Description of the target market for financial instruments

When involved in the creation, distribution, or provision of services related to financial instruments covered by MiFID II (as defined below), SIA Nectaro (hereinafter the **Company**) is subject to specific product governance responsibilities outlined in the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (hereinafter **MiFID II**) and Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing the MiFID II (collectively referred to as the **MiFID II Regulations**).

The Company determines the target market for the financial instruments it manufactures and distributes (hereinafter **Notes**). It identifies clients whose category, expertise, knowledge, financial status, risk appetite, and investment goals align with these financial instruments. Notes are made available through both client-initiated requests and portfolio management services.

Important: This description is for general information only. The provision of target market data does not include and does not constitute marketing, personal recommendation, investment advice or any other form of recommendation regarding Notes.

Criteria	Description	Characteristic
The type of clients	The status of the client for whom the product is targeted. This statement is provided in accordance with the Financial Instruments Market Law of the Republic of Latvia and MiFID II client classifications.	1. Private client (retail). 2. Professional client. 3. Eligible counterparty.
Knowledge and experience	Clients should have awareness regarding factors like the specific product category, product characteristics, and related knowledge areas that contribute to understanding the product. In some cases, knowledge and experience may be considered as complementary criteria, i.e., an investor with minimal experience may be an appropriate target client if the lack of experience is compensated by extensive knowledge.	1. Basic investor (retail) (cannot make an investment decision based on the information provided in the base prospectus of the financial instrument): - lack of knowledge or very limited knowledge of financial instruments; - no experience in transactions with financial instruments. 2. Informed investor can decide on investment based on the details furnished in the base prospectus. They possess the capability to comprehend the nature and risks of a specific financial instrument, even those deemed "complex financial instruments" under MiFID II categorization, based on their existing knowledge and experience. For instance, they exhibit: An intermediate understanding of financial instruments and products, including familiarity with loan-based investments. This is evident through either: (a) Having obtained higher or professional education in economics or financial matters, or having

		experience within a financial institution related to investment services; coupled with (b) Some level of experience dealing with financial instruments. OR Having higher or professional education in noneconomic and non-financial fields, or experience within a financial institution unrelated to investment services. Additionally, they have either: (a) At least a year's experience in transactions involving financial instruments, amounting to 10,000 EUR, or (b) A minimum of one year's experience with various types of financial instruments. In essence, informed investors possess a solid grasp of financial concepts, which they apply to navigate investment choices. This enables them to make informed decisions even when dealing with intricate financial instruments. 3. Advanced investor Capable of arriving at investment decisions based on information outlined in the base prospectus, demonstrating an understanding of the nature and risks inherent to specific financial instruments. This understanding extends to complex financial instruments, particularly if they fall under the "complex financial instrument" category according to MiFID II classification. They possess: • Strong knowledge of financial instruments and products, including proficiency in loan-based investments. This is evidenced by either: (a) Obtaining higher or professional education in economics or

		finance, or having experience in a financial institution related to investment services; or (b) Having higher or professional education in fields outside of economics and finance, coupled with experience within a financial institution. In addition, they exhibit: • Over 3 years of experience in loan-based investments, which includes more than 10 transactions totaling at least 50,000 EUR over the past 12 months; or • Over 3 years of experience with diverse types of financial instruments, engaging in actual transactions over the past 12 months.
Financial situation with a focus on the ability to bear losses	The proportion of losses that intended clients should be both capable and willing to bear (for instance, from small losses to complete loss).	**1. Losses are deemed unacceptable.** The investor is unable to tolerate any loss of the invested sum. **2. Tolerable losses within a certain limit.** When engaging in long-term investments (exceeding 3 years), the investor might endure losses of up to 20% of the portfolio. **3. Complete loss of the investment amount.** The investor may encounter losses equivalent to the full invested sum.
Risk tolerance and compatibility of the risk/reward profile of the product with the target market	Client's general attitude in relation to the risks of investment.	PRIIPs product PRIIPs SRI methodology for assessment of tolerable risk level from 1 (lowest risk) to 7 (highest risk) Internal methodology **1. Conservative.** The investor is unwilling to take on investment risk or tolerate the possibility of losing any portion of the invested amount. **2. Balanced.**

		The investor is willing to endure a temporary decline in the investment's value and is open to reduced liquidity, all in exchange for a long-term increase in value. **3. Risk oriented or speculative** The investor is prepared to face substantial value fluctuations in the investment, even to the extent of losing the entire invested amount, with the aim of achieving the highest possible returns.
Client's objectives and needs	The investment aims and requirements of intended clients that a product is created to fulfill, encompassing broader financial objectives or the comprehensive strategy they pursue when making investments.	Profitability **1. Value Preservation.** The investor aims to uphold the investment's value, prioritizing strong liquidity and minimal or no fluctuations. **2. Value Enhancement.** The investor strives to amplify the investment's value. **3. Income Generation.** The investor's objective is to optimize the current investment returns. **4. Speculation.** Investor is willing to take on risk of losing more than initially invested. Investment term 1. Less than a year. 2. Medium-term investments - term from 1 year to 5 years. 3. Long-term investments - the term is longer than 5 years.
Distribution strategy	Investment product distribution channels.	1. Execution only. 2. Execution with appropriateness assessment. 3. Portfolio management.

Information on the target market and distribution strategy of financial instruments:

Notes, the return of which is directly or indirectly tied to loans issued by lending companies (loan originators).

Notes fall into the category of 'complex financial instrument' according to the classification set out in MiFID II.

Criteria	**Target market**	**Negative target market**
The type of clients	1. Private client 2. Professional client 3. Eligible counterparty	
Knowledge and experience	1. Informed investor 2. Advanced investor	1. Basic investor
Financial situation with a focus on the ability to bear losses	1. Tolerable losses within a certain limit. 2. Complete loss of the investment amount. 3. Losses surpassing the initial investment.	1. Losses are deemed unacceptable.
Risk tolerance and compatibility of the risk/reward profile of the product with the target market	1. Balanced 2. Risk oriented or speculative	1. Conservative
Client objectives and needs:		
Profitability	1. Value preservation 2. Value enhancement 3. Income generation 4. Speculation	
Investment term	1. Until maturity	1. Less than a year 2. For a period exceeding one year but before maturity
Distribution strategy	1. Execution only 2. Portfolio management 3. Execution with appropriateness assessment	1. Investment advice