

UnitPlus

**Rethinking payments
and investments**

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Our mission

Saving money creates security. Investing money creates independence.
Investing money smartly combines both. And gives you more freedom.

We believe that investing should be as easy as saving and paying. We also believe that your investment should be easily accessible at all times and tailored to your short- and long-term needs.

We think that's smart.

That's why UnitPlus has developed a unique capital market app that combines saving, investing plus paying.

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Legal information

1. UnitPlus is a brand of UnitPlus InnolInvest GmbH, under which the website and app are operated. The branch of Aion Bank S.A. in Germany manages the custody accounts with clearing account and UnitPlus card, Finax, o.c.p., handles the portfolio management.
2. This white paper is not intended as an investment recommendation. Nor is it intended as advice to buy or sell financial instruments.
3. Capital market investments are associated with risks that can lead to a total loss.
4. Historical earnings performance is not a reliable indicator of future performance.
5. The contents of this white paper have been compiled by UnitPlus employees to the best of their knowledge and belief. There is no guarantee that it is correct, complete or up-to-date at any time.
6. Aion Bank and Finax o.c.p., a.s. assumes no liability for the accuracy, completeness and timeliness of the information contained in this whitepaper.

Motivation - Money deserves more than inflation

Although investing money is one of the best ways for long-term wealth creation, the overwhelming majority of the population is not invested in the capital market. In contrast, low-interest saving accounts are hugely popular and we are experiencing an ever-increasing influx of digital means of payment. Not only through bank cards and eWallets, but also through new alternatives such as "buy-now, pay-later". However, there is no direct payment method with "productive capital" that uses a capital market instrument as a source of financing for transactions. Yet such a payment method would be a direct response to the negative real interest rates in our monetary system. At the same time, it is a very simple way of investing money sensibly, which is characterized by convenience and flexibility and thus introduces more people to investing on the capital market. The money invested is no longer in the inflationary monetary system until it is paid, but is invested transparently in the money market as well as equity and fixed income portfolios.

With UnitPlus, we make personalized and professional investing and portfolio-based payments possible. An innovative and convenient way of investing that can be optimally integrated into our everyday lives and introduces a capital market investment such as money market funds into payment transactions for the very first time. To this end, we are developing the world's first investment account app that combines a professional investment via our pay-with-portfolio mechanism with a direct payment function. We also see the service that UnitPlus is offering as Neo Asset Management. After Neo Banks have been actively shaping the banking world and Neo Brokers the brokerage world for several years, Neo Asset Management is positioning itself as a challenger to traditional asset management houses by offering a more personalized and convenient customer journey when investing. Unused money is invested in a broadly diversified manner, aligned with the respective living conditions of the user, until it can be conveniently used for payment. This means that in future, the portfolio can be used offline and online as a source of payment, similar to traditional bank deposits in a current account. As long as it is not liquidated, however, it is no longer subject to the negative real interest rate on bank accounts, but is actively invested on the money market via CashPlus with a current interest rate of 3.98% (as at January 04, 2024) or in broadly diversified and sustainable portfolios. While our mountain portfolios are particularly suitable as a long-term investment, CashPlus as call money 2.0 is increasingly aimed at short-term investments and allows you to pay directly with the interest-generating money. This also makes the UnitPlus bank card the bank card with the highest interest rates in Europe. As a result, a well-structured and long-term investment can be built up on an individual basis, which can also be used optimally in the short term. The pay-with-portfolio mechanism positions itself as the antithesis of "buy-now, pay-later". While "buy-now, pay-later" is ultimately a revolving loan, pay-with-portfolio offers the convenient option of paying with existing and real assets. The aim is to make UnitPlus suitable for all market and life phases.

For anyone who simply wants to invest in a portfolio for their future *plus* be flexible today, we offer a smart account investment app that combines both and suits everyone.



Overview - How users enter the UnitPlus world

With the world's first investment account from UnitPlus, users can invest unused money in any number of UnitPlus portfolios and use it worldwide for payments. This is the first time that capital market instruments like money market funds and well diversified portfolios are linked to international payment transactions. Whether days, weeks, months or years - in the meantime, the money is professionally invested and does not sit unused and interest-free in a bank account. This gives users access to a very convenient, cost-effective and customized investment for short- and long-term wealth creation. The UnitPlus portfolios range from cash substitutes and alternatives to overnight and fixed-term deposits to long-term investments.

Investing earlier means paying smarter.



Smarter investment plan

Each month you invest the amount that suits your living conditions



Smart investment

You invest sustainably in a broadly diversified portfolio of over 800 companies worldwide



Smart spending

Convenient payment directly from your portfolio



Determination of the investment profile

As part of the one-time registration and verification process, we determine your investor profile. In just a few minutes, you answer ten simple questions about your financial situation, investment goals, risk appetite and experience on the capital market. Based on this, we will suggest one of our eight curated portfolios for you to invest in. You can, but do not have to, follow this suggestion. If you want to consciously deviate from the suggestion, you can also opt for one of the other portfolios. This allows you to retain control while at the same time being offered an individual decision-making aid. You can also change the investment strategy at any time in the app free of charge and create additional strategies to invest in multiple strategies at the same time.

Portfolio composition

UnitPlus portfolios are constructed with a selective choice of exchange-traded index funds (so-called ETFs) and money market instruments, which are described in more detail in the following section on the investment universe. The primary objective of our portfolio construction is to create well diversified portfolios, taking into account an adequate risk/return ratio and recognized sustainability criteria. Investments are diversified across the three asset classes equities, bonds and cash and identify geographical investment opportunities worldwide. Five of the eight portfolio concepts available at UnitPlus pursue an identical market strategy, but differ in the target weighting of the respective ETF components. This results in five different risk profiles that pursue the same investment policy but are at home in different risk/return ratios. The sixth portfolio, "FlexPlus", invests exclusively in European government bonds and aims to position itself as a higher-yielding alternative to call money accounts. The seventh portfolio, "CashPlus", uses the money market and uses an ETF to track the performance of a deposit that earns interest at the short-term euro interest rate (€STR) plus 0.085%. With

CashPlus, an interest rate can be achieved that is significantly higher than that of current and call money accounts without the risk of loss of value. CashPlus is call money 2.0. Our latest portfolio “FestPlus” is a fixed income portfolio that has a fixed maturity date in September 2027. This implies that at the end of the duration the invested money is paid back in full. During the time of the FestPlus investment the money gets an attractive interest rate that is above the average fixed term deposit.

Deposit and withdrawal

UnitPlus is the first investment account app that combines payments, savings and investments in one integrated way. The individual control of customized monthly deposit amounts takes place via an open banking interface that can be activated within the UnitPlus app and leverages our unique algorithms. At the same time, the UnitPlus card and smartphone provide a withdrawal option that is as convenient as that of traditional debit cards and EC cards, but the amount spent is not debited from the interest-free bank account but taken directly from the portfolio. This also means that all payments with the UnitPlus card have a profit or loss implication, as the payments come directly from the portfolio that has generated a positive or negative return by the time the payment is made. This is done using fractional shares that cover the amount of the card payment and taking into account all tax-relevant aspects (the so-called UnitPlus pay-with-portfolio mechanism). Compared to the more than 6.6 billion Visa and Mastercard bank cards in circulation, UnitPlus is the first bank card on the market that uses money market funds and ETF portfolios as an instrument for payment and thus invests the money in a broadly diversified manner on the capital market until payment and does not leave it unused in bank accounts. It is also possible to pay conveniently and free of charge with your smartphone or smartwatch via Apple and Google Pay.

Pay-with-Portfolio



Your money is
invested until you find
a product you love



Select your UnitPlus
card or eWallet
at checkout



Pay with your
ETF portfolio
as easy as 1-2-3



By using fractional shares, the amount that covers the amount of the card transaction as accurately as possible is automatically sold from the portfolio first and then debited. If there is a small portfolio oversell, i.e. slightly more fractional shares are sold than the amount of the card transaction, the cash released remains in the UnitPlus account and is reinvested. This eliminates the need to log into the app, sell entire ETFs and wait several days for the sales proceeds to be credited to the reference account. At the same time, the card transactions are tax-efficient with a tax allowance set up with UnitPlus (€1,000 for individuals from 01.01.2023, or €2,000 for married couples and registered partnerships) by making the best possible use of the annual allowance for capital gains.

Portfolio management

The portfolio management at UnitPlus is completely digital. This ensures that the target weighting of the portfolios can be maintained even in the event of major market fluctuations, that the savings plans are individually tailored and that payments with fractional shares of the portfolio can be made conveniently and easily to all traders worldwide.

UnitPlus portfolio

Investment universe

Choosing the right investment products is a central pillar and is discussed in more detail below.

The UnitPlus investment universe focuses in particular on so-called exchange-traded funds or ETFs for short. This means that investments are not made in shares or bonds of individual companies, but directly in a broad basket consisting of companies from different industries and geographical regions. This makes it possible to avoid selective overweighting in individual companies, industries or regions and to better exploit the degree of diversification while at the same time realizing global earnings potential. In addition, ETFs act under clearly defined rules, which reduces the emotional human factor when investing. This is also accompanied by cost efficiency, which UnitPlus passes on to its users in the form of its fee model.

The selection of the investment universe at UnitPlus is geared towards passive index products because active fund management generally does not succeed in generating a higher return after costs than the benchmark in the long term¹. UnitPlus deliberately opts for a stronger focus on index products rather than on a few companies or industries ("stock picking"), as the risk of losses on individual stocks would be too high for the overall portfolio in the latter case.

¹ American Enterprise Institute (2018). [Source](#)

The fundamental attractiveness of ETFs is also reflected in the fact that over 10,000 ETFs are now traded daily on the stock exchange. However, there are sometimes major differences in the respective objectives and quality. Based on the following criteria, we at UnitPlus have narrowed down the investment universe with the aim of enabling the best possible portfolio construction for users.

Costs: The total expense ratio (TER) of a fund comprises all costs relating to the management, operation and operational launch of the fund. In principle, lower total costs are preferred in the interests of our users.

Sustainability: The fight against climate change, and therefore sustainable economic activity for future generations, is the defining topic of the 21st century and targets us all. ESG criteria in particular are becoming increasingly important in this respect. ESG stands for Environmental, Social and Governance and means environment, social and corporate governance. Environmental issues include factors such as greenhouse gas emissions, energy efficiency and the level of environmental pollution. Occupational health and safety, as well as diversity and social commitment, can be found under the social factor. Corporate governance deals with aspects relating to corporate values and control processes.

At UnitPlus, we have clearly opted for a strong focus on these ESG criteria and have therefore predominantly included ETFs in the selection process that meet these criteria. This applies to both equity and bond ETFs. Three of the five equity ETFs used by UnitPlus for our mountain portfolios even represent one of the strictest interpretations of ESG criteria with the so-called Socially Responsible Investing (SRI) criteria. Only the 25% of companies in an index with the highest ESG scores are used as investment opportunities. The aim is to offer an investment that embeds environmental issues more firmly in the investment process. In addition, this can also be sustainable for profitability in the long term: a well-managed and responsible company that takes care of all stakeholders such as employees, customers and the environment should also generate higher profits in the long term than a company that does not take this into account in its actions.

For UnitPlus and its users, investing in capital market portfolios with sustainability criteria has another advantage. If the money is invested in overnight or fixed-term deposit accounts at a bank, the bank may use this money to grant loans to companies that have less stringent sustainability criteria in place. However, this is not possible with transparent investments in a UnitPlus portfolio.

Liquidity: As ETFs are passive index products traded on the stock exchange, they try to reflect the respective benchmark as accurately as possible. The liquidity of the ETF is therefore particularly dependent on the respective benchmark. The more liquid the market, the cheaper ETFs can generally be traded. In this context, we speak of the bid-ask spread, i.e. the price difference between buying and selling. In very liquid markets such as those in Europe and

America, this spread is often less than 0.005 percent, but can also be significantly higher the more exotic and therefore illiquid the market becomes. To ensure that the costs are not significant even with regular use of the UnitPlus bank card, we have focused the selection of ETFs on very liquid markets in order to act in the interests of users in a cost-saving manner².

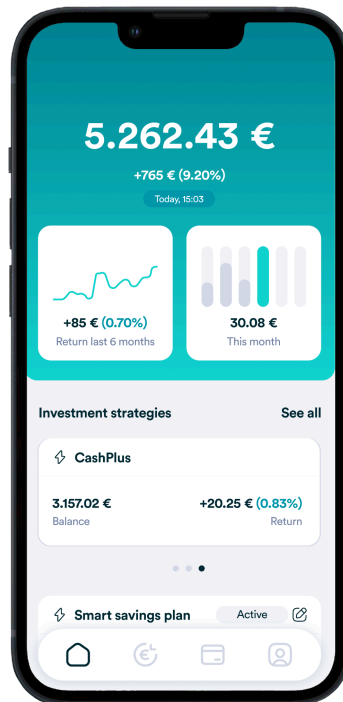
Tracking Error: As a rule, ETFs try to replicate the underlying index as closely as possible. The degree of deviation is known as the tracking error. The more the ETF deviates from the weighting of the index, the higher this value usually is. As ETFs with a stronger sustainability approach often do not invest in all companies in the index, the tracking error increases. To ensure the most accurate possible performance of the underlying index on the one hand and a stronger focus on sustainability on the other, the UnitPlus portfolios have been created with the conflicting objectives of low tracking error and a clear focus on sustainability. The aim is to ensure that the deviation in performance between the ETF and the market index is not too high, which would have a negative impact on diversification, while at the same time actively taking sustainability aspects into account.

Taxes: If potential profit distributions are reinvested immediately, they are referred to as accumulating funds. If this reinvestment does not take place automatically, they are referred to as distributing funds. In order to optimize taxes and take advantage of the compound interest effect, accumulating equity ETFs are generally preferred.

Replication: A distinction is made between two main types of replication options. On the one hand, physical replication, in which the securities of the respective index are actively held. On the other hand, there is synthetic replication, which does not require direct investment in the respective securities via so-called SWAP transactions. As there is an additional counterparty risk with synthetic ETFs, physically replicating ETFs are preferred. Only the "CashPlus" portfolio invests via synthetic replication, as this enables an indirect investment in the euro interest rate (€STR).

As new ETFs are constantly coming onto the market, the ETFs used in the portfolios are reviewed on an ongoing basis and replaced if necessary in the interests of investors. Cryptocurrencies are not currently available for selection in the investment portfolio, as we consider ETFs to have an advantage over cryptocurrencies in terms of costs (especially the high price spreads between buy and sell prices for cryptocurrencies), sustainability, transparency and overall volatility. The fact that cryptocurrencies already play a role in payment transactions, but ETFs and money market funds do not yet, is now being changed with UnitPlus.

² With our cashback program (page 21) we even overcompensation the spread by paying back 0.10% with every card transaction.



Portfolio construction

The aim of UnitPlus is to offer all users the optimum investment for their short and long-term goals. To this end, new portfolio strategies are constantly being launched. There are currently three series, and UnitPlus allows you to invest in any number of portfolios at the same time:

The UnitPlus mountain series. These balanced portfolios are equally suitable for beginners and advanced investors, are continuously optimized and are particularly suitable for long-term investments.

The FlexPlus series. The effort involved in setting up a savings account is often disproportionate to the return. That's why we at UnitPlus have created a smart alternative that is designed to generate a higher return in the long term compared to the interest rate on saving accounts and offers a higher security at the same time..

The Cash series. While there is hardly any interest on current accounts and connected bank cards, many banks even struggle to offer attractive interest rates on overnight and fixed-term deposit accounts. That's why CashPlus uses the money market and leverages an ETF to track the performance of a deposit that earns interest at the short-term euro interest rate (€STR) plus 0.085%. As with the other UnitPlus portfolios, CashPlus allows you to make payments free of charge worldwide using the associated Mastercard debit card and Apple Pay and Google Pay. With CashPlus, your payments are not only made without risk of loss of value, but you can also earn interest in the meantime. This means that CashPlus beats over 150 million bank cards used in Germany in terms of earnings.

FestPlus is a portfolio of fixed maturity bonds that matures in September 2027, implying that the total sum invested in FestPlus will be paid back at that point in time. During the investment time FestPlus pays interest and allows for access to the money without any punishments. This is in sharp contrast to normal fixed-term saving products offered by banks, since it is not possible or only possible under big penalties to get access to the money. Overall it is a better alternative to fixed-term saving accounts, since it offers a higher return, more flexibility and security.

In the following, we will first look at the UnitPlus mountain series.

At UnitPlus, asset classes are defined as classes of investments with similar value drivers that affect the risk and return factors. For us, these are equities and bonds. Other asset classes such as gold, commodities, call money, real estate and cryptocurrencies are not actively included in the construction of the portfolios. This is for reasons of sustainability, profitability and transparency. However, the asset classes are continuously reviewed so that asset classes can be exchanged or added in the interests of users in the future.

The equity asset class is intended to reflect the global equity market in a diversified manner, while at the same time not investing in companies that conflict with our defined sustainability criteria. To avoid overweighting in individual regions or countries, the portfolios are divided geographically into the US, European, Japanese and emerging markets.

For the fixed income asset class, a distinction is made between government and corporate bonds. The aim here is also to achieve a diversified investment profile across different issuers (= issuers of securities such as bonds and equities) and maturities. In order to keep default risks as low as possible, investments are made exclusively in investment-grade bonds across various sectors and countries. As all bonds are denominated in euros, the currency risk can also be reduced. Sustainability criteria are taken into account here with our ESG approach and the focus on "green bonds". In the case of "green bonds", the proceeds are allocated exclusively to projects that promote climate protection or other ecological purposes.

This results in the following portfolio composition according to regional allocation and various sustainability criteria, using the ETFs that are considered most appropriate:

| Regional breakdown | ETF name | Sustainability |
|--------------------------------|-----------------------------------|----------------|
| Shares worldwide | iShares MSCI World SRI UCITS ETF | SRI |
| Shares USA | Amundi Index S&P 500 UCITS ETF DR | ESG |
| Shares Europe | Lyxor MSCI Europe ESG Leaders | ESG |
| Emerging markets equities | iShares MSCI EM SRI UCITS ETF | SRI |
| Shares Japan | iShares MSCI Japan SRI UCITS ETF | SRI |
| Corporate bonds | iShares € Corp Bond ESG UCITS ETF | ESG |
| Government and corporate bonds | iShares € Green Bond UCITS ETF | ESG |

Once the asset classes and their regional allocation have been selected, the target allocation within the individual portfolios is determined by weighting the respective ETFs. The aim here is to prevent a potential overweighting in individual regions in order to construct portfolios that are as balanced as possible. To this end, the target weighting in the US equity market is set at around 40%, that of Europe including the United Kingdom at slightly under 30%, Japan at just over 5%, China at around 6%, India at around 2% and the other developing and emerging countries at around 18% in aggregate³. This reduces the overweight positioning in the US equity market, which is based solely on market capitalization, and slightly overweights European equities, which have no currency risk for European investors⁴. The allocation to the two bond ETFs is equally weighted within the asset class, so that European investment-grade corporate bonds and European green bonds have the same weighting.

Risk-reward distribution

Different risk/return ratios of the UnitPlus portfolios can be realized by varying the weighting ratio of equities to bonds. The explicit aim is for the equity component to increasingly take on the income component in the portfolios, while the bond component is used as a low-risk admixture to reduce the risk of the portfolios. A basic distinction is made between three common investment allocations: conservative portfolios, balanced portfolios and growth-oriented portfolios. For conservative portfolios, the equity allocation is between 0% and 30%, for balanced portfolios between 40% and 60% and for growth-oriented portfolios between 70% and 100%. Two UnitPlus portfolios are assigned to the balanced category and three to the growth-oriented category. The five investment strategies therefore differ in terms of their equity allocation and therefore their risk profile, while the allocations to the individual regions are almost identical. The names of the UnitPlus portfolios include the names of large mountains in their titles⁵.

| UnitPlus Portfolio | Category | Shares | Bonds |
|--------------------|-------------------|--------|--------|
| Zugspitze | Balanced | 50.00% | 50.00% |
| Mont Blanc | Balanced | 60.00% | 40.00% |
| Matterhorn | Growth-orientated | 70.00% | 30.00% |
| Kilimanjaro | Growth-orientated | 80.00% | 20.00% |
| Mount Everest | Growth-orientated | 90.00% | 10.00% |

Within the balanced portfolios, the equity allocation is increased by 10 percentage points from Zugspitze to Mont Blanc, while the bond allocation is reduced by the same amount. This

³ Due to the fact that UnitPlus works with ESG and SRI ETFs, China and India are less important than they are in the parent index.

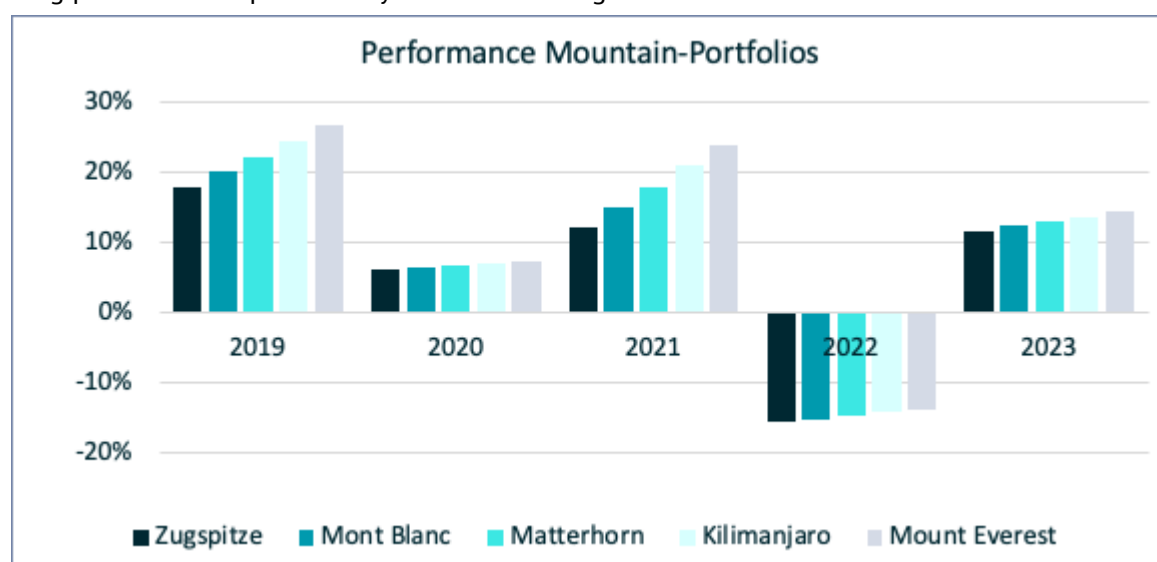
⁴ By comparison, the USA's contribution to the MSCI World is over 60%.

⁵ A "savings plan calculator" can be found on the UnitPlus homepage, which shows the historical performance of comparable portfolios and thus provides an overview of the historical return development under various deposit and withdrawal plans ([LINK](#)).

step-by-step approach allows appropriately different portfolio allocations and thus risk ratios to be generated. The same procedure is used for the growth-oriented Matterhorn, Kilimanjaro and Mount Everest portfolios.

In summer 2023, the UnitPlus mountain series was named best investment newcomer of the year by Capital and the Institut für Vermögensaufbau. The assessment took into account portfolio construction, return performance, the services offered and customer support.

If we look at the return performance over the last five years from 2019 to 2023, we can see that the portfolio return was positive in four out of five years, with double-digit growth in three years. Only in 2023 were the portfolio returns negative due to major market distortions in the wake of the rapidly rising interest rate environment. As the portfolio returns were achieved with lower fluctuations (volatility) compared to a single index such as the MSCI World or DAX, the Berg portfolios are particularly suitable for long-term asset accumulation.



Now let's take a look at the Flex series.

There is currently one portfolio in the Flex series. The FlexPlus portfolio invests exclusively in short-dated European government bonds with a term of less than 3 years and an investment grade rating. Debtors with a low probability of default are classified as investment grade. In addition, the short maturity of the bonds reduces the interest rate risk and even eliminates currency risk, as all government bonds are denominated in euros.

| Regional breakdown | Name | Weights |
|---------------------------|---------------------------------------|---------|
| European government bonds | Lyxor Euro Government Bond 1-3Y | 33.33% |
| European government bonds | Invesco Euro Government Bond 1-3 Year | 33.33% |
| European government bonds | iShares € Govt Bond 1-3yr UCITS | 34.34% |

ETFs from three different providers are used to construct the portfolio so as not to be overly dependent on one provider. As a result of the change in central banks' interest rate policy in the second half of 2022, government bonds have also become more attractive in terms of their annual interest payments. On average, the annual interest payments of the FlexPlus ETFs amount to over 3%, which corresponds to an excess return compared to interest on current and call deposit accounts. The FlexPlus portfolio is therefore also an alternative to call money accounts. However, it should also be mentioned that a risk of loss cannot be ruled out, but this can be compensated for by the higher potential return.

FlexPlus invests in a diversified manner in various government bonds in Europe, with Italy, France and Germany representing the three largest positions:

| Country | FlexPlus |
|-------------|----------|
| Italy | 32% |
| France | 22% |
| Germany | 24% |
| Spain | 14% |
| Belgium | 1% |
| Netherlands | 3% |
| Austria | 1% |
| Portugal | 1% |
| Ireland | 1% |

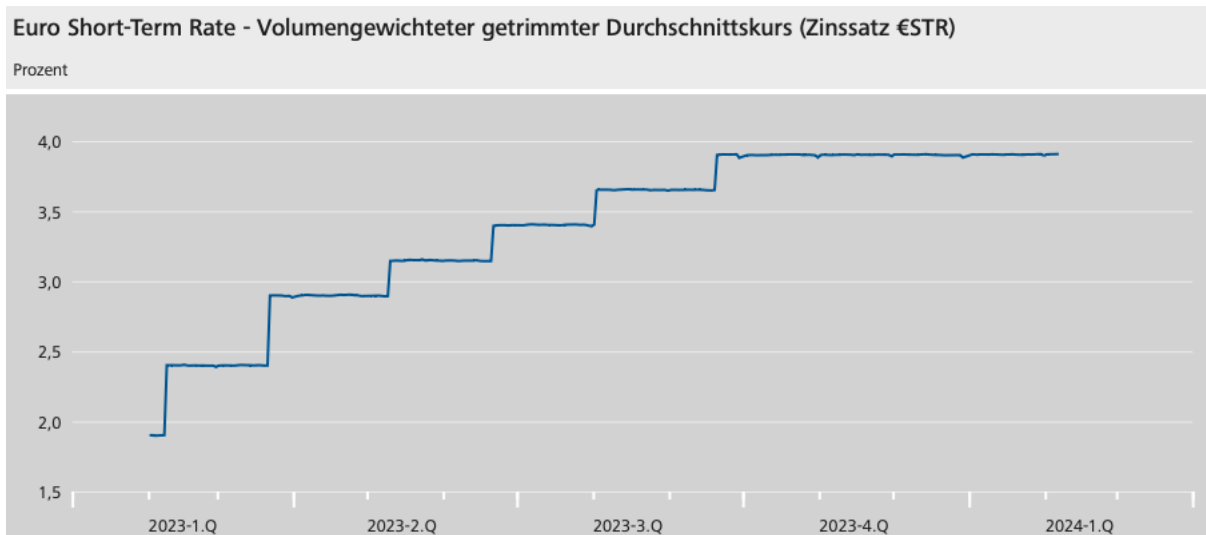
The Portfolio FlexPlus can be particularly interesting if you are looking for a profitable alternative to an overnight deposit account or want to invest money with very little risk and in one of the safest debtors in the world, European governments.

Finally, we look at the cash series.

There are currently two portfolios in this series. CashPlus uses a money market ETF to track the performance of a deposit that earns interest at the short-term euro interest rate (€STR) plus 0.085%. The European Central Bank calculates the interest rate on a daily basis, which is currently 3.90% per year (as at December 8, 2023), so that an annual interest rate of 3.98% is currently achieved.

| Asset Classes | Name | Weights |
|---------------|--------------------------------------|---------|
| Cash | Xtrackers II EUR Overnight Rate Swap | 100.00% |

The €STR is very important for banks in the European Monetary Union and the German Bundesbank also publishes it daily on its website. The abbreviation €STR stands for "Euro Short-Term Rate" and is the one-day interbank interest rate for the eurozone.



Source: Deutsche Bundesbank (Date: 08th of February 2024)

Another special feature: the interest rate is recalculated daily and is therefore constantly up to date. This implies that CashPlus also generates higher income if interest rates continue to rise. As there are no fluctuations due to capital market movements, CashPlus is particularly suitable as an alternative to cash in current accounts and call money accounts, as the interest rate is higher and can be used to make payments worldwide at any time.

If you would like to learn more about CashPlus and the advantages and disadvantages compared to a traditional call money account, please refer to our blog article "The interest rate is back". The article can be accessed via the following [LINK](#). Zeit Online has also dealt with the topic and [highlighted](#) CashPlus from UnitPlus as an attractive alternative to call money.

Whereas CashPlus is best used as a better alternative for overnight deposit accounts, FestPlus is our smart alternative for fixed-term deposits. It holds a diversified portfolio of 267 bonds with similar maturity dates, offers quarterly income payments and distributes a final payout at the maturity date in September 2023.

FestPlus is of particular interest for investors that don't need the invested money until September 2027 and that are looking for above average interest payments. Another advantage is the flexibility of FestPlus. Whereas it is hard to get your money back on a fixed term deposit account before the contractually agreed pay-out time has occurred, with FlexPlus you have full flexibility to trade FestPlus on the stock exchange via the UnitPlus app, so they can be bought and sold just like shares.

That's how simple FlexPlus works



1 You like to invest your money until September 2027 and receive an attractive return on it



2 Your money is broadly diversified across various countries and industries and invested in 269 bonds with a high credit rating and a fixed maturity date



3 You receive interest payments during the lifetime and your invested amount back in full at the end of the term



4 You can flexibly transfer your money to your bank account before the end of the term if you like

As with all UnitPlus portfolios, with FestPlus your money belongs to you at all times and enjoys special rights in full as special assets.

Overall there are two main risks involved when using FestPlus, namely interest rate risk and credit risk. When interest rates rise, the market value of the bonds usually falls. Credit risk refers to the possibility that the issuer of the bond will not be able to repay the principal and make interest payments. We have constructed FestPlus in a way that no single bond issuer can have a higher share within FestPlus than 3% of the total portfolios. Since there are only investment-grade bonds used the likeliness of a single default can be described as very low. The 3% threshold adds additional safety, as the invested money is not only spread over in total over 267 different corporate bonds, but also avoids a high concentration risk. Moreover, like with any other UnitPlus portfolio the money is protected as a special asset and with that always secured against an insolvency of our partner bank or UnitPlus itself.

| Asset Classes | Instrument | ISIN | Weights |
|-----------------|--|--------------|---------|
| Corporate bonds | Target Maturity Sept 2027 EUR Corporate Bond UCITS ETF | LU2673523218 | 100.00% |

Rebalancing of the UnitPlus Portfolios

As different asset classes also have different risk/return profiles, asset classes do not develop identically to one another. To prevent excessive deviations in the UnitPlus portfolios and to ensure that the user's individual risk profile does not deviate too much from the original allocation of the overall portfolio, UnitPlus continuously monitors the portfolios and automatically rebalances them if necessary. This also ensures that the portfolio is sold in the correct mix when payments are made with the UnitPlus card. The most suitable approach for us is opportunistic rebalancing, which goes back to Daryanani (2007).

Tolerance bands are defined within which the weighting of the individual ETFs should lie. If an ETF exceeds or falls below one of these tolerance bands, ETFs are to be bought or sold in proportion to the distance to the target weighting so that the entire portfolio approaches the target allocation. With UnitPlus, the tolerance bands are +/- 20%. To avoid a high frequency of active rebalancing, new investment amounts and sell orders are used in such a way that the portfolio comes as close as possible to the target allocation. This reduces the frequency of active rebalancing on the one hand and exploits the so-called momentum of the investments

on the other. If a tolerance band is breached, the transactions are executed in such a way that the ETFs return to the so-called inner corridors, but do not necessarily have to be brought into the exact target weighting. With UnitPlus, these corridors amount to +/- 10%. According to our research and experience, these values provide the best balance between portfolio returns, frequency of transactions and maintaining the weighting of the portfolio. In addition, buy and sell orders, for example in savings plans or payments with the UnitPlus card, are used for natural rebalancing, which provides additional flexibility and reduces transaction costs.

As rebalancing is carried out continuously and automatically, there is no manual effort for users. At the same time, it is also possible to conveniently replace the selected portfolio or invest in multiple portfolios at the same time.

Payment options

A good investment involves not only selecting one or more suitable portfolios, but also an investment rate that suits your individual circumstances. This is why the UnitPlus app not only makes it easy to invest one-off contributions, but also to set up monthly savings plans and a personalized savings plan. With the latter, monthly changing amounts are invested via the reference account based on current income and spending behavior to optimize the monthly investment sum.

a.) One-time investment

A standard procedure in which users invest a suitable amount in their UnitPlus portfolio on a one-off basis. One-off payments can be made as often as liked via a manual bank transfer or our integrated open banking functionality to the German IBAN, provided in the UnitPlus app.

b.) Saving plan

This is also a standard procedure, whereby recurring monthly amounts are invested. Savings plans can be used to exploit the cost-average effect. This means that investors receive more portfolio shares when prices fall, while fewer portfolio shares can be purchased for the same investment amount when prices rise. Once savings plans have been set up, they can be modified and adjusted in the app at any time. For setting up saving plans users can set up a standing order from their bank account or use our innovative open banking mechanism within the UnitPlus app.

c.) Personalized or smart saving plan

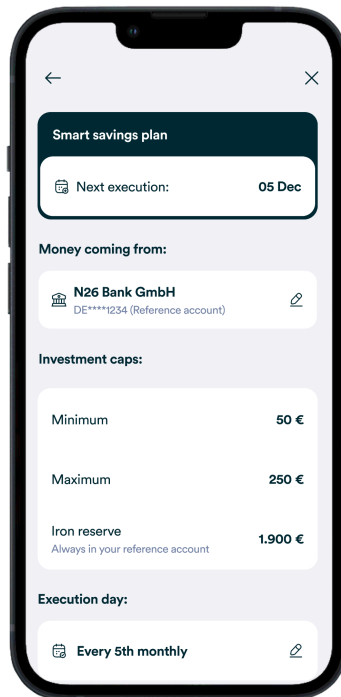
With the personalized savings plan, instead of a fixed investment amount, an amount adapted to the user's respective income and spending situation is invested each month. Algorithms individually forecast the amount saved for the user in the form of the lowest account balance of the reference account in the period up to the next investment date, i.e. approx. 30 days into the future for monthly cycles.

The personal investment plan is a forward-looking approach and targets the projected surplus of the account balance in the coming period. It also allows for user-defined parameters such as the iron reserve⁶. The forward-looking approach with a view to future savings and the associated earlier investment dates in growth markets results in a higher return for the user compared to using the amount saved only in the last monthly cycle. For example, investing shortly after receiving a salary including an annual bonus would be a scenario for the benefits of the personalized savings plan by investing promptly through projected rather than historical savings. Our algorithm learns the user's behavior and recognizes account movement patterns, which it uses for forecasting. Characteristics are identified in the data from various angles, which the artificial intelligence combines to make a prediction. Characteristics such as income development or the amount of recurring monthly expenses are used by the algorithms, as well as the progression of the account balance. In this way, the individual life situation can be integrated into the investment behavior in a targeted manner.

Setting up the personalized savings plan is simple⁷. The reference bank account is linked via an open banking interface within the UnitPlus app with just a few clicks by logging into online banking. An investment amount is then suggested each month either at the beginning or middle of the month by push message to the cell phone or by email, using the income and expenditure shown in the reference account as a basis for the decision. Users can choose whether to invest this amount or a different amount. For further personalization, threshold values can also be set within which the UnitPlus algorithm works. On the one hand, a minimum amount is set, which specifies the amount that should be invested each month regardless of the algorithm's results. On the other hand, a personal maximum amount can be specified, which represents the maximum monthly investment amount. As many people appreciate the concept of the iron reserve, such a reserve can also be specified in a final step. The iron reserve specifies the account balance that should always be held in the reference account. The UnitPlus algorithm only starts to work above this amount in the thresholds that may have been set.

⁶ The iron reserve or nest egg is the amount that is not used to build up assets or provide for old age, but is held in reserve for unplanned major expenses. As a rule of thumb, the sum often amounts to 2 to 3 net monthly incomes.

⁷ Users can go through a two-minute tutorial within the UnitPlus app in which they are introduced to the personalized savings plan.



The personalized savings plan offers an investment that adapts to the respective life circumstances of the user and is therefore continuously up to date thanks to the monthly changing investment amounts. The aim is to make an investment decision that is adapted to the respective phases of the user's life. In order to ensure this up-to-dateness, it is a regulatory requirement that the user logs in again at least every 90 days via the UnitPlus app with the reference account. This process takes less than a minute. If you would like to know more about the personalized savings plan, just take a look at our website blog. There is an interesting article about the savings plan.

Withdrawal options

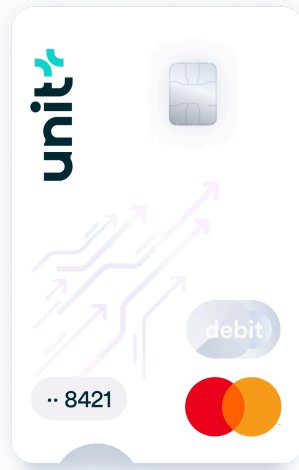
As with deposits, there are also three different options for withdrawals.

a.) (Partial) sale of the portfolio via the app

A (partial) sale of the portfolio can be carried out conveniently at any time via the app. The portfolio is (partially) liquidated and the money is usually credited to the reference account after two to three working days.

b.) Pay-with-Portfolio I: Partial sale of the portfolio via the UnitPlus card

With the UnitPlus card and your smartphone, you can conveniently pay worldwide with your portfolio. The actual payment process is as simple as with any other bank card. However, the money does not come from an interest-free bank account or is used as a credit line, but from the investment (like CashPlus) held in the portfolio.



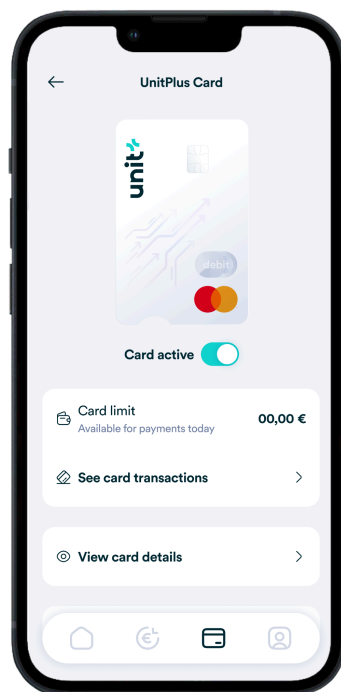
As with traditional bank cards, UnitPlus also has a card limit. This determines how much cash deposit account holders can have at their disposal in total in one or more ATM transactions or card payments. The limit primarily serves to protect users, as it can be used to limit misuse, for example in the event of theft of the bank card, and prevents more money being spent than is invested in the portfolio.

With UnitPlus, the limit is €2,000 on a rolling daily basis⁸, but can be increased to up to €5,000 if the portfolio is large enough. As soon as less than €2,600 is invested in the portfolio, the limit is set at 70% of the portfolio value (i.e. $€2,000 = 0.70 \cdot €2,600$). For example, if €1,000 is invested, €700 is available for payments. If €6,000 is invested, the limit is usually €2,000. The threshold value of 70% for portfolio holdings of less than €2,600 serves to protect users and is intended to ensure that they do not spend more money with the bank card than they have in their portfolio at the time of the partial sale. The option to liquidate the portfolio in full via the app is available at any time and is also free of charge.

When payments are made, a portion of the portfolio (fractional share) is automatically sold, which corresponds as closely as possible to the amount of the card payment. Because capital market transactions can only be carried out on working days and UnitPlus is committed to the most cost-efficient execution of orders in the interests of users, transactions are earmarked when the UnitPlus bank card is used. In this case, the card payment has already been made, but the corresponding order on the capital market has not yet been executed. The corresponding partial sale of the portfolio takes place on working days at fixed times. All stock market orders are executed simultaneously by all users (known as order aggregation) and after internal netting has taken place. This process not only reduces transaction costs to a minimum, but also the bid-ask spread of the ETFs and money market instruments, which benefits users twice over in terms of costs. This enables UnitPlus to make card payments at no cost (despite capital

⁸ In this context, rolling means that after the portfolio has been sold in proportion to the amount of the card transaction and the transaction has been closed out, the limit is increased by the amount of the portfolio sale. This process usually takes two to three working days.

market transactions). After selling the pro rata amount of the portfolio, the card limit is increased again by the amount of the card payments after an average of two to three working days. The dynamic increase and decrease of the limit not only enables efficient processing in terms of costs, but also ensures that the non-liquidated portion is still invested in the portfolio.



c.) Pay-with-Portfolio II: Partial sale of the portfolio for cash withdrawals

It is also possible to withdraw money from an ATM using the UnitPlus card. The process works in the same way as the payment process with the card and therefore also results in the sale of the proportionate amount of the portfolio. All ATMs worldwide that accept Mastercard are available as points of acceptance.

For all portfolio sales (whether proactively via the app or when using the UnitPlus bank card), taxes are automatically calculated and, if necessary, paid, so that no additional effort is required from users.

Taxes

Any capital gains tax on investment income of 25%, solidarity surcharge (depending on the federal state) and church taxes (depending on the federal state and denomination) are calculated automatically and, if necessary, paid to the tax office with the support of our partner bank. There is therefore no additional expense for users. It is also possible to set up an exemption order (€1,000 per year for individuals or €2,000 per year for married couples and registered partnerships), which is taken into account when calculating the tax burden. This is a

tax-free allowance where capital gains on realized capital gains and dividends do not have to be taxed up to the specified limits.

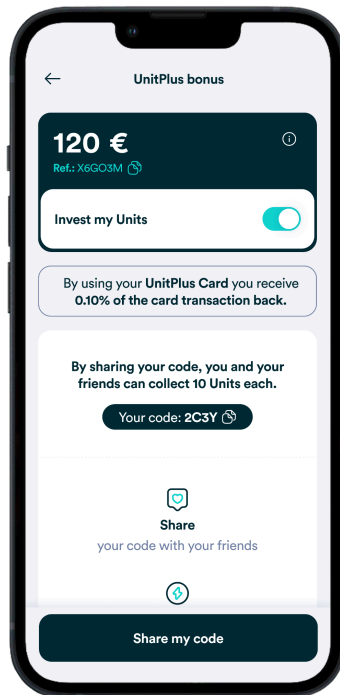
For tax reasons, it usually makes sense to make full use of the exemption order every year. Unfortunately, many investors either do not create this exemption order in the first place or do not make full use of it. For example, anyone who invests for ten years and realizes a profit from the equity investment after ten years will only receive the tax-free amount once in year ten. We would also like to simplify this. With UnitPlus, it is possible to pay with the money invested at any time. If the exemption order is set up and the positive return is used to pay up to the upper limit, there is no capital gains tax. This means that the exemption amount can be utilized annually.

Units or cashback program

Units are the bonus program of UnitPlus and can be collected by using the individual referral code. You receive 10 units for each person you invite. The more people you invite, the more units you can collect. One unit has an equivalent value of €1 and can only be credited to the portfolio. For example, if 20 units are collected, these can be credited to the portfolio in the amount of €20 at the beginning of each quarter. Payment in cash is not possible. Once units have been credited to the portfolio, they are subject to the tax implications of a cash investment.

In addition, 0.10% of the transaction amount is credited to the portfolio as cashback for every payment made with the UnitPlus card. The program works in a similar way to conventional cashback programs, whereby the money is not credited to the bank account in the form of cash, but to the portfolio. As with the Units, this credit can be made at the beginning of each quarter in combination with any Units collected.

The amount of the Units received and the repayments received through cashback are displayed in the UnitPlus app.



Costs

UnitPlus does not charge any custody account management fees, transaction costs, order fees, exchange costs for payments in foreign currencies, fees for card payments or issue surcharges. The transparent UnitPlus pricing model, which is charged in cooperation with our partner bank, consists of just 0.50% of the money invested per year. Added to this are the costs for the investment products themselves, whereby these costs of between 0.10% and 0.20% per year are also incurred by every broker. A fixed fee of €1 per month is charged for additional investment strategies after the first. For example, if you invest in three UnitPlus portfolios at the same time, this results in fixed fees of €2 per month. We pass on €2 of the third-party costs we incur when withdrawing cash from ATMs with the UnitPlus card to the user.

The UnitPlus fee model can be categorized in relation to the market as follows: Actively managed equity funds in Europe cost an average of around 1.7% of the investment amount per year. Mutual funds, i.e. investment funds that invest in several asset classes, cost around 1.8%⁹. This does not include any issue surcharges that may be incurred. The service fee plus product costs of a robo advisor averages around 1.2%¹⁰. Even supposed neo- or "free brokers", where the focus is less on investing money as such and more on the frequent trading of shares, certificates or derivatives, often charge a third-party fee of €1 per trade. However, it is not only investment products that generally cost money; banks and neo-banks have also recently been increasing their prices. Examples of this include rising account management fees, the abolition of free

⁹ Source: Morningstar 2019 ([HIER](#))

¹⁰ Source: Geldanlage.digital ([HIER](#))

accounts and new pricing models such as a monthly card management fee. For these reasons, we are also convinced of the benefits of the UnitPlus investment account app for our users in terms of costs.

Outlook

Our aim is to make investing as normal and simple as saving and paying. Our vision is a world without unproductive capital. This aspiration is reflected in the continuous expansion of the UnitPlus app into a "PayPal for investing" at product and technical level¹¹. In a second step in 2024, corporate customers will also be offered the opportunity to manage their liquidity and interest management more attractively via CashPlus.

¹¹ You have feedback? We like to hear it! Reach out to our co-founder via email:
Fabian.Mohr@unitplus.eu



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