

VNX Commodities AG Reserves Management Policy

Primary goal:

Investing funds available in the reserve, which is the basis for VNX FRT stablecoin generation, in traditional financial assets in order to maintain high liquidity and, upon the client's request, provide the reverse conversion to VNX Gold or a fiat asset, to the price of which the FRT stablecoin is pegged, as well as hedging the value risk of the asset serving as collateral.

Strategy type:

Conservative, medium-term – large share of government bonds, bonds of systemically important companies with high reliability (high international credit ratings), and other assets with low-risk profiles.

Risk profile:

Low degree of risk. Diversification in terms of bond maturity, par currency, and minimum balance of cash liquidity in case of unforeseen circumstances.

Revision (rebalancing) of the portfolio:

Constant monitoring of market conditions, research of potential investment opportunities in the current environment. Balancing portfolio composition once every six months upon coupon payments and bond redemptions.

Assumptions:

Use of derivative financial instruments – futures and options, and a number of indices/ETFs to hedge the value risk of the asset price collateralised by VNX FRT stablecoins (VNX Gold) and hedge the currency risk of the portfolio, if any.

Description:

To achieve the goals, VNX Commodities AG aims to carry out operations on international financial markets and place free funds on organised tenders/exchanges and on the over-the-counter market (OTC).

Operations including buying/selling equity and non-equity securities, buying/selling foreign currencies, buying/selling derivatives (derivative financial instruments) as part of hedging and risk control, depositing available cash on time accounts and bank deposits, direct and reverse repo transactions are allowed.

VNX Commodities AG has defined the list of countries included in the top 30 world economies in terms of GDP according to the World Bank and the International Monetary Fund classification, as a list of government securities available for investment, bonds of systemically important companies, as well as bonds of other state-guaranteed corporate issuers with a credit rating not lower than "investment", according to at least two international rating agencies (Moody's, Standard & Poor's, Fitch).

In order to carry out hedging transactions of the main underlying asset for VNX GOLD pledged, namely physical gold on the basis that 1 VNX GOLD is equal to 1 gram of physical gold, VNX Commodities AG considers it acceptable to place available cash in derivatives (futures, options) and exchange-traded funds (ETFs), the underlying asset of which is physical gold and/or

corresponding derivatives for physical gold, traded on organised markets and having a standardised type and classification, and also, if the latter are not available on organised trading, to carry out transactions with instruments similar in properties (forward contracts) via OTC transactions.

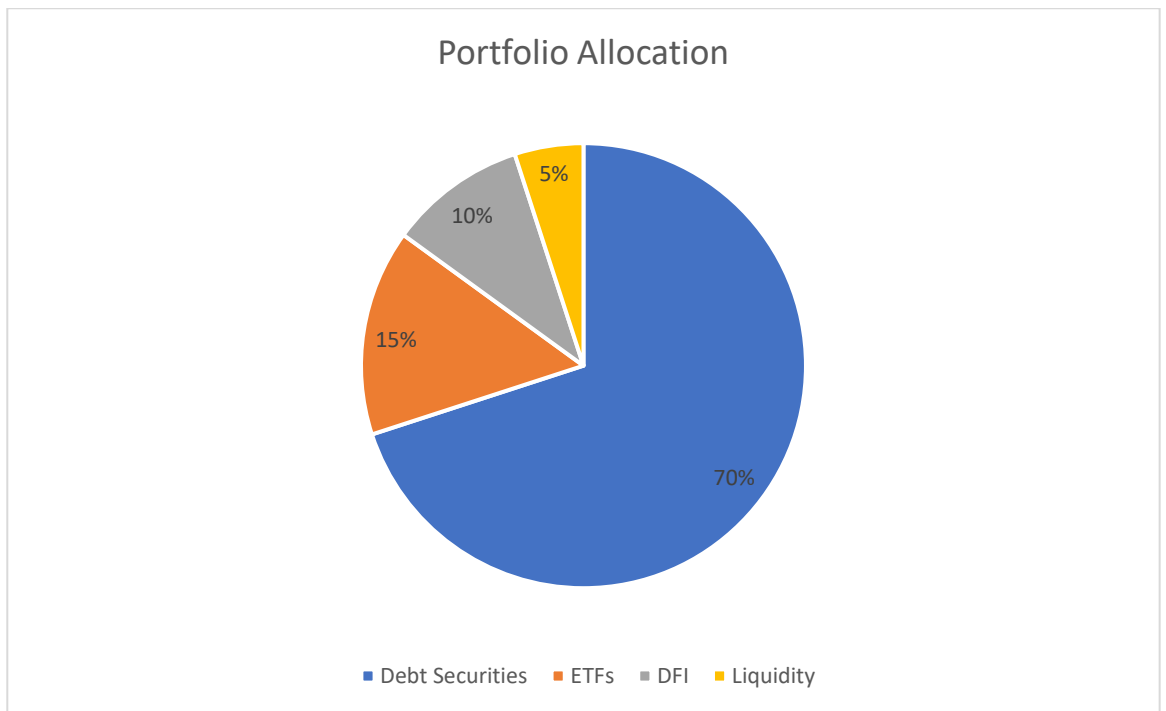
In order to carry out currency risk management operations, VNX Commodities AG considers it possible to conduct transactions in the international currency market by buying/selling foreign currency on the terms of full collateral, with the possibility of subsequent placement of the received funds on the money market in accordance with the current conditions and/or the purchase of securities in this currency according to the list of issuers available for investment. In some cases, when funds are placed in instruments denominated in currencies other than the “base” (collateral currency of the fiat asset, to the price of which the FRT stablecoin is pegged), in order to hedge the emerging currency risk, it is possible to place available cash in derivatives (futures, options) and exchange-traded funds (ETF), the underlying asset for which is a currency pair with the corresponding “base” currency and investment currency, and/or corresponding derivatives for similar currency pairs traded on organised markets and having a standardised form and classification, as well as, if the latter are not available at organised trading, to make transactions with instruments similar in properties (forward contracts) via OTC transactions.

In order to carry out market risk management operations, VNX Commodities AG considers it acceptable to conduct purchase/sale transactions of exchange-traded funds (ETF), the basis of which are main stock market indices/groups of indices, individual economy sector indices/groups of indices, pools of government securities, bonds with different maturities and scheduled cash flow payments, and other funds in the financial markets of the countries included in the list of those available for investment.

The decision on transactions with instruments that do not meet the list requirements must be made separately by the relevant VNX Commodities AG executive body.

Portfolio Allocation.

VNX Commodities AG has determined the allocation of available cash placement operations portfolio as per the diagram below:



Debt securities:

Investments in debt securities must be at least 50% and not more than 70% of the portfolio at par value according to the list of acceptable instruments. In turn, the share of government debt securities within debt instruments should be at least 50% and not more than 70% of the invested funds at face value.

In terms of maturity, the share of instruments with maturity of more than seven years and/or a duration of more than seven should account for no more than 70% of the invested funds at face value.

In terms of investing available cash in debt securities in accordance with the allowed list, the share of country risk, namely investments in government and/or corporate bonds of one state, should not exceed 15% at face value.

In terms of investing available cash in debt securities of corporate issuers in accordance with the allowed list, the total share of one borrower and/or a group of related borrowers should not exceed 5% at face value.

ETFs:

In accordance with the allowed list of instruments, investments in indices and funds (ETF) should not exceed 15% of the invested funds.

In terms of investing available cash in indices and funds (ETF), in accordance with the allowed list, the total share of one type of index/fund should not exceed 10% of the acquisition cost.

Derivative financial instruments (DFI):

Investments in derivatives should not exceed 10% of the total volume of the current portfolio.

Investments in derivatives are allowed with a number of restrictions. Derivative financial instruments may be traded solely for the purpose of hedging the VNX GOLD underlying asset's value risk, and in certain cases for the purpose of hedging the foreign exchange risk of the "base" fiat currency of the asset to which the FRT stablecoin is pegged, and/or for the purpose of hedging a part of the current portfolio asset risks.

Liquidity:

Available cash in the form of account balances in base and/or foreign currency equivalents must be at least 5% of the total cash initially received as a result of accounting for the VNX GOLD payment, later pledged when an FRT is generated.

It is possible to convert and place free liquidity on bank deposits and money market instruments in accordance with the allowed list.

Placement of free liquidity is possible for a period of up to three months with the possibility of subsequent prolongation on the terms and conditions in force on the date of prolongation.