1. General investment risks

Currency risk
In the case of transactions in foreign currency, the return and performance of an investment depends not only on the local yield of the security in the foreign market, but also heavily on the exchange rate development of the respective foreign currency relative to the currency of the investor (e.g. euro). This means that exchange rate fluctuations may increase or decrease the return and value of the investment.

Transfer risk
Depending on the respective country involved, securities of foreign issuers pose the additional risk that political or exchange-control measures may complicate or even prevent the realisation of the investment. In addition, problems in connection with the settlement of an order may occur. In the case of foreign-currency transactions, such measures may obstruct the free convertibility of the currency.

Country risk
The country risk is the creditworthiness of a given country. The political or economic risk posed by a country may have negative consequences for all counterparties residing in this country.

Liquidity risk
Tradability (liquidity) refers to the possibility of buying or selling a security or closing out a position at the current market price at any time whatsoever. The market in a particular security is said to be narrow if an average sell order (measured by the usual trading volume) causes perceptible price fluctuations and if the order cannot be settled at all or only at a substantially lower price.

Credit risk
Credit risk refers to the possibility of counterpart default, i.e. the inability of one party to a transaction to meet obligations such as dividend payments, interest payments, repayment of principal when due or to meet such obligations for full value. Also called repayment risk or issuer's risk. Such risks are graded by means of “ratings”. A rating is scale of evaluation used to grade an issuer’s creditworthiness. The rating is prepared by rating agencies, notably on the basis of credit risk and country risk. The rating scale ranges from “AAA” (best credit rating) to “D” (worst credit rating).

Interest rate risk
The risk that losses will be incurred as a result of future interest rate movements in the market. A rise in interest rates on the market will lower the market price of a fixed-interest bond, whereas a fall in such interest rates will raise the market price of the bond.

Price risk
The risk of adverse movements in the value of individual investments. In the case of contingent liability transactions (forward exchange deals, futures, option writing, etc.), it is therefore necessary to provide collateral (margin requirement) or to put up further margin, which means tying up liquidity.

Risk of total loss
The risk that an investment may become completely worthless, e.g. due to its conception as a limited right. Total loss can occur, in particular, when the issuer of a security is no longer capable of meeting its payment obligations (insolvent), for economic or legal reasons.

Buying securities on credit
The purchase of securities on credit poses an increased risk. The credit raised must be repaid irrespective of the success of the investment. Furthermore, the credit costs reduce the return.

Placing orders
Buy or sell orders placed with the bank must at least indicate the designation of the investment, the quantity (number of securities/principal amount) to be purchased or sold, at what price the transaction should be carried out and over what period of time the order is valid.

<u>Price limit</u>
If buy or sell orders are placed with the instruction "at best" (no price limit), deals will be executed at the best possible price. This way, the capital requirement/selling proceeds remain uncertain. With a buy limit, the purchase price and thus the amount of capital employed is limited. No purchases will be made above the price limit. A sales limit stipulates the lowest acceptable selling price; no deals will be carried out below this price limit.
Important note: A stop market order will not be executed until the price formed on the stock reaches the selected stop limit. Once the order has been executed, it will enter into effect as an “at best” order, i.e. with no price limit. The price actually obtained may therefore differ significantly from the selected stop limit, especially in the case of securities on a tight market.

<u>Time limit</u>
You can set a time limit to determine the validity of orders. The period of validity of unlimited orders depends on the practices of the respective stock market.

Your CA investment adviser will inform you of further additions which can be made when placing an order.

Guaranty
The term “guaranty” may have a variety of meanings. The first meaning is the commitment made by a third party other than the issuer in order to ensure that the issuer will meet its liabilities. Another meaning is a commitment made by the issuer itself to perform a certain action regardless of the trend in certain indicators that would otherwise determine the amount of the issuer’s liability. Guaranties may also be related to a wide variety of other circumstances.

Capital guaranties are usually enforceable only until end of term (repayment), so that price fluctuations (price losses) are quite possible during the term. The quality of a capital guaranty depends to a significant extent on the guarantor’s creditworthiness.

Tax considerations
Your CA investment adviser will provide you with information on the general fiscal aspects of the individual investment products. The impact of an investment on your personal tax bill must be evaluated together with a tax consultant.

Risks on stock markets, especially secondary markets (e.g., Eastern Europe, Latin America, etc.)

There is no direct line of communications with most of the stock exchanges on secondary markets, i.e. all the orders must be forwarded by telephone. This can lead to mistakes or time delays.

In certain secondary stock markets, limited buy and sell orders are generally not possible. This means that limited orders cannot be given until the request has been made by telephone with the local broker, which can lead to time delays. In certain cases, such limits cannot be executed at all.

In certain stock markets it is difficult to receive the current prices on an ongoing basis, which makes it difficult to assess the customer's existing position.

If a trading quotation is discontinued on stock exchange, it may no longer be possible to see such securities on the exchange in question. A transfer to another stock market may also cause problems.

In certain exchanges of secondary markets, the trading hours by no means correspond to Western European standards. Short trading hours of only three or four hours per day can lead to bottlenecks or failure to process securities orders.