(b) of Commission Regulation (EU) No. 583/2010.

average monthly value of fund capital. The total amount of expenses shall mean the total sum of charges and commissions, administrative costs and other operating expenditures provided in the statement of expenses and profits or losses of the collective investment fund net of charges and commissions for transactions with investment instruments.

(4) If the collective investment fund invests at least 10% of the value of its assets in the securities or dematerialised securities of other investment funds or foreign investment funds (hereinafter “target funds”), the ongoing charges shall be expressed as a percentage figure using the synthetic total expense ratio (synthetic TER). The synthetic TER shall be equal to the total sum of the fund’s own TER and the TER of each target fund in proportion to the fund’s capital invested in particular target fund, whereas the percentage figure of the proportion of deductions, surcharges and charges of the target funds to the average monthly value of the fund capital shall be included in the TER of the target funds. If the target fund does not publish its own TER, its amount shall be estimated for the purposes of calculating the synthetic TER. The synthetic TER shall be calculated according to the formula given in Annex 2 to this Decree.

(5) The information on charges and expenses covered by the collective investment fund shall be supplemented with an explanation from which it is apparent what is to be covered directly by an investor, what is to be covered from the assets of the collective investment fund, and what the amount of all charges and expenses is. Furthermore, from the explanation must be apparent that charges and expenses of the collective investment fund cover management of its assets and may reduce the returns of the invested amount.

Article 14

The information on charges and expenses covered from the assets of the collective investment fund shall also include

- a) the manner of determining, and the amount of consideration for the manager of the collective investment fund;
- b) the manner of determining, and the amount of consideration for the administrator of the collective investment fund;
- c) the manner of determining, and the amount of consideration for the depositary of the collective investment fund;
- d) the manner of determining, and the amount of consideration for person that was delegated to perform a specific activity which is part of management of the collective investment fund or administration of the collective investment fund if such delegation was given and if the consideration is covered from the fund’s assets; and
- e) a summary of any other expenses to be covered from the assets of the collective investment fund that are not included in the considerations pursuant to sub-paragraphs (a) to (d).

Article 15

(1) If the collective investment fund

- a) charges a fixed fee that includes all charges, the fixed fee shall be provided in the table pursuant to Annex 1;
- b) sets a maximum charge, the maximum charge shall be given in the table pursuant to Annex 1 as long as the manager of the collective investment fund undertakes a commitment to respect this figure and that it will cover any additional expenses.

(2) If the amount of ongoing charges pursuant to Article 13(1)(b) cannot be determined, it shall be determined by a qualified estimate. In such case, the information on the estimate shall be supplemented with a warning that the amount of ongoing charges represents an estimate only, including information on where and when an investor can acquaint itself with the actual amount of ongoing charges.

(3) If different deductions, surcharges or charges are determined for the unit-holders of the same mutual fund¹⁸⁾ or share owners¹⁹⁾ in connection with the management of the collective investment fund depending on the initial investment amount, the period for which units or shares are to be held, or some other objective criteria, information shall be given on this fact. The amount of the deduction, surcharge or charges, including an explanation of the criterion applied, shall be given in the table pursuant to Annex 1.

Article 16

Additional information required for investors in order to make an informed assessment of the investment

(Article 220(1)(k) of the Act)

(1) Additional information required for investors in order to make an informed assessment of the investment shall include at least information on the statute and additional information on the collective investment fund.

(2) The information on the statute shall include

- a) rules for revising the statute and the manner of publication of the statute and amendments thereto, unless such information is given in the articles of association of the joint-stock company attached to the statute;
- b) a notice that, in addition to the statute, the key investor information is also published, and that the information contained therein must be in accordance with the information contained in the statute;
- c) the name of the body of the manager of the collective investment fund within the competence of which the approval of the statute and amendments thereto falls; and
- d) the date of signing of the applicable version of the statute by the statutory body or by a member of the statutory body, including his/her name, surname and position discharged in the manager of the collective investment fund.

(3) The additional information on the collective investment fund shall include

- a) identification of the collective investment fund based on the type of assets that may be acquired by the collective investment fund, e.g. shares fund, bond fund, short-term money market fund, money market fund or mixed fund, if such identification is commonly used;
- b) the profile of the typical investor for whom the collective investment fund is designed, particularly in terms of the investor's attitude to the risks associated with investing in the fund, the required level of the investor's experience with investing in capital markets and in terms of the approximate period of time for which an investment should be held in order to achieve the expected yield;
- c) a brief explanation of the manner of decision-making about investment to assets that may be acquired into the fund's assets;
- d) the auditor's²⁰⁾ name, registered address and identification number if assigned;

¹⁸⁾ Articles 120 and 167(1), recital 3 of Act No. 240/2013 Coll.

¹⁹⁾ Article 276 of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (Act on Business Corporations).

²⁰⁾ Article 2(e) of Act No. 93/2009 Coll., on Auditors and the Amendment of Other Acts (Act on Auditors), as amended.

- e) the prime broker name, registered address and identification number if assigned;
- f) information on the person whose name or the characteristic element of its name is, with its approval, contained in the designation of the mutual fund or the sub-fund created by a joint-stock company with variable capital, including a description of the scope of authority and the manner of its application, which ensue therefrom;
- g) information on conditions, under which it may be decided about dissolving or transforming the mutual fund or the joint-stock company, including the deadline, within which investors will be informed about such a plan, and the procedure to be followed when dissolving or transforming;
- h) a contact place where, if necessary, additional information can be obtained (address, telephone, e-mail address, internet address);
- i) basic information on the tax regime applicable to the collective investment fund and to the holding and transfer of the units or shares of the fund, including a notice that the regime of taxation of the income or profits of individual investors depends on the applicable tax legislation, which might differ from investor to investor, and that investors should seek professional advice in the case of any uncertainty regarding the applicable regime of taxation;
- j) the manner and frequency of publication of financial results reports of the fund;
- k) information about the Czech National Bank as the supervisor of the collective investment fund; and
- l) a notice for investors that authorisation to carry on the business of a management company, of an autonomous investment fund, of a foreign person pursuant to Article 481 of the Act, or of a main administrator; the conduct of supervision and prior consent to a change in the statute of a standard fund by the Czech National Bank do not guarantee any return on investment or any performance by the collective investment fund; cannot exclude the possibility of a breach of legal duties or of the statute by the manager of the collective investment fund, by the administrator of the collective investment fund, by the depositary of the collective investment fund or by any other person; and do not guarantee that any damage caused by such breach will be compensated.

PART THREE

PARTICULAR REQUIREMENTS OF THE STATUTE

Article 17

Particular requirements of the statute of a special fund

The particular requirements of the statute of the special fund shall be the information contained in Article 241(1)(b), (c), (e), (f), (k) and (t) of the Act.

Article 18

Particular requirements of the statute of a feeder fund

(1) In the case of a feeder fund, the following information shall also be given in the part containing the investment strategy:

- a) the master fund's name, registered address and identification number if assigned;
- b) the master fund's manager name, registered address and identification number if assigned;
- c) the home country of the master fund;
- d) the extent to which the feeder fund invests its assets in securities or dematerialised securities issued by the master fund; and

e) a description of the strategy of the master fund, supplemented with information on whether the performance of the feeder fund will be similar to the performance of the master fund, or whether and how will differ.

(2) The information on the risk profile of the feeder fund shall also include

- a) the risk profile of the master fund and an explanation of the risk profile of the feeder fund in relation to how it differs from the risk profile of the master fund, if it differs in any significant respect; and
- b) an explanation of the mechanism of purchase and sale of securities or dematerialised securities issued by the master fund.

(3) The information on the past performance of the feeder fund shall be supplemented with information on the past performance of the master fund if the feeder fund presents the past performance of its master fund as an index or benchmark.

(4) If the feeder fund was formed later than the master fund, the past performance of the feeder fund for the years before it came into existence shall be replaced with the existing performance of the master fund (simulated performance), on condition that the feeder fund may only invest in the securities issued by the master fund and in highly liquid assets, or that the characteristics of the feeder fund do not differ materially from the characteristics of the master fund.

(5) If the feeder fund has information on its past performance from the time before it started to invest as a feeder fund, the fund shall capture the information on its past performance for all the accounting periods in the form of a bar chart pursuant to Article 10, and shall indicate therein the date, on which it started to invest as a feeder fund.

(6) The information on charges and expenses covered by the collective investment fund of the feeder fund shall also include information on the expenses covered from the assets of the feeder fund due to its investments in securities or dematerialised securities issued by the master fund. Any deductions, surcharges, charges and share premiums charged by this master fund and its ongoing charges shall be included in the calculation of the ongoing charges of the feeder fund.

(7) Additional information required for investors in order to make an informed assessment of the investment relating to the feeder fund shall include

- a) a brief description of the organisational structure of the master fund and information on where the statute of the master fund can be obtained;
- b) a description of tax implications of investing in securities or dematerialised securities issued by the master fund for the feeder fund;
- c) a summary of the agreement between the managers and administrators of the feeder fund and the master fund; and
- d) the manner, in which investors can obtain more detailed information on the master fund and on the agreement between the managers and administrators of the feeder fund and the master fund.

Article 19

Particular requirements of the statute of a real estate fund

(1) The information on the risks associated with the investments of a special fund investing in real estate or holdings in real estate companies (a real estate fund) shall not be expressed using a synthetic indicator pursuant to Article 9(1), but shall contain a warning of

the risks associated with assets other than real estate or holdings in real estate companies and a warning of the risks associated, in particular

- a) with construction defects or environmental burdens of the real estate;
- b) with a fall in planned income from real estate rent;
- c) with the real estate fund's inability to repay loans, to meet commitments arising from construction agreements, or to cover the costs of maintenance and operation of the buildings;
- d) with the risk of natural disaster damage to real estate assets in the fund's portfolio;
- e) with the acquisition of foreign real estate, in particular with political, economic or legal instability;
- f) with the possibility of default by a real estate company, in which the fund participates, or with failure to repay credit and loans provided by the fund to the real estate company;
- g) with the obligation to sell an asset of the fund due to failure to meet the conditions for its possession;²¹⁾
- h) with the possibility of suspension of the issuance or repurchase of units²²⁾ or investment shares²³⁾ for up to two years;
- i) with the possibility of lower liquidity of a real estate acquired for resale; or
- j) with erroneous valuation of real estate or of a holding in a real estate company by an expert or by members of an expert committee.

(2) The principles of management of the real estate fund in relation to real estate shall include

- a) rules for the acquisition and sale of real estate, in particular the conditions under which a real estate encumbered with a right of lien, easement, right of first option as a property right and a right of use may be acquired, and the procedure to be followed when determining the price of a real estate asset, should the prices determined by expert opinions or opinions of expert committee members differ;
- b) the conditions under which
 1. a real estate that was acquired for operation may be sold, and
 2. a real estate that was acquired for resale may be operated;
- c) rules for the operation of real estate owned by the real estate fund, in particular rules for the expenses associated with maintenance or improvement of their condition;
- d) the conditions under which a real estate owned by the real estate fund may be encumbered with a right of lien, easement, right of first option as a property right and a right of use by a third party; and
- e) in the case of real estates situated in the territory of foreign country, in particular
 1. principles for acquisition, operation and sale of real estates in the territory of such country, to be determined with regard to the potential risks,
 2. information on the protection of investments, including re-export of capital and income thereon, and
 3. a definition of the manner, in which the depositary of the real estate fund will exercise its rights and obligations with respect to such real estates.

(3) The principles of management of the real estate fund in relation to holdings in real estate companies shall include

- a) the conditions under which a holding in a real estate company may be acquired or held;

²¹⁾ Article 63(4) and (5) of Government Decree No. 243/2013 Coll., on investment fund investments and techniques and instruments used for the purpose of portfolio management.

²²⁾ Article 136(2) of Act No. 240/2013 Coll.

²³⁾ Article 163(2) of Act No. 240/2013 Coll.

- b) rules aimed to ensure compliance with the conditions pursuant to subparagraph a), including rules aimed to ensure the performance of the obligations of the depositary; and
- c) the conditions under which the real estate fund may acquire a holding in a real estate company that intends to purchase and own a real estate encumbered with the rights pursuant to paragraph 2(a), or that owns such a real estate already.

(4) The principles of management of the real estate fund in relation to valuation of assets shall include

- a) rules for the selection of an expert by the real estate fund manager, and information on rules for the selection of an expert by the depositary of the real estate fund;
- b) rules for the remuneration of experts;
- c) rules for the formation of an expert committee, for the selection of its members, and for the duration and forfeiture of membership;
- d) rules for the activities to be performed by the expert committee to the extent of the requirements pursuant to Article 269 of the Act;
- e) rules for the remuneration of members of the expert committee;
- f) a list of members of the expert committee, the date of commencement of their term of office and information on their professional qualifications and experience in determining the value of real estates, and an indication of which of the members has been designated as the depositary of the real estate fund;
- g) rules to be followed if the expert committee or the depositary of the real estate fund recommends that the fund should ensure a new valuation of a real estate by a single independent expert, or if the Czech National Bank instructs the fund to ensure such valuation, including the time limit within which the new valuation of the real estate shall be performed;
- h) rules to be followed when valuing real estate if the purpose for which a real estate has been acquired changes; and
- i) information on persons exercising in favour of the fund the rights of a partner in real estate companies, and rules for the selection of such persons.

(5) The further requisites of the statute of a real estate fund shall include

- a) deadlines for submitting applications for the repurchasing of units or shares of the real estate fund;
- b) a special deadline for the suspension of issuance and repurchasing of the real estate fund's units or shares pursuant to Article 136(2) of the Act, if the fund stipulates such deadline;
- c) information on persons ensuring for the real estate fund fully or partly the operation of real estate, and rules for the selection of such persons; and
- d) information on persons participating for the real estate fund in the acquisition of real estate or holdings in real estate companies, and rules for the selection of such persons.

Article 20

Particular requirements of the statute of a fund of funds

(1) The risk profile of a fund investing more than 49% of its assets in securities or dematerialised securities issued by an investment fund or a foreign investment fund (a fund of funds) shall also include

- a) a description of the risks that follow from investing in the target fund, if such risks have or may have a significant effect on the fund of funds as a whole; and
- b) a description of the risk associated with the accumulation of charges due to investing in target funds.

(2) The information on the ongoing charges of a fund of funds pursuant to Article 13(1)(b) shall also contain information on the expenses covered from the assets of the fund of funds due to its investments in securities or dematerialised securities of the target fund. Any deductions, surcharges, charges and share premiums charged to the account of the target fund, and its ongoing charges, shall be included in the calculation of the ongoing charges of the fund of funds.

Article 21

Particular requirements of the statute of a structured fund

(1) A manager of a collective investment fund which provides investors, at a stipulated maturity date, with a monetary payment based on a determined calculation linked to the performance, price changes or other conditions relating to investment instruments, indices, reference portfolios or investment funds with similar features (a structured fund) shall, in the investment strategy part, give details on the determined calculation.

(2) Instead of information on the past performance, the statute of the structured fund shall include examples illustrating at least three scenarios of the fund's performance, namely positive, neutral and negative; Article 36 of the Commission Regulation¹⁰⁾ shall apply mutatis mutandis to the manner of presentation of the scenarios of the fund's performance and to the requisites of the narrative explanation.

PART FOUR

EFFECT

Article 22

This Decree shall take effect on the date of its promulgation.

Governor

M. Singer

Structure of presentation of charges and expenses
 [Article 13]

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| One-off charges for entry or termination of an investment (This is the maximum amount that can be charged to the investor before the investment is executed or before the investment is paid out.) | |
| Entry charge (surcharge) | % |
| Exit charge (deduction) | % |
| Expenses covered from the assets of the collective investment fund over a year | |
| Ongoing charges | % |
| Expenses covered from the assets of the fund under special conditions | |
| Performance fee | % |

Formula for the calculation of the synthetic TER
[Concerning Article 13]

$$\text{TER}_{\text{synt}} = \text{TERF} + \sum_{i=1}^K (\text{TERCF}_i \times w_i) + ((\text{CCFin} + \text{CCFout})/\text{FC}) \times 100$$

TERF = operating expenses/FC (%)

FC = average monthly value of the fund capital of the collective investment fund (CZK)

TERCF_i = the TER of the i-th investment fund, if published (%)

w_i = the ratio (weight) of an investment in the i-th investment fund to the fund capital of the collective investment fund

K = the number of investment funds

CCFin = surcharges of investment funds paid (CZK)

CCFout = deductions of investment funds paid (CZK)