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Lenno Global Advisory JSC

Review of the Financial Instruments and the Risks Related to Them

2019

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Financial Instruments and Risks

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The Investment intermediary Lenno Global Advisory JSC (hereinafter referred to as "II" or "LGA" JSC) recommends to its clients to get acquainted with the information, containing herein, prior to entering into contractual relations with LGA JSC, and to ascertain that they are fully cognizant with the financial instruments part of the investment services offered by LGA JSC and the nature of the risks related to them.

The present overview of both the general and specific risks involved in investing in financial instruments shall be for the purpose of identification of the basic risks for the investor, rather than their assessment, nor the probability of their occurrence, or techniques to eliminate or reduce risks.

The review of the financial assets hereunder is prepared in full accordance with art. 10 of Regulation 38 for the requirements to the activity of investment firms, and is consistent with the type of clients of II, and is suitable for professional or non-professional clients..

Considering the potential risks, it is recommended for the clients of the II to conclude transactions with financial instruments solely on the basis of their awareness of the nature of the contracts, legal relationships, and level of risk exposure related to the contracts subject to transactions. The clients must carefully consider whether the relevant transaction with financial instruments shall be appropriate for them, taking into account their experience, investment objectives, financial limits, and other relevant circumstances.

Where the financial instruments are admitted to trading on a regulated market, it is recommended for the investors to be aware of their or of other similar financial instruments' transactions historical data for the purpose of clearer understanding of the risks, described below.

In addition to the risks related to investing in financial instruments, investors should be well-informed about the nature and specifics of the risks related to the business activity of the financial instruments issuers. The risks vary with each issuer and usually are described in detail in prospects, memorandums, or other documents prepared by an issuer in the course of issuing financial instruments and/or admitting the latter to trading on a regulated market.

Financial instruments according to the Markets in Financial Instruments Act, are:

1. Transferable securities;;

2. Instruments other than securities:

a) money market instruments ;

b) shares in collective investment undertakings;

c) options, futures, swaps, forward fixed interest-rate contracts and any other derivative contracts relating to securities, currencies (with the exception of those identified in accordance with Article 10 of the Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (Delegated Regulation (EU) 2017/565) (OJ, L 87/1 of 31 March 2017), with interest rates or yield, with emission allowances or other derivative instruments, financial indices or financial indicators that may be physically settled or cash settlement may be effected;

d) options, futures, swaps, forward fixed

interest-rate contracts, and any other derivative contracts relating to commodities for which cash settlement shall be made or cash settlement may be made at the request of one of the parties, except for in the cases of non-performance or other grounds for termination of the contract;

e) options, futures, swaps, and any other derivative contract relating to commodities that may be physically settled when traded on a regulated market, multilateral trading facility (MTF) or an organised trading facility (OTF), except for wholesale energy products traded on OTF which must be physically settled, as determined in accordance with Article 5 of Delegated Regulation (EU) No. 2017/565;

f) options, futures, swaps, forward contracts, and any other derivative contracts relating to commodities that may be physically settled, other than those referred to in item 6, which are not intended for commercial purposes and have the characteristics of other derivative financial instruments under Article 7, paragraphs 1, 2 and 4 of Delegated Regulation (EU) 2017/565c;

g) derivative instruments for the transfer of credit risk;

h) financial contracts for differences;

i) options, futures, swaps, forward interest-rate agreements and any other derivative contracts related to climate changes, freight rates or inflation rates or other official economic statistic indicators, for which cash settlement must be effected or for which cash settlement may be effected at the request of one of the parties (excluding the cases of non-compliance or other grounds for termination of the contract), and any other derivative contracts relating to assets, rights, obligations, indices and indicators, other than those referred to in this article, which have the characteristics of other derivative financial instruments, depending on whether they are traded on a regulated market, an MTF or OTF, and determined in accordance with Article 7, paragraph 3 and Article 8 of Delegated Regulation (EU) No. 2017/565;

j) emission allowances, consisting of any units recognised as conforming to the requirements of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Directive 96/61/EC (emission trading scheme) (Directive 2003/87/EC).

Taking into consideration the legal definitions stated above, LGA JSC shall specify in detail the financial instruments, subject to transactions by II.

SHARES

A share is a title of ownership, certifying that its owner or bearer participates in the capital stock of a company and is entitled to a quota share of the company's profits. Shares entitle their owner to one vote commensurate to the face value of the share. Shares entitle their holder to one vote in the Shareholders' General Meeting, to a dividend, to a liquidation share, and to right to participate in the capital increase of the company, commensurable with the face value of the shares. Dividends are not guaranteed, as the company may resolve not to pay dividends or to pay the latter in lesser amount vis-a-vis previous periods.

Shares trading exposes investors to various

types of risks, such as:

Price risk. Price risk is the general risk in shares investing as it represents the risk of losses due to change in shares prices. The value of the shares, admitted to trading on a regulated market, is determined by the supply and demand, as their price may be increased or decreased. Prices may fluctuate and fell below the price at which investors have acquired shares. Stock market prices are affected by publicly announced corporative events and financial results, as the latter may be unsatisfactory with the expectations of the market. Prices may be affected by macroeconomic data or other factors.

Liquidity risk. Liquidity risk refers to the ability for a share to be bought or sold in short terms without causing significant disturbance on its stock price. Liquidity depends basically on the so-called free-float (the total number of the issued free trading shares), the presence of buyers and sellers on the market and an acceptable spread between "buy" and "sell". Investors with short-term investment horizon might not successfully close the whole or part or of their investment at a preferable moment and/or to be forced to sell/buy shares at a significantly unfavorable price variance compared to their current fair value or latest stock market price. This might lead to an impossibility for reaching capital gains or for losses prevention by the investors.

Inflationary risk. Every company's shares are exposed to risk related to decreasing of their real value as a result of inflation increase, i.e. this risk is related to the probability of the inflation to affect the real return of an investment in shares of a company.

Currency risk. It occurs in the event of shares denomination in a currency, other than the base currency of the investors' investment portfolio. The authority of Currency Board and the fixed exchange rate between BGN and EUR eliminates the currency risk for investors, whose investments are in shares, denominated in BGN or EUR. Currency risk may be reduced by using currency instruments for its minimization (hedging). An investor who trades shares in non-Eurozone financial markets shall be exposed to significant currency risk.

Technology risk. In the event of communication systems breakdown, shares transactions might be technically impossible for short or long term.

Market risk. Market risk in shares transactions includes, on one hand, both the possibility of fluctuation of the price and relative volatility that might lead to gains or significant losses for the investors and, on the other hand, the absence of a guarantee for the protection of the investment.

Dividend non-payment risk. The dividend of a share depends basically on the profit realized by the issuer company during the financial year. By reason of that or due to a resolution of the issuer company dividend amount may be reduced or such may not be distributed.

Settlement risk. Settlement risk is a risk of delay or non-performance of corresponding obligations for delivery of cash or financial instruments, and in the event of occurring may result in losses suffered and loss of profit.

The risk of leverage. Buying securities by using borrowed capital shall significantly increase both the potential profits and losses of the investments.

Business risk. This risk means changes in the intentions of the majority shareholder of the equity capital of the issuer company. Shares investment exposes the investors to the risk of occurring potential changes in the interests of the majority shareholder,

which may affect unfavorably the business activity of the company and the interests of the minority shareholders, as well.

RIGHTS

Rights are financial instruments which entitle their holder to subscribe shares under a resolution for an equity capital increase of a public company. Rights ensure the equality of the shareholders upon equity capital increase of the issuer company. Practically, rights are short-term or long-term securities, whose profitability depends on the expected yield of the relevant share class. They are dematerialized, as the relevant shares, and are admitted to trading on the Bulgarian Stock Exchange JSC. They are regulated by the Public Offering of Securities Act. Excluding the risk related to investing in shares (specified above), an additional risk related to investing in rights, should be taken into consideration, namely the risk of full loss of the investment value within the short rights period, if the exercising the rights results in inappropriateness due to a trend of decreasing of the shares price below the subscription price stated in the resolution for equity capital increase of the issuer company.

WARRANTS

The Warrant is security which entitles its holder to subscribe a certain number of securities at a predetermined or determinable issue price within a certain period. Warrants exercise may result in issuing new shares and cash generation for the issuer of the underlying security.

BONDS

Bonds are debt securities that certify the issuer's obligation to repay them on a certain date as well as repayment of an interest or bond discount income. Usually, bond issuers are private companies, banks, municipalities or states.

Investing in bonds is characterized by the following specific risks:

Credit risk. Bondholders are exposed to a risk of full or partial non-payment of the respective interest payments and/or principal of the bond loan by the issuer at maturity. The risk assessment concerns exclusively the business activity of the issuer as well as the risks related to the business activity of the issuer. Credit rating is an index for the credit risk of an issuer company or state and is certified to the issuer by internationally recognized credit agencies like Moody's, Standart & Poors, Fitch, and others. Credit risk may be limited by bonds collateralization. However, even in such cases, investors should take into account the credibility of the issuer, if possible;

Interest rate risk. This risk arises from the uncertainty of the interest dynamics, as the latter affect materially on the results from the investments. Interests are a key factor in bond pricing formula, and as a result, the assessment of interest rate risk is limited to assessment of the dependence between bonds price change and their profitability on the basis of the return rate, demanded by the investor;

Reinvestment risk. This is the potentiality for the cash receipts (payments), received within the period of holding the debt securities (bonds), to be reinvested at a yield other than the yield to the maturity of the initial investment in the bonds. Reinvestment risk is directly related to interest rate fluctuations, as the interest

rate increase shall reduce the risk, and vice versa.

Prepayment risk exists for buyback bonds. In this event, the issuer is entitled, following a certain period of time, to demand from the bondholders to repurchase of the issued bonds, as in this case the investor may not fulfill his or her initial investment intentions and realize the expected return in full.

Conversion risk. This risk exists when, under the terms of the issue, an option for conversion of the bonds into shares is provided at the issuer's initiative prior to or at maturity. As a result of the conversion, the investor acquires another financial instrument instead of the expected cash receipts and thus also may not fulfil his or her initial investment intentions.

Liquidity risk. Liquidity risk refers to the ability for an asset to be bought or sold in short terms without causing a significant disturbance on its stock price. Liquidity depends on the number of the issued bonds, the renown of the issuer and market which the bonds are admitted to trading on.

Currency risk. Currency risk refers to bonds whose repayments are made in a currency other than the local currency of the investor. Currency risk increases proportionately to the depreciation of the currency in which the bonds are denominated.

Inflation risk. Risk of reduction of the purchase price of interest payments in the events of increasing inflation.

The risk of leverage. Buying securities by using borrowed capital shall significantly increase both the potential profits and losses of the investments.

MUTUAL FUNDS

On the behalf and at the expense of the client, LGA JSC offers shares of mutual funds. Mutual funds are a type of collective investment undertakings of the open-ended type for investing preliminarily in securities and/or shares of other collective investment undertakings, admitted to trading on internationally recognized regulated and liquid markets. Money in mutual funds is professionally managed and each investor holds a proportional share of the portfolio, according to the amount invested.

Depending on the type of securities in which mutual funds invest and the degree of risk they undertake, mutual funds can be classified into several types. In general, they can be classified according to the degree of risk, namely: low-risk, balanced and high-risk.
The risks related to investing in mutual funds are, as follows:

Market risk. Stock prices of the mutual fund investments may fluctuate due to changes in the economic and market environment, thus the value of the mutual fund shares would fall over time.

Interest rate risk. Interest rate risk is the potentiality of the return on investment in debt instruments to be better or worse than expected due to interest rate changes.

Credit risk. The issuer, respectively the person guaranteeing the debt securities in which the fund invests, may not be able or refuse to repay the due interest or principal.

Currency risk. This risk occurs when the investments are made in foreign currency and their value depends on the exchange rate of that currency against the investor's base currency.

Liquidity risk. Mutual funds usually have clear liquidity requirements for traded instruments. This risk means the

potentiality that the Fund might not perform its obligations due to the impossibility to receive financing or to liquidate some of its positions and consequently to suspend the repurchase of shares of the mutual fund.

Political risk. In the event of unfavourable interior political instability and amendment in the economic legislation.

Operational/Business risk. The Fund's risk profile contains a summary of the level and type of risk for each instrument has combined with the investment objectives to achieve the expected yield. Investing in shares of mutual funds consists of taking risks that are directly related to the fund's investment strategy. The investor's policy and its types of investments are of foremost importance.

EXCHANGE TRADED FUNDS

Exchange Traded Funds (ETF-s) are funds that combine the characteristics of open-ended type mutual funds, on the one hand, and closed-ended type mutual funds, on the other hand. ETFs issue and buyback shares and have variable capital, but unlike mutual funds, issuance and buyback of shares is performed on the basis of large bundles (lots) thus is available predominantly to institutional investors who may re-sell the shares on regulated markets, which they are admitted to trading on. Typically, some of these institutional investors are market-makers of the ETF's shares.

ETF's include the risks as for investing in mutual funds, as well as:

Risk of passive fund management. For example, the volatility of the reference index may result in volatility in the value of the Fund's asset;

Risk of corporate events. For example, unpredictable changes, related to the issuer of a financial instrument, that is a component index (e.g. a corporate event that has already been announced), may have a negative impact on the net asset value of the fund, especially if the fund treated the event separate from the reference index;

Tracking error risk. For example, following the divergence of the reference index by investing in all index positions may be costly and difficult to implement.

The risk of leverage. Particular consideration should be given to the risk of "leveraged" ETFs. Most leveraged ETFs use borrowed to own capital in 50:50 ratio (double long) but there are also such with ratio 67:23 (triple long). This means that with the increase in the price of the underlying asset with a given percentage, the price of the stocks/shares of the double long ETF shall increase with double that percentage, but in the case of a decrease in the price of the underlying asset, the price of the shares of the double long ETF shall also decrease with double the percentage. This is why shares of double long ETFs are twice as volatile, while the ones of triple ETFs – three times as volatile.

Prior to adopting a resolution for investment investors should consider and be aware of the prospects of the collective investment undertakings or exchange-traded funds.

GOVERNMENT SECURITIES

Government securities are securities issued by the Ministry of Finance, in the capacity of state representative, and materialize government debt. Government securities in circulation are separate issues that have their unique characteristics, such as International Securities Identification

Number (ISIN), Issue Date, Maturity and Interest Rate. Pursuant to the Government Debt Act, the Minister of Finance issues government securities on the domestic market. The Ministry of Finance, in co-operation with the Bulgarian National Bank (BNB), regulates the terms and conditions for the issuance of book-entry government securities on the domestic market. BNB, acting in the capacity of a government agent, organizes auctions, realization and servicing of the issued government securities. Government securities transactions are mediated by primary dealers (banks and investment intermediaries), who have the right to acquire government securities directly at the auctions organized by the BNB. Solely primary dealers who have been authorized for investment intermediation with government securities may participate in the auctions. Primary dealers have a leading role in organizing government securities transactions on the secondary market.

COMPENSATION INSTRUMENTS

Compensation instruments are issued by the respective representatives of the Republic of Bulgaria - departments, district governments and land committees, to compensate the persons or their successors whose real estates, buildings or agricultural lands are nationalized or expropriated. Compensation instruments are registered and (excluding compensation records of converted housing savings deposits) may be transferred without any restrictions. They can be used as a means of payment in privatization deals, to acquire shares from privatized companies, as well as to be used as investment bonds with the relevant rights and obligations under the Transformation and Privatization of State and Municipal Owned Companies Act, including shares in voluntary pension funds. As from admitting the compensation instruments on the Bulgarian stock exchange, the latter becomes an instrument of active trading, as well. Yield of investment in compensation instruments is highly speculative and investors should be aware that they are not securities (even though they are traded as such), have a temporary status and they are not secured by any real assets.

Target risk. The risk is characterized by the limitation of the target use and investment of this type of financial instruments solely in specific projects and transactions as a state acceptable means of payment, such as repayment of interest under the Act to Settle Non-performing Loans, participation in auctions under the Agricultural Land Ownership and Use Act or payment of privatization transactions through BSE JSC.

DERIVATIVES

Derivatives are financial instruments whose value is based on the value of other financial instruments or assets (underlying assets).

The financial instruments we offer are Contract for differences (CFDs), whose underlying assets may be spot trade, shares, indices, commodities and/or cryptocurrencies.

It is recommended that potential investors have experience in derivatives trading, i.e. derivatives traded on a non-regulated market, and understand and accept that trading in CFD products using leveraged products is strictly related to high-risk exposure.

CONTRACTS FOR DIFFERENCES

Contract for difference (CFD) means a derivative financial instrument ensuring the right to receive, respectively the obligation to pay, the difference between the market value of a certain number of financial instruments and their pre-fixed price in the contract. Financial instruments whose market value is incorporated in CFDs are called underlying assets. CFDs allow investors to speculate on the price of the underlying assets without buying them.

CFD is a cash settlement contract that aims to provide economic benefits similar to an investment in the underlying asset without the usual costs and rights related to a direct investment in the underlying asset. An underlying asset is usually an index, commodity, currency, share or other financial instruments, asset, or factor, the price or value of which provides the basis for calculating the price at which the derivative may be traded. The owner of the CFD has no right nor obligation to demand the delivery of the underlying asset, which CFDs refer to. Also, the CFD owner does not have the real ownership rights and obligations that are implied in the underlying asset- the CFD owner is not entitled to receive interest, dividends, and others, to exercise voting rights or other rights or bonuses rights in relation to the underlying asset.

What distinguishes CFDs from other financial instruments is that CFDs trading is performed on a marginal basis, thus leads to large profits or losses with relatively small capital investment. The risks associated with CFD investments are general and specific. General risks relate to all CFDs, while the specific risks are directly related to and derive from the risks of investing in the respective underlying asset.

The general risks related to investing in CFD's are, as follows:

Margin trading. Trading with CFDs allows trading on leverage and margin.

Risk of reduction or change of orders. Some types of orders (such as pending orders) may not be effective due to the fact that market conditions may require the order to be at the first possible price. In some cases, it may be impossible to close a position without taking into account losses higher than expected;

Price risk and risks associated with liquidity providers. Profits or losses on CFD transactions are affected by the price fluctuations of underlying assets of CFDs. Furthermore, CFDs are not traded on a regulated market but on a non-regulated OTC market. Investors are trading at prices determined by liquidity providers. Although CFD prices are directly related to underlying assets prices and are processed by computer systems, these prices may vary and may not be as favourable as those of other liquidity providers. There are also software and hardware risks of the technical means through which trade takes place;

Risk of variable spread. Spread may widen beyond typical levels in certain situations, including high volatility or lack of liquidity in the market. The variable spread may affect negatively on all investors' positions.

Risk of higher costs. Some CFDs transactions may require fees for opening, closing, maintaining/rollover of positions for the next day, and others. Such fees may affect investors' profits or increase their losses as compared to direct investment in the underlying assets.

Leverage risk. Profit and loss on CFDs derive from the difference between the opening price and the closing price of the position. CFDs are traded on a margin, namely, the leverage effect significantly increases the risk to the investor. Typically, the minimum required margin to open positions is small and so a small amount of

money can take up large positions. The resulting risk forces investors to trade CFDs either for hedging or speculation. One way to limit large losses is to put "Stop loss" orders.

Risk of forced closure of the position. If the price of the underlying asset is not in favour of the investor's open position, the investor must be able to maintain a certain margin level. Where necessary, additional capital must be deposited in a short timeframe, as the market may fluctuate. If the investor fails to provide the necessary funds in time, the position may be closed by force and the investor shall suffer losses.

Specific risks. They arise from the risks related to the CFD underlying asset.

MARGIN TRADING

Upon concluding margin transactions, the investor must provide preliminary collateral and/or be endorsed with secured limit. The following types of margin are specified hereinafter:

Initial margin. This is the amount of the initial collateral or approved limit. This margin allows the investor to conclude transactions with the relevant instrument up to a certain amount.

Maintenance margin. This is the minimum margin required for a particular transaction. It is calculated as a percentage of the current transaction and depends on its type, expiry, and other factors.

Available margin. This is the value of the initial margin, excluding the negative revaluation of the instrument.

At certain levels between the ratios of available margin/maintenance margin, the investor may be required to provide a margin call or, otherwise, the transaction may be unilaterally terminated. Margin use allows investors to realize a higher return (leverage effect) with fewer used funds but also increases the risk of increased losses, including a complete loss of the collateral.

REVIEW OF THE GENERAL RISKS

In addition to the specific risks for each financial instrument mentioned above, there are general risks that affect all financial instruments.

Market risk. Market risk means that the value of the investment may diminish due to a fluctuation of the following market factors: financial instruments prices, interest rates, exchange rates, and others. Investments' market prices may vary due to changes in the economic and market environment, central bank monetary policy, business activity of issuers demand and supply of the instrument concerned.

Interest rate risk. Interest rate risk is a risk arising from the interest rate fluctuations, which may have an extremely adverse impact on the prices of financial instruments, especially on bond prices, where interest rates and "default risk" are among the most important risk factors.

Currency risk. Investments in instruments denominated in foreign currencies may be adversely affected by a devaluation of that currency's exchange rate relative to the base currency of the investor's investment portfolio. Increasing or decreasing exchange rates may cause a loss or profit for the securities in the currency in which they are nominated.

Liquidity risk. Risk where the investor may be blocked to buy or sell a particular financial instrument at a specific time. This risk may arise from various factors such as

an inactive market for a particular financial instrument, the order volume, and others.

Risk of a trading halt. Certain events may lead to financial instruments suspension of trading. Thus, it will be difficult or impossible for the II to execute orders on the relevant financial instruments. These cases involve a risk of financial loss for investors. In addition, in case the trading of the financial instrument does not recover, the respective position may have to be closed by the II.

Risk of market turmoil. Market turmoil often leads to suspension of trading, blocking the quote source (exchange market, liquidity provider, etc.), messages from a regulatory body announcing an emergency in relation to a specific underlying asset. Upon market turmoil, clients may not be able to open/close a position on an instrument and therefore it may result in losses suffered or loss of profit. Trade suspension could arise from a breakdown of the computer system that supports e-trading, suspension of a financial instrument trading on an exchange market or by a liquidity provider.

Indicative prices and execution prices. Indicative prices (graphs) give an indication of the prices of financial instruments and their movement. In the trading platform, they are visualized as graphics. Indicative prices are derived from liquidity providers and are often very close to or equal to real ones. On the other hand, execution prices represent the actual price at which an order can be executed. Typically, these prices are very close to or equal to the indicative prices. Due to the difference between indicative prices and execution prices, investors may enter into transactions at prices that are less favourable than initially expected.

Risk of volatility. This is a risk associated with the price movement of a financial instrument. If the financial instrument is subject to fluctuation over a given period of time, the volatility shall be respectively high, as well. Volatility risk is calculated as the difference between the lowest and highest prices of a financial instrument over a given period of time.

Credit risk. Credit risk is the risk of loss caused by borrowers, persons liable for the bond payments, or contractors non-performing their obligations or the risk that these persons' credibility may deteriorate.

Order location risk. This risk is related to the location of the respective asset market.

External Markets: Any foreign investment is subject to the risks which the respective foreign market is exposed to. These risks may be different from those of which the market where the financial instrument is issued on or the investor resides are exposed to.

Technical risks. Financial instruments transactions are supported by different technical means and usually require information exchange electronically. Due to trading platforms, trading is remotely available via computers, tablets, mobile devices and other devices connected to the global network. The de-centralized nature of trade and technological differentiation are related to various risks, including software and hardware related risks of II and / or liquidity providers, personal devices' software and hardware via which investors access the service, the quality of the Internet connection, and others. Technical difficulties may result in delay or failure to execute orders in the manner determined by investors or failure to execute orders at all;

Emerging Markets: Investments in emerging markets carry higher risks than those in developed markets. These risks also exist when a large part of the issuer's business activity is being conducted in these markets. Investments in these

markets are often speculative. Investments in emerging markets should be carefully considered and the various risks in the respective markets assessed.

Settlement risk. This risk means that the counterparty may not fulfil its contractual obligations at the settlement date. Losses in settlement risk may be suffered due to the insolvency of the counterparty or due to settlement lag between the two parties.

Legal risk. This is a risk of sudden changes in a state's legislation that may lead to negative consequences on the financial instruments and the investments related to them.

Political risk. This risk is related to the probability of losses suffered due to state economic policy and possible changes in the legislation affecting the investment climate.

Tax risk. This risk is associated with an unawareness of the tax legislation regulating the taxation of the received income from the respective financial instrument transaction as well as the probability of a future change of the legislation within the horizon of the investor. Each investor should be aware of the relevant tax legislation applicable to the particular financial instrument, market, payer of the income, investor himself, and so on.

Inflation risk. This is a risk associated with the probability that the realized yield on an investment in a financial instrument might be less than or equal to the inflation registered for the respective period. Upon yield assessment of a financial instrument, the investor should take into account the effect of inflation and inflation expectations on the investment real rate of return.

Operational risk. This is a risk related to improper performance of essential systems and controls, including IT systems that may affect all financial products, unfavourable external events that are not of a financial nature, including legal risk.

Gap risk. This risk is associated with a significant change in the prices of financial instruments over a short period of time, fluctuations in market quota (gaps), including upon opening or closing the relevant financial markets. In such cases, there is a risk that the investor's pending or stop orders might be executed at prices significantly different from those stated therein (including "slippage") - or investors may not be able to open or close certain positions.

Other risks. In the course of conducting OTC transactions, it should be considered that it may be difficult or impossible to close an opened investment in financial instruments, and to determine the value or the fair price.

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