

SUPPLEMENTARY INFORMATION DOCUMENT

APS MULTI-ASSET STRATEGY 6% VOLATILITY TARGET EUR STRATEGY NO.1

COMPOSITION AND METHODOLOGY

SUMMARY

IMPORTANT This is a summary of the features of the APS Multi-Asset Strategy 6% Volatility Target EUR Strategy No.1 and as such, not necessarily complete. This document should be read in conjunction with the Term Sheet and Key Information Document of APS Kapital Plus 20 which may be accessed on apsbank.com.mt/kapital-plus.

OVERVIEW

The APS Multi-Asset Strategy 6% Volatility Target EUR Strategy No.1 (the “**Strategy**”) is a synthetic rules-based proprietary strategy created by Goldman Sachs International as Strategy Sponsor to provide a volatility targeted exposure to the performance of the APS Multi-Asset Managed EUR Strategy No.1 (the “**Asset**”).

The volatility adjustment feature has the effect of adjusting the exposure of the Strategy to the performance of the Asset by allocating a percentage of its exposure to the Asset if a specified measure of the realized volatility of the Asset would otherwise deviate from the pre-defined volatility target (the “**Volatility Target**” as specified below) on such Strategy Rebalancing Day. The weight assigned by the Strategy to the Asset is rebalanced on a daily basis, and is subject to a cap (the “**Maximum Weight**” as specified below).

If the exposure of the Strategy to the Asset is not equal to 100% the difference will be allocated to exposure to a notional cash asset (the “**Cash Asset**”).

The Strategy is denominated in EUR.

The Strategy is calculated on a "total return" basis.

The Strategy does not pursue any environmental, social and governance (“ESG”) objectives or take into account any ESG factors.

DEFINITION

The following terms shall have the meaning ascribed to them:

Asset Weight	:	A percentage, subject to a cap equal to the Maximum Weight (which is an amount expressed as a percentage), equal to (i) the Volatility Target, divided by (ii) the Reference Volatility.
Inception Date	:	1 September 2022
Index Value	:	The value of the Index calculated on each Index Business Day and shall include deductions relating in Rebalancing Costs and Deduction Fee. The Index Value as of the Inception Date shall be equal to the Initial Value.

Maximum Weight	:	The maximum exposure (expressed in percentage) of the Strategy to the performance of the Asset capped to 100%.
Rebalancing Cost	:	The cost of establishing and/or unwinding transactions in respect of the Asset when there are changes to the Asset Weight resulting from the volatility adjustment feature. The Rebalancing Cost is deducted from the Index Value on each Rebalancing Day.
Reference Volatility	:	The measure of volatility of the Asset on any Rebalancing Day.
Volatility Target	:	6%

DESCRIPTION OF THE STRATEGY

- **Composition of the Strategy:** The Strategy is composed by (i) the exposure of Strategy to the performance of the Asset (as described below) determined by the Asset Weight and (ii) the residual Cash Asset. The Asset Weight of the Strategy to the Asset is rebalanced periodically.
- **Mechanism of the volatility adjustment feature:** The Asset Weight is determined on any Rebalancing Day by comparing the Reference Volatility against the Volatility Target.

If the Reference Volatility is greater than the Volatility Target, the Asset Weight, and therefore the exposure of the Strategy to the Asset, will be below one hundred per cent (100%). Similarly if the Reference Volatility is smaller than the Volatility Target, the Asset Weight would exceed the one hundred percent (100%) however the Asset Weight is subject to the Maximum Weight. This implies that the exposure of the Strategy to the Asset may not exceed 100%.

- **Calculation of the Strategy Value:** The value of the Strategy is calculated on each Business Day. The Strategy Value as of the Inception Date shall be equal to the Initial Value. On each Business Day following the Inception Date, the Strategy Value is determined based on the weighted performance of the Asset and the Cash Asset, relative to their respective values in respect of the immediately preceding Rebalancing Day, as adjusted for certain deductions in respect of costs and expenses.

The Strategy Value is calculated so as to include the following deductions:

- **Rebalancing Cost:** The Rebalancing Cost synthetically represents the costs of establishing and unwinding transactions in respect of the Asset when there are changes to the Asset Weight resulting from the volatility adjustment feature. The Rebalancing Cost is deducted from the Strategy Value on each Rebalancing Day. On the Inception Date and on any day other than a Rebalancing Day the Rebalancing Cost is zero. The Rebalancing Cost is linked to (i) the actual change in the Asset Weight as of the relevant Rebalancing Day, and (ii) the synthetic costs of rebalancing the Asset Weight.
 - **Deduction Fee:** A Deduction Fee will be deducted from the Strategy Value on each Business Day falling after the Inception Date. The Deduction Fee has the effect of reducing the performance of the Strategy. The Deduction Fee is 1.5% *per annum*.
- **Asset:** The Asset is a synthetic rules-based proprietary strategy created by Goldman Sachs International as Strategy Sponsor and provides a synthetic exposure to the performance of a basket of underlying assets (“**Underlying Assets**”), weighted by their relevant quantities. Each Underlying Asset is assigned an initial weight which may be changed periodically by ReAPS Asset Management Limited¹,

¹ ReAPS Asset Management Limited is a fully owned subsidiary of APS Bank p.l.c.

as Strategy Allocator, in its discretion, subject to certain controls and constraints. The Underlying Assets shall be composed of different assets such as, equities and fixed income.

The Asset is denominated in EUR and has, in respect of each Underlying Asset which is not denominated in EUR, an internal simulated currency hedge feature that seeks to offset a substantial portion of the positive or negative effects of the currency exchange rate fluctuations on the value of such Underlying Asset.

RISK FACTORS

The Asset Weight may total more or less than 100%

The Strategy's absolute overall exposure to the Asset may be less than 100%. If the weight of the Asset is less than 100% the Strategy will have a reduced participation to the Asset and may underperform as compared to a Strategy where the exposure was greater.

An investment in the Strategy may be subject to dilution, which may limit the gains in such investment

The Strategy may be subject to dilution if the Reference Volatility exceeds the Volatility Target, such that investors in products linked to the Strategy may not benefit fully from increases in the value of the Asset. Dilution means that the return or loss on an investment is subject to a multiplier decreasing exposure to such investment and reducing the volatility and risk of loss should the value of such investment decline, but reducing the potential gain should the value of such investment increase. Investors should be aware that if the value of the Asset increases or decreases, an investment linked to a Strategy may not have the same magnitude of increased or decreased value as the Asset.

Volatility and Strategy risk

The Strategy has a volatility adjustment feature which aims to provide a notional volatility-controlled exposure to the Asset. This is achieved by increasing or decreasing the exposure of the Strategy to the Asset, based on their historical realized volatility relative to a pre-determined Volatility Target of 6%. An increase in the realized volatility of the Asset may decrease the exposure of the Strategy to the Asset and vice versa. Accordingly, the Strategy may be subject to dilution if the reference volatility exceeds the Volatility Target, such that the absolute overall exposure of the Strategy to the Strategy may be less than 100%, and investors in products linked to the Strategy may not benefit fully from increases in the value of the Strategy.

No assurance can be given that the volatility adjustment feature will be successful in producing a realized volatility of the Asset being equal to the Volatility Target which may negatively affect the performance of the Asset (and the performance of the Strategy), potentially materially so.

The value of the Strategy shall be made available on the website at on apsbank.com.mt/kapital-plus.

The applicable Benchmark Statement (as required by the Benchmark Regulation) issued by Goldman Sachs International as the administrator is available by accessing the following [link](#).

Approved and issued by APS Bank plc, APS Centre, Tower Street, Birkirkara BKR 4012. APS Bank plc is regulated by the Malta Financial Services Authority as a Credit Institution under the Banking Act 1994 and to carry out Investment Services activities under the Investment Services Act 1994. The Bank is also registered as a Tied Insurance Intermediary under the Insurance Distribution Act 2018.

This information shall not be deemed as investment, tax, or any other form of professional advice. You should consult your independent legal, investment or other advisors to ensure that any decision you make is suitable for you with regards to your specific circumstances and financial situation. The Bonus linked to the performance of the Strategy is not guaranteed. The income you get from this investment may go down as well as up and past performance is not a guarantee to future performance. The account holder is not allowed to cancel or withdraw the deposit amount before the account maturity date and as such is not repayable on demand. Distribution is restricted in or into Malta.