RISK WARNINGS AND INFORMATION ON FINANCIAL INSTRUMENTS

These risk warnings are intended to give you a general description of the nature and risk inherent to a range of financial instruments and services that may be available to you as a Client of ours, as well as more general risks associated with investment markets. You should note that these risk warnings cannot disclose all the risks and other significant aspects of those instruments, services or markets.

We would like to emphasise that where you classify as a Regular Investor, you should pay particular attention to these risk warnings considering that your level of experience, knowledge and expertise is lower than that of a Professional Client or Counterparty. You should therefore read attentively and make sure you understand the below. There are risks involved in relation to any investment.

We have set an outline of some general risk warnings that are relevant to most asset classes and investment strategies and of which you should be aware:

a. You should always remember that you may not get back the amount originally invested as the value of the investments, and the income from them can go down as well as up. There are no guaranteed returns. The price or value of an investment will depend on fluctuations in the financial markets that are outside our control;

b. Past performance is not a guide to future performance;

c. Operational risk, such as breakdowns or malfunctioning of essential systems and controls, including IT systems, can impact the ability of closing your investments or otherwise transact. Also, we make use of third party vendors and executing brokers and are therefore reliant on their performance.

d. The value of an individual investment may fall as a result of a fall in markets depending, for example, on the level of supply and demand for a particular financial instrument, the investors or market perception, the prices of any underlying or related investments or other political and economic factors;

e. Trading in off exchange investments, that is investments which are not traded under the rules of a regulated market or exchange or where there is no recognised market, and which are not settled through a regulated clearing house, exposes the investor to the additional risk that there is no certainty that the market makers will be prepared to deal in such investments and as a consequence there might be no secondary market for such investments. There may also be restrictions in relation to access and liquidity, for example, investments may only be made or redeemed on certain dates or with prescribed period of notice. You should be aware that it may be difficult to obtain reliable information about the current value of such investments or the extent of the risks to which they are exposed;

f. You will be exposed to concentration risk where there is an insufficient level of diversification in your account and you are excessively exposed to one or a limited number of investments;

g. Volatility is a statistical measure of the tendency of an individual investment to feature significant fluctuations in value. Commonly, the higher the volatility, the riskier the investment;

h. Regulatory/Legal risk is the risk from regulatory or legal actions and changes which may reduce the profit potential of an investment or cause a loss on your investment. Legal changes could even have the effect that a previously acceptable investment becomes illegal or if affects the tax treatment of your investment may impact its profitability. Such risk is unpredictable and may depend on various political, economic and other factors;

In addition to the above, there are three types of generic risks that you should review and understand before dealing in financial instruments. The risk types are generically referred to below as Market Risk, Liquidity Risk and Credit and Default Risk

1. Market Risks

a. Interest Rate Risk

Interest rate sensitivity means that prices change relative to current and future interests rate expectations. Interest rate changes may also directly or indirectly impact the value of other financial instruments that do not provide for a return on a fixed rate basis.

b. Inflation Risk

The risk that the rate of price increases in the economy deteriorates the returns associated with an investment. The real value (the value adjusted for the impact of inflation) of an investment will fall as a result of the rate of inflation exceeding the rate of return of the investment.

c. Exchange Rates Risk

Exchange rate changes may cause the value of investments to rise or fall relative to the base currency, any movement in currency exchange rates may have a favourable or an unfavourable impact on the profit or loss of the investment.

d. Emerging Markets Risk

Emerging Markets generally have limited transparency, liquidity, efficiency and regulations compared to developed markets, the reaction of the local financial markets to news and other geo-political events may result in a more extreme variation in prices of emerging market instruments compared to developed markets.

2. Liquidity Risk

Liquidity risk is the inability to buy or sell an investment at the desired time, or to transact in an instrument at all. When a delay occurs, such delay may affect the price at which such asset can actually be bought or sold. Also, instruments that are illiquid or that trade in lower volumes may be more difficult to value or to obtain reliable information about their value.

Liquidity risk is linked to a variety of factors such as:

- The particular terms and conditions of an instrument;

- The fact that the instrument is not publicly traded or listed on an exchange;
- Adversely perceived market developments;
- The fact that the ownership of an investment is highly concentrated in one or small number of investors;
- A reduced number of financial institutions operating as market maker in the relevant financial instruments;
- The fact that market participants may attempt to sell holdings at the same time as the investor, and there may be insufficient liquidity to accommodate these sales.

These factors may exist at the time of investment or may arise subsequently.

Set out below is an outline of the risks associated with certain types of financial instruments.

3. Shares and other equity-like instruments

a. Equities or shares

Equities or shares represent shareholder's rights and interests in a company. One share represents a fraction of a company's share capital and a shareholder may benefit from an increase in the value of the share, although this is not guaranteed. Shareholders may also qualify for dividend payments, but these are paid only at the discretion of the company's management. A shareholder has no right to return of capital and the shares could become valueless in the event of insolvency of the company.

A shareholder's return from investing in the equity will depend to a large extent on the market price of the equities at the time of the sale. The market price of an equity is determined by a number of factors that affect the supply and demand for that equity, including, but not limited to:

- <u>fundamentals about the company:</u> such as profitability of the company and strength of the company's management;
- <u>domestic and international factors:</u> such as the exposure of the company to international events or market factors;
- <u>sector specific factors:</u> such as the economic cycle of a specific industry and changes in the prices of commodities or in consumers' demands.

Shares in smaller companies may carry an extra risk of losing money as there can be a big difference between the buying price and the selling price of these securities. If shares in smaller companies have to be sold immediately, you may get back much less than you paid for them. The price may change quickly, and it may go down as well as up.

Shares are generally a fairly volatile asset class – their value tends to fluctuate more than other financial instruments such as bonds. Holding shares is high risk – if you put your money into one company and that company becomes insolvent then you will probably lose most, if not all, of your money.

b. Penny Shares

There is an extra risk of losing money when shares are bought in some smaller companies or in companies of which the shares are traded at very low prices compared to their nominal value, such as "penny shares". There may be a (relatively) big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them.

4. Mutual Funds

A mutual fund is a scheme under which assets are held on a pooled basis on behalf of a number of investors. It may be structured in a number of ways, for example, in the form of a company, partnership or trust. The level of risk of investing in a mutual fund depends on the underlying investments in which the scheme is invested and how well diversified it is. Investments may typically include bonds and exchange traded equities but depending on the type of scheme may include derivatives, real estates or riskier assets. There are risks relating to the assets held by the scheme and investors should check and understand the type of assets included in the pool and the scheme's investment strategy.

5. Exchange Traded Funds (ETFs) and Exchange Traded Products (ETPs)

ETFs and ETPs are investment funds and other securities that are traded like shares and which invest in a diversified pool of assets such as shares, bonds or commodities. In general, they track the performance of a benchmark or financial index and the value of the investment will fluctuate accordingly. Some ETFs and ETPs employ complex techniques or hold riskier assets to achieve their objectives, for more details please review carefully the "Risk Disclosure For Trading Leveraged, Inverse And Volatility-Based Exchange Traded Products".

6. Risks relevant to certain types of transactions and arrangements

a. Off-Exchange transactions

Transactions that are conducted off- exchange ("OTC Transactions") may involve greater risk than dealing in exchange traded instruments because there is no exchange market through which to liquidate your position, or to assess the value of the instruments or the exposure to the risk.

b. Foreign markets

Foreign markets will involve different risks from the UAE markets. In some cases, the risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

c. Suspensions of trading

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rule of the relevant exchange trading is suspended or restricted. This is an event outside of the control of Wio Securities.

Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

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