



PRIME ALGORITHMS DIVIDEND & CAPITAL DISTRIBUTION POLICY

1.0 Objective The purpose of this policy is to establish a verifiable, disciplined framework for returning capital to shareholders while ensuring Prime Algorithms retains the necessary operational cash flow to fund its long-term growth, infrastructure, and auditing requirements. Distributions are structured in three distinct phases, scaling alongside the firm's Assets Under Management (AUM) and revenue stability.

2.0 Revenue Definitions & Sourcing Capital distributions are funded by the **Assessed Bonus Income**, which is derived strictly from the license revenue Prime Algorithms collects from other parties, net of applicable corporate taxes and hard auditing costs. This license revenue is generated through two primary channels:

- **Audit Accounts:** In Phase 1, the revenue will be generated from the audit accounts.
- **Direct Clients:** Management fees and performance bonuses collected directly from institutional or private clients.
- **Fund Clients (Percentage of Revenue):** Revenue collected when the client is a fund itself. For example, Prime Algorithms collects a 25% share of the revenue generated by Prime Algorithms Funds. Because new investors are added to the fund quarterly, their annual participation milestones tick over on a quarterly basis, resulting in performance bonuses being realized and collected by Prime Algorithms quarterly.

3.0 Phase I: The Foundation (Current Operations) During the initial growth phase, the firm prioritizes capital preservation and the establishment of a fully audited track record. *In this phase, all allocated capital is directed solely toward dividends; no share buybacks will occur.*

- **Distribution Frequency:** Annual.
- **Target Payout Ratio:** 5% of Assessed Bonus Income.
- **Allocation:** 100% allocated to shareholder dividends.
- **Dividend Reinvestment Plan (DRIP):** Shareholders are granted the option to divert their cash dividend directly into the purchase of additional equity in Prime Algorithms, allowing early stakeholders to compound their ownership.

4.0 Phase II: The Expansion (Medium-Term) Phase II is activated upon the firm achieving specific, Board-approved milestones regarding AUM and consistent external revenue generation. *In this phase, the firm introduces a dual-allocation model to begin structurally supporting the equity value.*

- **Distribution Frequency:** Annual.
- **Target Payout Ratio:** 10% of Assessed Bonus Income.
- **Allocation Split:**
 - 50% allocated to Cash Dividends.
 - 50% allocated to Share Buybacks (Share Purchase Plans).
- **Dividend Reinvestment Plan (DRIP):** The equity diversion option remains active for all eligible shareholders regarding their dividend portion.



5.0 Phase III: The Institutional Standard (Long-Term) Phase III represents the mature, cash-flowing state of Prime Algorithms. It is triggered when the firm achieves operational scale, defined as the point where baseline management fees fully cover all internal operational and infrastructure expenses.

- **Distribution Frequency:** Monthly.
- **Target Payout Ratio:** 25% of Assessed Bonus Income. (The firm intends to scale this proportion higher over time).
- **Allocation Split:**
 - 50% allocated to Cash Dividends.
 - 50% allocated to Share Buybacks (Share Purchase Plans).
- **Capital Sourcing:** Performance bonuses and generated excess revenues are swept directly to shareholders and the buyback program to provide stable, recurring income and sustained equity support.

6.0 General Provisions

- **Board Discretion:** All dividend declarations, including the calculation of Assessed Bonus Income and the authorization to transition between Phases, remain subject to the ongoing fiduciary discretion of the Prime Algorithms leadership team.
- **Taxation:** Shareholders who elect to receive cash distributions are solely responsible for their individual tax liabilities.