Sector Plans

Methodology

1. Product Overview

Sector Plans are a feature that enables clients to invest automatically in predefined model portfolios of financial instruments. They are portfolios composed of individual equities providing exposure to specific industries.

These portfolios represent a reference allocation of instruments and weights constructed according to a rules-based methodology described in this document.

Sector Plans are provided on an execution-only basis. Our model portfolios offer a structured approach to asset allocation and composition. Please note that these plans are provided as non-advised, execution-only services. We do not provide personal investment recommendations, nor do we manage these accounts on a discretionary basis. When using Investment Plans, you instruct transactions and XTB acts solely as your broker to execute those instructions. XTB does not provide investment advice or discretionary portfolio management as part of this service.

Each client is responsible for determining whether a specific model portfolio is suitable for their financial objectives and for deciding whether to mimic the model's strategy within their own account.

If a model portfolio is updated, clients will see within the Plan overview that a new version of the model portfolio is available. No push notifications are sent to clients regarding portfolio updates. Clients may choose to adjust their portfolio to match the updated model allocation or maintain their existing allocation. No transactions are executed automatically on behalf of the client when the model portfolio is updated.

2. Portfolio Reviews

Model portfolios are reviewed quarterly, within two weeks before the end of each quarter. During each review:

- relevant market data is updated;
- the portfolio composition is recalculated according to the methodology described in this document;
- portfolio weights are adjusted to reflect updated market conditions.

3. Extraordinary Events

An extraordinary review of a model portfolio may be conducted in the event of significant corporate actions affecting portfolio constituents, including mergers or acquisitions, delistings, bankruptcies, or spin-offs.

Stock splits and reverse splits do not affect the methodology because the portfolios are defined using percentage weights rather than share quantities.

4. Sector Plans – Methodology

Sector Plans provide exposure to selected industries using portfolios consisting of individual equities.

5. Sector Plans – Industry Selection

Industries are defined according to the industry categorization derived from publicly available market data and exchange listings. The list of industries available as Sector Plans is determined by XTB.

The table below lists the available Sector Plans and the corresponding sector or industry classifications used to define the investment universe of eligible companies.

Sector plan at XTB	Sectors	Industries

Semiconductors	Technology	Semiconductors, Semiconductor Equipment & Materials
Defense & Aerospace	Industrials	Aerospace & Defense
Big Tech	Technology, Communication Services, Consumer Cyclical	n.a.
Renewable Energy	Utilities, Technology	Utilities – Renewable, Solar
Biotechnology	Healthcare	Biotechnology
Airlines & Air services	Industrials	Airlines, Airports & Air services
Gamedev	Communication Services	Electronic Gaming & Multimedia

6. Sector Plans – Investment Universe

The investment universe consists of companies that belong to the relevant industry and are available for trading on the XTB platform at the time of portfolio review. Stocks listed only on the Warsaw Exchange are not eligible for being included in the Sector Plans.

7. Sector Plans – Portfolio Construction

Companies are ranked by market capitalisation in descending order and added one at a time. After each tentative addition, the weight constraints of Section 8 (the 25% ceiling with proportional redistribution) are applied to the current set to obtain the constrained weights the companies would actually receive. A company is admitted only if, under those constrained weights, its resulting weight is at least 5% (or at least 4% for an incumbent retained under the Section 9 turnover buffer). Construction stops at the first company that fails this test.

8. Sector Plans – Weight Constraints

- Minimum weight per company: 5%.
- Maximum weight per company: 25%.

If applying these constraints results in total weights differing from 100%, the remaining weight is redistributed proportionally among the remaining constituents.

9. Sector Plans – Turnover Buffer

To reduce unnecessary turnover, a company that is already part of the portfolio remains included unless its calculated weight falls below 4% during a review.

10. Sector Plans – Liquidity

Liquidity is not used as a selection criterion in the portfolio construction process.

11. Sector Plans – Risk Score

Sector Plans focus on specific industries and include only a few companies. Due to the high concentration, the value of Sector Plans can change more sharply. For this reason, all Sector Plans are assigned the highest risk level (7 out of 7).