RISK DISCLOSURE STATEMENT

You should note that there are significant risks inherent in investing in certain financial instruments and in certain markets.

Investment in derivatives, for example, may expose you to risks which are different to those investors might expect when they invest in equities. Similarly, investment in shares issued by issuers in emerging markets (by which we mean those that have an underdeveloped infrastructure or which are less economically or politically stable as markets in well-developed countries) involves risks not typically associated with equities investment in well-developed markets. Investment in any of the foregoing kinds of financial instruments is generally appropriate for those retail investors who are sophisticated and who understand and are able to bear the risks involved. Among such risks, there is the risk of losing the entire value of an investment or (in the case of certain derivative and other transactions and provided that no negative balance protection applies by virtue of any applicable legislation) the risk of being exposed to liability over and above the initial investment.

We set out below some specific risks and considerations for investors in relation to financial instruments of the type referred to above.

The information included herein is not intended to constitute a comprehensive statement of all the risks to which investors might be exposed to and there may be others that exist now or which may arise in the future. This document supplements any risk disclosures set out in the Client Agreement (including for the avoidance of doubt any Schedules thereto which constitute integral part thereof) and in any other documents (including key investor information or offering documents) disclosing risks specific to particular investments, products or services, and incorporated herein by reference.

TYPES OF RISK

When investing in financial instruments you may be exposed to some or all of the risks described in this section below.

Price risk means a risk of unexpected change of prices on corporate, municipal or state securities and derivatives that may result in dramatic decrease of the value of your financial instruments.

Market risk means a risk that value of instruments depends on such factors as: prices of equities, debts and commodities; exchange, interest and other reference rates; as well as their volatilities and correlations. These factors are influenced by, among other things: political instability, government trade, fiscal and monetary programs, exchange rate polices, state of the market and industries, as well as external environment. No assurance can be given that you will not incur substantial losses because of such factors.

Liquidity risk means a risk of loss as the result of transactions in securities and/or derivatives due to change of market sentiment in respect of those investments. This risk may materialize when many investors effect a quick sale of securities and/or derivatives in order to close opened positions.

Issuer risk means a risk of the issuer's insolvency, changing of credit and other ratings of the issuer, bringing suits or claims against the issuer that may result in dramatic decrease of value of the issuer's securities or failure to redeem the debt securities.

Credit risk means a risk of loss as a result of the nonperformance or/and undue performance of obligations by counterparties under the contracts concluded by you.

Currency risk means a risk of negatively changing of securities or derivatives contracts value due to changing of the currency rate of your base currency to other currencies.

Operations risk means a risk of losses as a consequence of the mistaken or illegal actions of the employees of the organized markets, custodians, registrars, clearing organizations in course of settlement of transactions in securities or derivatives.

Technical risk means a risk of failures arising in course of ordinary operation of trading systems and communication lines (defects and failure at the operating of equipment, IT software, power supply service etc.), that may hinder or make impossible transmission of orders or performing of the transactions in securities and/or on entering into derivative contracts and obtaining information about prices.

Tax risk means a risk concerning with complexity of tax laws of the different countries applicable to you. Therefore you shall consider tax consequences of investments. It is possible that the current interpretation of tax laws or understanding of practice may change, and such changing may have retrospective effect.

Legal risk means a risk due to the fact that markets are subject to ongoing and substantial regulatory changes. It is impossible to predict what statutory, administrative or exchange changes may occur in the future or what impact such changes may have on your investment results.

System risk means a risk of loss infliction to you as consequence of the negatively changing in system of financial market operation and organisation.

SHARES AND SHARE-RELATED INSTRUMENTS

Shares in companies limited by shares entitle the owner to a portion of the company's share capital. If the company makes a profit, the company usually distributes dividends on the shares. Shares also entitle the holders to voting rights at the general meeting of the company, which is the highest-ranking decision-making body in the company. The more shares the holder owns, the greater the portion of the capital, dividends and votes that inure to him/her. Voting rights may vary depending on the class of shares concerned. There are two types of companies, public and private. Only shares of public companies may be listed for trading on stock exchanges or other marketplaces.

The price of a share is affected to a great extent by the company's prospects. A share is valued upwards or downwards depending primarily on the investors' analyses and assessment of the company's possibilities to make future profits. Future external developments regarding the economy, technology, legislation, competition, etc. determine the demand for the company's products or services and, consequently, are of fundamental significance regarding changes in the price of the company's shares.

Current interest rate levels can also have influence on pricing. If market interest rates increase, fixed interest financial instruments that are issued at the same time as the increase (newly issued) provide a better return. In such cases, the prices of listed shares normally fall, as well as those of already traded fixed interest instruments. The reason is that the increased return on the newly issued fixed income instruments becomes better than the return on shares, as well as on already traded fixed income instruments. In addition, share prices are negatively affected by the fact that interest payments on the company's debts increase when market interest rates increase, a factor that reduces the scope for profits in the company.

Other factors directly related to the company, e.g. changes in the company's management and organisation, disruptions in production, etc., may strongly affect the company's future ability to create profits, both in the long and short-run. In the worst case, a limited company may perform so poorly that it must be declared bankrupt. The share capital, i.e. the capital invested by the shareholders, is the capital that is applied first in order to pay the company's debts. This often results in the entire share capital being used up, which means that the shares in the company become worthless.

Prices on certain major foreign stock exchanges and other marketplaces could affect prices on others. Prices in shares in companies that belong to the industrial sector are often affected by changes in the prices of shares of other companies within the same sector.

Players on the market have different needs for investing cash (liquid funds) or obtaining liquid funds. In addition, they often have different opinions as to how the price will develop. These factors, which also include the way in which the company is valued, contribute to there being both buyers and sellers. On the other hand, if the investors have the same opinions regarding price trends, they will either wish to buy (thereby creating buying pressure from many buyers), or they will wish to sell (thereby creating selling pressure from many sellers). Prices increase in the event of buying pressure and fall in the event of selling pressure.

Turnover, i.e. the quantity of a particular share that is bought or sold, in turn affects the share price. In the event of high turnover, the difference (the 'spread') declines between the price the buyers are prepared to pay (bid price) and the price requested by the sellers (ask price). A share with a high turnover, where large amounts can be traded without affecting the price, enjoys good liquidity and, consequently, is easy to buy or sell. Companies on the stock exchange's list of most traded shares normally have high liquidity. During the day or during longer periods, different shares can exhibit different degrees of price stability (volatility) i.e. increases and declines, as well as in size of the price changes.

Stock exchanges and other marketplaces normally divide shares into various lists. The main criteria regarding the list on which listing will take place are the manner in which the company fulfils various requirements regarding the amount of share capital, diversification of ownership of the shares among many owners, operational history, and information regarding finances and operations. The most traded shares can also be found on a separate list. Shares on lists entailing high demands and high turnover are normally deemed to entail a lower risk than shares on other lists.

A share's par value is the value that each share represents of the company's share capital. The total of all shares in the company multiplied by the par value of each share constitutes the company's share capital. Occasionally, companies wish to change the par value, e.g. because the price, i.e. the market price of the share, has risen significantly. By dividing up the share into two or several shares through a split, the par value is reduced at the same time as the price of the shares is reduced. However, after a split the owners' capital remains unchanged, but is divided into a greater number of shares that have a lower par value and a lower price. Conversely, a reverse share split can be carried out where the price has fallen dramatically. In such case, two or several shares are merged into one share. Following a reverse split, the shareholder retains the same capital, however divided into fewer shares with a higher par value and higher price.

Market introduction means that shares in a company are introduced on the stock market, i.e. become listed on a stock exchange or other marketplace. The public is then invited to subscribe for (purchase) shares in the company. Most often, an existing company that was not previously listed on a stock exchange is involved, in which the owners have decided to increase the number of shareholders and facilitate trading in the company's shares. Where a State-owned company is introduced on the market, this is called privatization.

A take-over or buyout normally involves an investor or investors inviting the shareholders in a company to sell their shares subject to certain conditions. If the buyer obtains 90% or more of the share capital and votes in the target company, the buyer can request compulsory purchase of the remaining shares from those shareholders who have not accepted the take-over offer. These shareholders are then entitled to payment which is determined through an arbitration proceeding.

If a company wishes to expand its operations, additional share capital is often required. The company raises additional capital by issuing new shares through a new issue. The existing shareholders often receive subscription rights entailing a pre-emptive right to subscribe for shares in a new issue. The number of shares that may be subscribed for is established in relation to the number of shares previously held by the shareholder. The subscriber must pay a certain price (issue price), which is often lower than the market price, for the newly issued shares. Immediately after the subscription rights – which normally have a certain market value – are detached from the shares, the price of the shares normally declines but, at the same time, shareholders who have subscribed have a larger number of shares. During the subscription period, which often lasts for several weeks, those shareholders who do not subscribe may sell their subscription rights on the marketplace on which the shares are listed. Upon the expiry of the subscription period, the subscription rights lapse and thus become useless and worthless. If the assets or the reserve funds in a company limited by shares have greatly increased in value, the company can transfer part of the value to its share capital through what is commonly referred to as a bonus issue. In relation to bonus issues, consideration is given to the number of shares already held by each shareholder. The number of new shares that inure through the bonus issue is established in proportion to the number of shares previously held. Through the bonus issue, the shareholder receives more shares but the owner’s portion of the company’s increased share capital remains unchanged. The price of the shares declines in conjunction with a bonus issue but, through the increase in the number of shares, the shareholder retains an unchanged market value for his or her invested capital. Another method of carrying out a bonus issue is for the company to re-denominate the shares. Following a write-up, the shareholders have an unchanged number of shares and market value for their invested capital.

A company limited by shares can also carry out a directed new issue, which is carried out as a new issue but directed solely to a limited group of investors. Companies limited by shares can also carry out non-cash issues of new shares in order to acquire other companies, business operations, or assets other than cash. In conjunction with both directed issues and non-cash issues, dilution takes place of an existing shareholder’s portion of the voting capital and share capital in the company, but the number of held shares and the market value of the invested capital is not affected.

Investments in shares always entail some degree of risk. Be aware that:

(a) Some investments in shares cannot easily be sold or converted to cash. Check to see if there is any penalty or charge if you must sell an investment quickly.

(b) Investments in stock issued by a company with little or no operating history or published information involves greater risk than investing in a public company with an operating history and extensive public information. There are additional risks if that is a low priced shares with a limited trading market, e.g., so-called penny shares.

(c) Shares are not federally insured against a loss in market value.

(d) Shares you own may be subject to tender offers, mergers, reorganizations, or third-party actions that can affect the value of your ownership interest. Pay careful attention to public announcements and information sent to you about such transactions. They involve complex investment decisions. Be sure you fully understand the terms of any offer to exchange or sell your shares before you act.

(e) The greatest risk in buying shares of stock is having the value of the stock fall to zero. On the other hand, the risk of selling shares short can be substantial. ‘Short selling’ means selling stock that the seller does not own, or any sale that is completed by the delivery of a security borrowed by the seller. Short selling is a legitimate trading strategy, but assumes that the seller will be able to buy the stock at a more favorable price than the price at which they sold short. If this is not the case, then the seller will be liable for the increase in price of the shorted stock, which could be substantial.

Share-index bonds are bonds the profit on which normally depends on a share index. If the index develops positively, so does the return. In the event of a decline in the index, there may be no return. However, the face value of the bond is always repaid on the maturity date.

Depository receipts are a substitute for foreign shares and entitle the holder to the same rights as a holding of the actual shares.

Convertible debentures are fixed income securities which may be exchanged for shares within a certain period of time. The return on the convertible debentures, i.e. the coupon interest, is normally higher than the dividend on the shares received in exchange. The price of convertible debentures follows the share price but is expressed as a percentage of the face value of the convertible debenture.

There are share and share-index options. Certain call and put options with longer terms until expiration, which are normally referred to as warrants, are traded on the stock exchange. Warrants may be used in order to purchase or sell underlying shares or, in other cases, provide a cash return if a profit arises in relation to the price of the underlying share.

Subscription warrants for shares may be exercised within a certain period of time in order to subscribe for corresponding newly issued shares.

FIXED INCOME INSTRUMENTS

A fixed income financial instrument represents a claim against the issuer of the instrument. Return is normally provided in the form of interest. There are various types of fixed income instruments depending on the issuer that has issued the instrument, the security provided for the loan by the issuer, the term until the maturity date, and the type of payment of interest.

The interest on a bond (the coupon) is normally paid annually. On certain types of bonds, interest is paid in a lump sum only upon the maturity date of the bond. These types of bonds are referred to as zero coupon bonds.

Another type of interest payment is that, instead of paying interest, the instrument is sold at discount (discount paper). Upon sale, the price of the instrument is calculated by discounting the bond amount, including calculated interest, to current value. The current value or the price is lower than the amount received upon maturity (the face value). Certificates of deposit and treasury bills are examples of discount paper.

Another form of fixed income bond consists of the State's premium bonds, in which interest on the bonds is distributed by lottery among the holders of premium bonds. There are also fixed income instruments and other forms of saving in which the interest is protected against inflation and the investment thus yields a fixed real interest.

Trading bonds may not be appropriate for all investors. Although bonds are often thought to be conservative investments, there numerous risks involved in bond trading.

There is a credit risk involved with trading bonds.

When you purchase a corporate bond, you are lending money to a company. There is always the risk that the issuer will go bankrupt. If this happens, you will not receive your investment back. This is a risk of which you must be aware. Credit risk is figured into the pricing of bonds.

If an issuer 'calls' a bond, your investment will be paid back early. Certain bonds are callable and others are not, and this information is detailed in the prospectus. If a bond is callable, the

prospectus will detail a ‘yield-to-call’ figure. Corporations may call their bonds when interest rates fall below current bond rates.
A ‘put’ provision allows a bondholder to redeem a bond at par value before it matures. Investors may do this when interest rates are rising and they can get higher rates elsewhere. The issuer will assign specific dates to take advantage of a put provision. Prepayment risk is figured into the pricing of bonds.
The rate of the yield to call or maturity of the bond may provide a negative return over the rate of inflation for the period of the investment. You must be aware that as the inflation rate rises, so do interest rates. Although the yield on the bond increases, the price of the actual bond decreases. Changes in interest rates during the term of any bond may affect the market value of the bond prior to call or the maturity date.
There are also other fixed income instruments with security inferior to bonds, e.g. corporate bonds and subordinated debentures. These instruments thus entail a higher risk if the issuer encounters difficulties in redeeming the instrument. For example, a subordinate bond, in the event of liquidation, is prioritized lower than other classes of bonds. A subordinate bond may be an unsecured bond, which has no collateral. Should the issuer be liquidated, all secured bonds and similar debts must be repaid before the subordinated bond is repaid. A subordinate bond therefore, carries higher risk than other classes.
There is an interest rate risk associated with bonds.
Market interest rates are established every day both for instruments with short terms until maturity (less than one year), e.g. treasury bills, and for instruments with longer terms until maturity, e.g. bonds. This takes place on the money market and bond market. Market interest rates are affected by analyses and assessments conducted by the Central Banks of different Countries and other major institutional market players regarding short-term and long-term trends with respect to a number of economic factors such as inflation, state of the economy, and interest rate changes in countries.
The financial instruments traded on the money market and bond market (treasury bills, treasury bonds, and bonds issued by home loan institutions) are often traded in large amounts.
If market interest rates increase, the price of already issued fixed income financial instruments will fall if they provide fixed interest, since new bonds are issued bearing rates of interest that follow current market rates of interest and thereby provide a higher rate of interest than the already issued instruments. And vice versa, the price of already issued instruments increases when market interest rates decline.
Bonds issued by the State and municipalities are deemed to be risk-free with respect to redemption. Issuers other than the State and municipalities must, in conjunction with the issuance of bonds, provide security in the form of other financial instruments or other property (security in the form of property or real security).
If you are uncomfortable with any of the risks involved, you should not trade bonds.

Before trading any particular bond, you should understand the exact terms and conditions of the bond, including its credit rating, its maturity, its rate and yield, whether it is callable, and other relevant information.

DERIVATIVES

A derivative is a financial instrument:

(a) whose value changes in response to the change in a specified interest rate, security price, commodity price, foreign exchange rate, index of prices, a credit rating, or similar variable (the underlying);

(b) that requires no initial net investment or little initial net investment relative to other types of contracts that have similar responses to changes in market conditions; and

(c) that is settled at a future date.

Common types of exchange-traded derivatives are futures and options.

A futures contract is a legally binding agreement between two parties to purchase or sell in the future a specific quantity of underlying asset at a certain price. The price at which the contract trades (the 'contract price') is determined by relative buying and selling interest on a regulated exchange.

Futures contracts may be settled either by physical delivery of the underlying security or settled through cash settlement. Futures contracts can be used for speculation, hedging, and risk management. Futures contracts do not provide capital growth or income.

Futures trading is speculative and highly volatile. Price movements for futures are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; weather and climate conditions; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the psychological emotions of the market place. None of these factors can be controlled by us and no assurances can be given that its advise will result in profitable trades for you or that you will not incur substantial losses.

Futures trading can be highly leveraged. The low margin deposits normally required in futures trading permit an extremely high degree of leverage. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial loss or gain to you. Thus any future trade may result in losses in excess of the amount invested.

Futures trading may be illiquid.

An option is a contract that gives the buyer a right, but not the obligation, to buy or sell an asset at a particular price, on or before a specified date. Options are divided into call options and put options. A call option is an option to buy an asset for a specified price (called strike price), on or before a specified date. A put option is an option to sell an asset for a specified price on or before a specified date. The buyer of an options contract is said to be long, or the holder or owner of the contract. The seller of an options contract is said to be short, or writer of the contract. The cost of the option to the buyer is called the premium.

Purchasers and sellers of options should familiarize themselves with the type of option (i.e., put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin. If the purchased options expire worthless, you will suffer a total loss of your investment. If you are contemplating purchasing deep out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling (‘writing’ or ‘granting’) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller being obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin. If the option is ‘covered’ by the seller holding a corresponding position in the underlying interest or a future or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

Common types of off-exchange derivatives are forwards and CFDs.

A forward is a non-standardised contract between two parties to buy or sell an asset at a specified future time at a price agreed today. Forward contracts are very similar to futures contracts, except they are not exchange-traded, or defined on standardized assets. Persons who need to close position on forwards prior their maturity are likely to receive less than the amount of their initial investment. Therefore, forwards with longer maturities may be subject to greater liquidity risk than forwards with a shorter maturity period.

A contract for difference (CFD) allows you to speculate on the price difference of an underlying (e.g. shares, commodities, indices) without acquiring it. The market price of a CFD reflects the price of the underlying. The gain or loss of a CFD reflects the difference between the market price of the underlying, at the time of the agreement and the time of liquidation of the CFD. For the calculation of the total gain/loss eventual commissions, financing costs and possible corporate actions need to be taken into consideration. A CFD is to secure a profit or to avoid a loss by reference to fluctuations in the price of the underlying rather than by taking delivery of any underlying. No CFD will confer on you any right, titles or interest in any underlying or entitle you to acquire, receive, vote, hold or participate directly in any corporate actions. Each of the types of the underlying has risks that are specific to that underlying type, including in terms of price fluctuations and market liquidity.

Off-exchange derivatives are not listed on an exchange and are OTC products. They are not cleared on a central clearinghouse. Thus, exchange and clearing house rules and protections do not apply.

Since an off-exchange derivative is a bilateral contract, you are exposed to the financial and business risk associated with dealing with the other party to a contract. While some off-exchange markets are highly liquid, transactions in off-exchange derivatives may involve greater risk than investing in on-exchange derivatives (including structured products) because there is no exchange market on which to close out an open position. It may be impossible to liquidate the existing position, to assess the value of the position arising from an OTC transaction.

A swap is a derivative where parties to a contract exchange one stream of cash flow against another. These payment streams are called the legs of the swap. The cash flows are calculated over a notional principal, or asset amount. Swaps can be traded either on or off exchange.

Participants buying derivatives are generally required to put some collateral (or margin) aside to mitigate the risk of not fulfilling their obligations under the relevant derivative contract. These margin requirements are set and explained in the market rules adopted by relevant exchanges or agreed between the parties to a derivative transaction and are subject to change. In relation to exchange-traded derivatives, after the trades have been confirmed and registered, the clearing house becomes the legal counterparty, generally via the process called novation, to the trade. Therefore, in conjunction with the exchanges, the clearing houses will manage and define margining rules and procedures which are also part of the relevant market rules. In addition, where you trade derivatives through a market intermediary with whom you hold any cash or assets, your securities and cash balances may be subject to security interests created in favour of that market intermediary.

In the event you become unable to make any payments or deliveries, an exchange, clearinghouse or a market intermediary may be entitled to sell your securities to recover funds or to apply your cash available to satisfy your obligations without prior notice to you.

You shall also be aware that normal pricing relationships between the underlying asset and a derivative do not always exist. There may be volatility in the price of the specific derivative contact and/or limitations on the available market for such instrument. The absence of an underlying reference price may make it difficult to determine a 'fair' value.

Derivatives are complex instruments and carry a high degree of risk. Derivative markets are highly volatile. It is possible to lose substantial sums of money if they are not managed correctly. You understand that by entering into transactions in derivatives you assume additional obligations, including contingent liabilities, additional to the cost of acquiring such derivatives. As with any high risk financial instrument one should not risk any funds it/he/she cannot afford to lose. You must carefully monitor your derivative positions at all times.

INVESTING IN STRUCTURED PRODUCTS

Structured products are complex financial instruments that may not be appropriate for all members of the public. You shall make sure you understand the specific risks associated with each structured product prior to trading. Each of the types of the underlying to a structured product has risks that are specific to that underlying type, including in terms of price fluctuations and market liquidity, and that shall be continuously monitored.

Structured products may be OTC products. As such they are not listed on an exchange and are not cleared on a central clearinghouse. Thus, exchange and clearing house rules and protections do not apply. Since off-exchange structured products are bilateral unsecured contracts, you are fully exposed to the financial and business risk associated with dealing with the other party to a contract. While some off-exchange markets are highly liquid, transactions in off-exchange structured products may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate the existing position, to assess the value of the position arising from an OTC structured product.

Some structured products impose limits and barriers that affect their returns. With barriers, a structured product may not offer any return if a barrier is broken or breached during the term of the structured product. Conversely, some structured products may not offer any profit unless certain thresholds are achieved. Some structured products impose maximum income limits so even if the underlying assets generate a return greater than the stated limit, you will not be able to realize that excess return. Structured products also may have participation rates that describe your share in the return of the underlying assets. Participation rates below 100% mean that you will in any case realize a return that is less than the return on the underlying asset.

Some structured products are intended to be held for their entire term. In that case, your right to terminate the product before maturity without suffering loss to the original investment will not be guaranteed.

In some structured products a right to the coupon only crystalises on a contract exercise date. As a result, you may not know whether you will receive a coupon until that date.

No structured product will confer on you any right, titles or interest in any underlying or entitle you to acquire, receive, vote, hold or participate directly in any corporate actions.

Your investment return on a structured product, if any, may be less than a comparable investment made directly in the underlying to that product.

We and our affiliates may play a variety of roles in connection with the issuance and distribution of structured products, and may also hedge our or their respective obligations in relation to those products. In doing this, our economic interests and the economic interests of our affiliates are potentially adverse to your interests as an investor in the product. It is possible that hedging or trading activities of our affiliates may result in substantial returns while the value of the underlying asset goes down.

INVESTING IN MUTUAL FUNDS

We recommend that you carefully read the mutual fund's prospectus prior to investing in the shares of a mutual fund. The prospectus contains important information about the fund's objectives, investment strategies, risks and expenses. Please note that we cannot verify or otherwise guarantee the accuracy or completeness of any mutual fund prospectus, statement of additional information, report to shareholders or proxy solicitation materials.

Fund shareholders receive a number of shares in the fund equal to the portion of the total capital of the fund represented by the invested capital. The shares may be bought or sold at securities institutions that sell shares in the fund. The current value of the shares is calculated periodically by a fund's administrator and is based on changes in the prices of the financial instruments held by the fund. The fund's shareholders don't have to deal with choosing, buying or selling fund's investments or with administrative work associated therewith.

A mutual fund's past performance is no indication of future results. A mutual fund's performance can change over time depending upon a variety of market conditions and share prices can fluctuate on a daily basis. Your investment may be worth more or less than your original cost when you redeem your shares.

Mutual funds that invest in international securities can carry certain risks, including, but not limited to, political and economic instability, fluctuations in currency exchange rates, foreign taxes, and differences in regulatory requirements and financial accounting standards. Prior to making an investment decision, you are encouraged to carefully read the prospectus of any mutual fund that invests internationally.

Some funds may require a minimum holding period for their shares. Some funds charge an early redemption fee if they are sold before a stated holding period ends. Some mutual funds impose marketing and shareholder servicing fees. We may receive a portion of these fees as compensation for shareholder and marketing services rendered. Please always refer to the fund's prospectus and the statement of additional information (where applicable) or visit the fund's website to see if these conditions apply.

UNRATED/NON-PUBLICLY OFFERED SECURITIES

When you invest in unrated/non-publicly offered debt securities and unlisted equities and debentures, you may be exposed to a higher credit and liquidity risks. In general, you will have access to less reliable, less detailed and less complete information about the issuers. There may be no obligation for the companies to publish financial information, thus limiting your ability to carry out due-diligence or gain full knowledge on potential investments. Moreover, the general quality of data published by a company may not be as complete or adequate as or may even be below that published through a regulated market. Due to these circumstances you may be obliged to make investment decisions and investment valuations on the basis of financial information that will be less complete and reliable than would be accustomed or required or as otherwise expected in the regulated markets or in relation to public offerings.

FOREIGN CURRENCY AND EXCHANGE RATES

Foreign markets will involve different risks from the domestic markets. In some cases the risks will be greater and/or additional or different l risks may be assumed by investors than those risks of domestic markets or in domestic currency. Investments in foreign securities may expose investors to the risk of exchange rate fluctuation and investors who deposit collateral denominated in one currency may be subject to margin calls in circumstances where the obligations secured by such collateral are denominated in another currency (in addition to the risk of margin calls for fluctuations in relative values). Some currencies are not freely convertible and restrictions may be placed on the conversion and/or repatriation of investors' funds including any profits or dividends.

OFF-EXCHANGE TRANSACTIONS

Where we are permitted to effect off-exchange transactions we or any of our affiliates may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with the applicable rules and attendant risks.

SECURITIES LENDING

There are risks inherent in securities lending, including the risk of failure of the other party to comply with the terms of the agreement as regards payments to be made or securities to be delivered to the other party. Such failure can result in the inability of the lender to return the securities deposited and the possible loss of corporate benefits accruing thereon.

In addition to the above, the risks inherent in securities lending include the following:

(a) your rights, including any proprietary rights that you may have had, in loaned securities will be replaced by an unsecured contractual claim to the borrower for delivery of securities equivalent to the loaned securities and in the event of insolvency or default of the borrower your claim against the borrower will be subject to the terms of applicable law and contract and, accordingly, you may not receive equivalent securities or recover the full value of the loaned securities;

(b) as a result of you ceasing to have a proprietary interest in the loaned securities you will not be entitled to exercise any voting rights attached to the loaned securities, and even if the borrower has agreed to exercise such voting rights in accordance with your instructions, in the event that the borrower does not hold and is not able to readily obtain equivalent securities, it may not be able to comply with your instructions;

(c) in the event that the borrower is not able to readily obtain equivalent securities to deliver to you at the time required: you may be unable to fulfil your settlement obligations under a hedging or other transaction you have entered into in relation to those equivalent securities; a counterparty or other person may exercise a right to buy-in the relevant securities; and you may be unable to exercise rights or take other action in relation to those equivalent securities;

(d) in the event that a competent authority acting as a competent resolution authority exercises its powers under any relevant resolution regime in relation to the borrower, any rights you may have to take any action against the borrower, such as to terminate the agreement, may be subject to a stay by the relevant resolution authority and your claim for delivery of equivalent securities may be reduced (in part or in full) or converted into equity or a transfer of assets or liabilities may result in your claim on the borrower, or its claim on you, being transferred to different entities, although you may be protected to the extent that the exercise of resolution powers is restricted by the availability of set-off or netting rights;

(e) where you receive or are credited with a payment by reference to dividend, coupon or other income payable in relation to any loaned securities, your resulting tax treatment may differ from your initial tax treatment in respect of the original dividend, coupon or other payment in relation to those loaned securities.

MARGIN TRADING

Where you request margin trading services, intraday credit allowance will be provided to you. This will enable you to purchase or sell more securities than the cash or securities balance in your regular account would otherwise permit. The amount of securities bought or sold may considerably exceed the value of your initial deposit. You understand that while such trades may give a greater opportunity for profit, it is also of a higher degree of risk. With these trades, not only gains but losses may be magnified.

If the market value of the securities in your margin account declines, you may be required to deposit more money or securities at short notice in order to maintain your line of credit. In the extreme event that the securities purchased on credit decline to zero, you would need to deposit the full initial value of the securities in cash to cover the loss. If you are unable to do so, a service provider may sell all or a portion of assets held in your account.

A margin account is essentially a loan account in which interest is charged on the outstanding balance of the loan. The interest charges are applied to your account unless you decide to make payments. Over time, your debt level increases as interest charges accrue against you. As debt increases, the interest charges increase, and so on. Therefore, the longer you hold an investment, the greater the return that is needed to break even. If you hold an investment on margin for a long period of time, the odds that you will make a profit are stacked against you.

A service provider may be entitled to mandate margin requirements or limit on how much you can borrow and to change these requirements or limit at any time without consulting you in advance.

In addition, where you trade on margin your securities and cash balances may be subject to the security interests created in favour a service provider. In the event you become unable to make any payments or deliveries, the service provider may be entitled to sell your securities to recover funds or to apply your cash to satisfy your obligations without prior notice to you.

REPURCHASE TRANSACTIONS

A repurchase transaction means a transaction in which the seller agrees to sell to the buyer securities (known as purchased securities) against the payment of the agreed price (known as purchase price) by the buyer to the seller, with a simultaneous agreement by the buyer to sell to the seller securities equivalent to the originally sold securities (equivalent securities), at a certain date or on demand against the payment of the agreed price (known as repurchase price) by the seller to the buyer.

Where you sell securities under a repo, the full ownership of the purchased securities will be transferred to the buyer. You will therefore, be exposed to the risk of failure by the buyer to comply with the terms of the transaction in part or at all. Such failure can result, inter alia, in the inability to return to you equivalent securities and the possible loss of corporate benefits accruing thereon. Where you buy securities under a repo, you will also become exposed to the risk of failure by the seller to pay to you the repurchase price.

In addition to the above, the risks inherent in repurchase transactions include the following:

(a) your rights, including any proprietary rights that you may have had, in purchased securities sold will be replaced by an unsecured contractual claim against the buyer for delivery of equivalent securities;

(b) in the event of insolvency or default by the buyer your claim against the buyer for delivery of equivalent securities will not be secured and will be subject to the terms of applicable contract and law and, accordingly, you may not receive such equivalent securities or recover the full value of the purchased securities;

(c) as a result of you ceasing to have a proprietary interest in the purchased securities sold, even if the buyer has agreed to exercise voting rights in accordance with your instructions, in the event that the buyer does not hold and is not able to readily obtain equivalent securities, the buyer may not be able to comply with your instructions;

(d) in the event that the buyer is not able to readily obtain equivalent securities to deliver to you at the time required, you may be unable to fulfil your settlement obligations under a hedging or other transaction you have entered into in relation to those equivalent securities; and/or a counterparty or other person may exercise a right to buy-in the relevant securities; and/or you may be unable to exercise rights or take other action in relation to those equivalent securities;

(e) in the event that a competent resolution authority exercises its powers under any relevant resolution regime in relation to the other party to a repo any rights you may have to take any action against the other party, such as to terminate our agreement, may be subject to a stay by the relevant resolution authority and your claim for delivery of equivalent securities or payment of the repurchase price may be reduced (in part or in full) or converted into equity or a transfer of assets or liabilities may result in your claim on the other party, or the other party's claim on you, being transferred to different entities;

(f) where you receive or are credited with a payment by reference to dividend, coupon or other income payable in relation to any purchased securities, your tax treatment may differ from your tax treatment in respect of the original dividend, coupon or other payment in relation to those purchased securities;

(g) if the market value of the purchased securities you have sold declines, you may be required to deposit more money at short notice. In the extreme event that the purchased securities sold decline to zero, you would need to deposit the full initial value of the purchased securities in cash to cover the loss;

(h) where you hold any cash or assets with the other party to a repo, your securities and cash balances may be subject to the security interests created in favour of the other party. In the event you become unable to make any payments or deliveries, the other party may be entitled to sell your securities to recover funds or to apply your cash to satisfy your obligations without prior notice to you.

STABILISATION

You may enter transactions in newly issued securities in respect of which we or any of our affiliated persons is the stabilisation manager and the price of which may have been influenced by measures taken to stabilise it. Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. Some regulators allow stabilisation in order to help counter the fact that when a new issue comes onto the market for the first time, the price can sometimes drop for a time before buyers are found. As long as the stabilisation manager follows applicable regulations, it is entitled to buy back the securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation. The stabilisation rules:

(a) limit the period when a stabilisation manager may stabilise a new issue;

(b) fix the price at which the issue may be stabilised (in the case of shares and share options, but not bonds); and

(c) require disclosure of the fact that a stabilisation manager may be stabilising but not that it is actually doing so.

The fact that a new issue is or a related security is being stabilised should not be taken as any indication of the level of interest from investors, nor of the price at which they are prepared to buy the securities.

EMERGING MARKETS

Investors should be aware that there may be potential risks posed by volatile political, legal and commercial conditions in emerging markets which may affect the value of or result in the loss of investments. The quality and reliability of official data published by governments and their agencies in emerging markets might not be equivalent to that available in developed markets. In addition, the absence of developed securities markets as well as potentially underdeveloped banking and telecommunications systems in such countries may give rise to greater custody, settlement, clearing and registration risks. Foreign investment in issuers in emerging markets may be restricted - sometimes such restrictions may not be published and investors may not be readily made aware of them. In such circumstances, there may be restrictions on repatriation of capital or an investment may have to be scaled down to comply with local foreign ownership restrictions.

Emerging markets may lack a fully developed legal system and the body of commercial law and practice normally expected to be found in countries with more sophisticated financial markets. Local laws affecting foreign investments continue to evolve in substance and interpretation, however this development might not always be positive for foreign investments as interpretation of the law sometimes might be arbitrary. Laws and regulations affecting foreign investments might change quickly and unpredictably. Additional legal uncertainties arise from various local, regional and national laws and there is a lack of judicial or legislative guidance or interpretation on unclear or conflicting laws. Additionally, government authorities have a broad discretion on the implementation of the laws. Effectively, this means that there is no guarantee that investors can operate in a stable legal or regulatory environment. Having to comply with conflicting and/or arbitrary laws might have an adverse effect on the investments. In addition, the rights of minority shareholders investing in equities have been given less protection than in more developed countries. There may also be no centralised system for recognising documents of title. Inability to prove or defend their title could adversely affect the investors. The rules in emerging markets with respect to regulating ownership, control and corporate governance may be seen as inadequate and may confer less protection for investors as compared to more developed economies and financial instrument may or may not be held in omnibus accounts and/or through intermediaries. There may be no or few restrictions for the company's management to terminate existing business operations, sell assets or in other ways materially impact the value of a company. Anti-dilution protection is also limited. Redress for violation of shareholder rights may not be as readily available as in developed countries.

Trading in securities on emerging markets may be halted or be subject to trading suspensions caused by extraordinary market volatility or other market disruption or force majeure events. There can be no assurance that the requirements of the market, necessary to maintain the listing of any securities will continue to be met or will remain unchanged.

TAXES

As an investment holder, you may receive taxable income in the form of distributions and/or capital gains on your investment. We do not provide tax advice. You should consult with your tax advisor in order to determine the impact of taxes on your investments.

TRADING FACILITIES

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the one or more parties, namely the system provider, the market, the clearing house or member firms. Such limits may vary. You should always ask for details in this respect before conducting your transactions.

ELECTRONIC TRADING

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or not executed at all.

EXTENDED HOURS TRADING

Increased trading opportunity means increased ability to react to news and earnings reports that occur during pre- and post-market sessions. However the extended hours trading involves material trading risks, including the possibility of the following:

(a) Risk of timing of order entry. All orders entered and posted during extended-hours trading sessions must be limit orders. You must indicate the price at which you would like your order to be executed. By entering the price, you agree not to buy for more or sell for less than the price you entered, although your order may be executed at a better price. Your order will be executed if it matches an order from another investor or market professional to sell or purchase on the other side of the transaction. In addition, there may be orders entered ahead of your order by investors willing to buy or sell at the same price. Orders entered earlier at the same price level will have a higher priority. This means that if the market is at your requested price level, an order entered prior to your order will be executed first. This may prevent your order from being executed in whole or in part.

(b) Risk of execution pricing. For extended-hours trading sessions, quotations will reflect the bid and ask currently available through the utilized quotation service. The quotation service may not reflect all available bids and offers posted by other venues, and may reflect bids and offers that may not be accessible through us or respective trading partners. This quotation montage applies for both pre- and post-market sessions. Not all systems are linked; therefore you may pay more or less for your security purchases or receive more or less for your security sales through an exchange or market than you would for a similar transaction on a different exchange or market.

(c) Risk of lower liquidity. Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, or not at all.

(d) Risk of higher volatility. Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, your order may only be partially executed or not at all.

(e) Risk of changing prices. The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening the next morning. As a result, you may receive a price in extended hours trading which is inferior to that you would obtain during regular market hours.

(f) Risk of unlinked markets. Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours trading system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive a price in one extended hours trading system inferior to one you would obtain in another extended hours trading system.

(g) Risk of news announcements. Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the, price of a security.

(h) Risk of wider spreads. The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity arid higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

(i) Risk of duplicate orders. There is a risk of duplicate orders if you place an order for the same security in both an extended-hours session and the regular trading session, even if that order is a day order. Orders executed during regular trading hours may not be confirmed until after the post-market extended trading session has already begun. Similarly, orders executed in the pre-market session may not be confirmed until after regular trading has begun.

(j) No Support. We do not have customer service 24 hours. This means that we will not answer client calls during much of the pre- and post-market trading sessions. This greatly increases the risk of loss if you make an error or if there is a system issue because no one will attend to your call until the beginning of customer service hours. You are solely responsible for any loss that occurs in its account for any reason during the non-core session.