Risk Disclosure Statement

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EMIRATES INVESTMENT BANK

Overview →

A. GENERAL KEY RISKS FOR ALL FINANCIAL INSTRUMENTS

Section A discusses some general key risks which are applicable to all types of financial instruments. In addition, each type of financial instrument will entail specific additional risks which are discussed in greater detail under Sections B to N below. Neither this document nor any relevant offering document will be able to comprehensively disclose all possible investment risks. Before entering into any investment, you should consider the risks discussed below in light of your financial situation, objectives and needs and seek full and independent financial, legal, tax and/or other professional advice.

Market risk	The value of a financial instrument may fluctuate dramatically due to different market factors including the price or level of any underlying reference asset, level of interest rates, credit quality of the issuer and guarantor (where applicable), foreign exchange rates, volatility, liquidity and tenor remaining on the financial instrument (if relevant). Such financial instrument may depreciate in value as quickly as it may appreciate and can also become valueless. Investing in such financial instrument is as likely to incur losses as it is to make profit. Past performance should not be used as an indicator of future performance.
Underperfomance risk	This is not a deposit. There is no guarantee from EIBANK or any other party that you will be able to earn returns under any type of investment that will be greater than or at least equal to any potential return you may have earned from a bank deposit or direct investment in any non-structured fixed coupon bond. There is also a risk that you may not receive any returns and may in fact incur losses on your investment.
Currency risk	(a) Where an investment in a financial instrument is denominated in a foreign currency or in a currency which is different from the currency in which you carry on your ordinary business or keep your accounts ("local currency") or (b) where an underlying investment transaction or reference asset is denominated in a currency which is different from the currency that you invested or transacted in ("original settlement currency"), there is a risk that any exchange rate fluctuations or controls (where applicable) may (i) affect the applicable exchange rate and result in you receiving reduced coupons, cash settlement amounts and/or incurring a loss of principal when converted into your local currency and/or (ii) make it impossible or im- practicable for the issuer or EIBANK (as applicable) to pay you in the original settlement currency.
Liquidity risk	Liquidity is the possibility of purchasing or selling a financial instrument at any time at prices in line with the market. A financial instrument is liquid if there is sufficient supply and demand in the market for the transaction to be completed immediately. However, where a financial instrument is illiquid, this means that supply or demand is either insufficient or non-existent and that the purchase or sale of such financial instrument may not be possible at the desired time and/or the desired price or at all. In such a case, you may have no option but to either sell such financial instrument at a loss (if it can be sold at all) or hold the financial instrument until its designated maturity date or until such time that it is possible to sell the financial instrument. This may entail the opportunity cost of having to forgo other attractive investment opportunities. Liquidity can be an issue particularly in dealings in shares of small and medium sized companies, structured products, fixed income securities, certain alternative investments such as hedge funds or commodities, investments with sales restrictions or in certain emerging markets.
Tax risk	We recommend that you take independent tax advice before entering into any investment to ensure that you understand the potential tax implications (including the implications of any applicable income tax, goods and services or value added taxes, stamp duties and other taxes) of acquiring, entering into, holding and disposing of the relevant investment or transaction. Different transactions may have different tax implications and the tax consequences of any transaction is dependent upon your individual circumstances and may be subject to change in the future. EIBANK does not offer tax advice and any tax related information provided to you by EIBANK from time to time should not be relied on as tax advice or as a tax recommendation.
Emerging market risk	Investments in emerging markets entail additional risks associated with political and economic uncertainty, adverse government policies, restrictions on foreign investment and currency convertibility, currency exchange rate fluctuation, higher volatility, inadequate liquidity, possible lower levels of disclosure and regulation , and uncertainties as to the status, interpretation and application of laws, including those relating to private ownership of assets, expropriation, nationalization and confiscation.

Risk of margin trading	The risk of loss in financing a transaction by deposit of collateral is significant. You may sustain losses in excess of your cash and any other assets deposited as collateral with the licensed or registered person. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. You may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, your collateral may be liquidated without your consent. Moreover, you will remain liable for any resulting deficit in your account and interest charged on your account. You should therefore carefully consider whether such a financing arrangement is suitable in light of your own financial position and investment objectives.
B. FIXED INCOME SECURITIES	
Credit and counterparty risk	By investing in a fixed income security, you are assuming full credit risk of the issuer and, where applicable, the guarantor. Credit risk is determined by the issuer's and, where applicable, the guarantor's credit capacity and creditworthiness and is therefore a measure of its/their solvency and ability to fulfill its/their payment obligations under the fixed income security. In the event that the issuer and/or guarantor becomes insolvent or defaults on its/their payment obligations, you may not receive repayment of your investment principal or any other amounts owing from the issuer and/or guarantor. A credit rating from a credit rating agency is not a recommendation or guarantee of the issuer's/and or guarantor's (where applicable) creditworthiness or of the risk, returns or suitability of the particular fixed income security. You should also note that the credit rating of the issuer and that of the guarantor are separate and the rating of one could be very different from the rating of the other.
Interest rate risk	Fixed income securities are more susceptible to fluctuations in interest rates. In general, rising interest rates have a negative impact and sinking rates have a positive effect on their market values. The longer the tenor of a fixed income security, the more sensitive it is to interest rate changes.
Event Adjustment Risk	Depending on the terms of the specific fixed income security (set out in the offering documents), the issuer or calculation agent (where applicable) may have certain rights to exercise its own discretion to make adjustments to the terms of the fixed income security where it determines that certain adjustment or extraordinary events have occurred (e.g. market disruption, trading suspension, regulation in the relevant industries, insolvency, changes in taxation law and other economic, political or social conditions) and the exercise of such rights may have an unforeseen adverse impact on the payments that you receive in relation to the fixed income security.
Fixed income securities with special features (please also refer to the risk disclosures for Fixed Income Securities)	
High yield bonds	Investments in high yield bonds have the potential for attractive returns. However, since such securities are typically rated below investment grade or are unrated, investing in these securities means assuming additional risks including (i) higher credit risk, (ii) greater vulnerability to economic cycles as such bonds typically fall more in value than investment grade bonds during periods of economic downturn and the risk of default rises and (iii) greater liquidity risk.
Perpetual bonds	These fixed income securities have no fixed maturity date. The principal might be never repayable by the issuer unless the issuer exercises the right to call (if any) or to redeem it. Perpetual bonds with interest fixed for life are more volatile to interest rate changes compared to fixed income securities with fixed maturity dates.
Subordinated securities	Investing in subordinated fixed income securities provides the potential for higher yield but also entails higher risks. In the event of the issuer's liquidation or bankruptcy, you will have a lower priority of claim and will not receive any repayment of principal or other amounts until after all senior creditors have been repaid in full. Examples of subordinated fixed income securities include preferred perpetual securities and contingent convertible securities.

Callable Features	The terms and conditions of these fixed income securities allow the issuer to terminate or redeem the security prior to its stated maturity date. Depending on the terms of the specific fixed income security, early redemption may be rule-based (e.g. upon the occurrence of certain events or triggers) or at the issuer's sole and absolute discretion. In any event, however, the issuer is under no obligation to early redeem the securities. Where the security is early redeemed, you may not be able to reinvest the proceeds received under similar or equally favorable terms and conditions (for example at the same rate or for the same return). Examples of callable fixed income securities include preferred perpetual securities and contingent convertible securities.
Variable/reset coupon	The terms and conditions of these fixed income securities may bear interest at a variable rate established at specified intervals. Coupon rate of some bonds can also be reset based upon specific market indicators. You will face uncertainty as to the coupon amount to be received and the time on which coupon payments will be made. The varied/reset coupon rate may be lower than the initial coupon rate and may adversely affect the yield of market value of the fixed income securities.
Optional	Fixed income securities are more susceptible to fluctuations in interest rates. In general, rising interest rates have a negative impact and sinking rates have a positive effect on their market values. The longer the tenor of a fixed income security, the more sensitive it is to interest rate changes.
Optional coupon / Deferral of coupon	The terms and conditions of these fixed income securities allow the issuer to elect to defer any payment of coupon or dividend for a period of time during the tenor of the security. Depending on the terms, such deferral may be cumulative or non-cumulative. If deferral is non-cumulative, this means that, once deferred, the issuer will not be required to pay the relevant unpaid coupon or dividend at any subsequent point in time. As such, you would face uncertainty over the amount and time of the interest payments to be received as well as run the risk that you may not get any returns on your investment. If deferral is cumulative, this means that the issuer will be required to pay you the deferred amount on a later payment date. An example of a type of fixed income security with variable and/or deferral of interest payment terms would be preferred perpetual securities.
Extendable maturity dates	Depending on the terms, either one of or both of the issuer and investor may have the option of extending the maturity date. Where the maturity date is extended, repayment of your investment principal will be postponed and the issuer will continue to pay you interest (at either the same or a different rate). In the case where only the issuer has the option to extend the maturity date, there is the risk of an unpredictable repayment schedule.
Convertible bonds	Subject to the terms and conditions, convertible bonds provide investors with the right to convert such bonds (at a specified conversion price) into either a specified number of shares or other fixed income securities of the issuer. Compared to other non-convertible bonds, convertible bonds generally have a lower coupon rate. However, as an investor, you would stand to benefit from the potential upside of being able to convert the convertible bond into equity while mitigating your downside risk with scheduled coupon payments and the return of your investment principal at maturity. As convertible bonds are hybrid debt- equity instruments, you would face the risks associated with both equity investments and fixed income investments.
Contingent convertible securities	Contingent convertible securities, which are to be distinguished from convertible bonds (discussed above), are hybrid debt-equity instruments which expose investors to the risks associated with both equity investments and fixed income investments. At the start of their tenor, these securities resemble regular fixed income securities through their payment of regular interest payments. However, upon the occurrence of specified trigger events, the issuer may, depending on the terms of the specific security, elect to either: (i) write down some or all of such securities in issue on a permanent basis and re-pay you only a fraction (if any) of your investment principal or (ii) convert such securities into shares. The specific trigger events (for example, a breach of certain quantitative thresholds used to gauge the issuer's financial viability) would be specified in the terms and conditions for that security. If the issuer elects to convert the securities into shares, it is very likely that the market value of the shares received will deteriorate further after conversion as a result of the trigger event. You may be exposed to liquidity risk. Also, any regular interest payments which you expect to receive (and would have previously received) will be either reduced or eliminated. As it is difficult to predict when a trigger event will occur and following that, whether or not the issuer will elect to convert the securities into shares, you are exposed to the risk of uncertainty as to when (and whether) the contingent convertible security will be converted into shares and the extent of loss you may suffer in the event of such conversion.

Preferred Perpetual Securities	Preferred perpetual securities are hybrid debt-equity instruments with risks associated with both equity investments and fixed income investments. On the one hand, these securities resemble debt securities because you will receive coupon and dividend payments (subject to issuer call rights), have immunity to dilution (where the issuer issues additional shares), have exposure to only limited upside from movements in the issuer's shares and do not have any voting rights. On the other hand, such securities also resemble equity securities because they do not have a fixed maturity date and are subordinated in ranking to debt securities. Such securities are in general more volatile to interest rate changes compared to fixed income securities with fixed maturity dates since they are priced to perpetuity. In addition, since such securities have no fixed maturity date, interest payout would be subject to the viability of the issuer in the very long term and the securities would only be able to be monetized by either a sale on the secondary market or through redemption by the issuer (if terms of the security provide for a call feature). You may also be exposed to liquidity risk.
Total Loss Absorbing Capacity (TLAC) eligible	The risk of loss in financing a transaction by deposit of collateral is significant. You may sustain losses in excess of your cash and any other assets deposited as collateral with the licensed or registered person. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. You may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, your collateral may be liquidated without your consent. Moreover, you will remain liable for any resulting deficit in your account and interest charged on your account. You should therefore carefully consider whether such a financing arrangement is suitable in light of your own financial position and investment objectives.
Multiple credit support providers	This refers to bonds with more than one guarantor. Investors should take into account matters such as the credibility of the guarantors, whether such guarantors have material operations and the credit support structure(s) involved. Under some credit support structures, the bondholders' rights may be subordinated to those of the issuer, the guarantors and/or other parties where an event of default were triggered.
C. EQUITIES	
Risk of Securities Trading	The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.
Less predictable than debt securities	Investing in equities provides the opportunity for a higher rate of return than investing in short term and longer term debt securities. However, the risks associated with investments in equities may also be higher because the investment performance of equities depends upon factors which are difficult to predict including the possibility of sudden or prolonged market declines and risks associated with individual companies.
Small and medium sized companies	The prices of securities of small and medium sized companies tend to be more volatile than those of larger- sized companies due to the lower prices of their shares, greater sensitivity to changes in economic conditions and higher uncertainty over future growth prospects.
D. COMMODITIES	
Speculative nature of in- vestment and high price volatility	The market for and trading in commodities is speculative and is highly volatile. Prices for commodities are affected by a variety of factors, including changes in supply and demand relationships, governmental programmes and policies, national and international political and economic events, wars and acts of terror, changes in interest and exchange rates, trading activities in commodities and related contracts, weather and agricultural harvest, trade, fiscal, monetary and exchange control policies. The price volatility of each commodity also affects the value of the futures and forward contracts related to that commodity and therefore its price at any such time. The volatility of commodity prices is significant and often higher than for equity portfolios. The commodities markets are in most cases less liquid as compared to the markets of equity, interest or currency-related products. Due to market movements, you may suffer a substantial or even a total loss of your investment.
E. GENERAL AND SYNTHETIC EXCHANGE-TRADED FUNDS (ETFs)	
Market risk	If you invest in an ETF, you would be exposed to the political, economic, currency, legal, tax and other risks of a specific factor or market related to the ETF or the index and the market that it is tracking.

Liquidity risk	Listing or trading on an exchange does not in and of itself guarantee that a liquid market exists for an ETF. Besides, a higher liquidity risk is involved if an ETF uses financial derivative instruments, including structured notes and swaps, which are not actively traded in the secondary market and whose price transparency is not as easily accessible as physical securities. Synthetic ETFs invested in derivative instruments that are not actively traded in the secondary market will be exposed to a higher liquidity risk. In general, the existence of wider bid-offer spreads in the prices of derivatives will increase the risk of loss.
Counterparty risk	You are subject to the credit risk of the issuer of an ETF. Where you invest in a synthetic ETF that invests in derivatives to replicate the performance of an index, you would be exposed to the credit risk of counterparties who issue the derivatives. Some synthetic ETFs may have collateral arrangements in place to mitigate such counterparty risk. However, there is a risk that the market value of the collateral may have fallen substantially at the point in time when the synthetic ETF seeks to realise the collateral. Some synthetic ETFs may also invest in structured notes to obtain exposure to the underlying index. Where this is the case, you would be subject to the additional credit risk of each note issuer.
Tracking Error	There may be a disparity between the performance of the ETF (as measured by its net asset value ("NAV")) and the performance of the underlying index due to various factors including failure of the ETF's tracking strategy, fees and expenses, foreign exchange differences between the base currency or trading currency of the ETF and the currencies of the underlying investments, or corporate actions such as rights and bonus issues by the issuers of the underlying securities of the ETF. Depending on its particular strategy, an ETF may not hold all constituent securities of an underlying index in the same weightings as the constituents of the index. As a consequence, the performance of the securities underlying the ETF as measured by its NAV may outperform or underperform the underlying index.
Trading at a Discount or Premium	Since the trading price of an ETF is typically determined by the supply and demand of the market, the ETF may trade at a price higher or lower than its NAV. Where the index or market that the ETF tracks is subject to restricted access, the efficiency in unit creation or redemption to keep the price of the ETF in line with its NAV may be disrupted, causing the ETF to trade at a higher premium or discount to its NAV. If you buy the ETF at a premium, you may not be able to recover such premium in the event of termination.
Securities lending risk	Some of the ETFs in your portfolio may engage in securities lending arrangements in order to enhance their returns. This entails lending securities from the ETF portfolio to counterparties for a period of time in exchange for the deposit of collateral that the ETF may invest with the objective of earning additional returns. The downside to this is that such arrangements would expose you to additional credit risk of the counterparties to the securities lending contracts. In the event that a counterparty defaults on its obligations and/or the value of the collateral deposited falls below the value of the securities lent to such counterparty, this will negatively impact the returns on the ETF.
Termination risk	An ETF, like any fund, may be terminated early under certain circumstances, for example, where the index is no longer available for benchmarking or if the size of the ETF falls below a pre-determined NAV threshold as set out in the constitutive documents and offering documents. You may suffer further losses if there are any expenses, costs or tax liabilities associated with the termination. For synthetic ETF, the costs associated with the unwinding of the derivatives before maturity may vary depending on prevailing market conditions. Such costs may be significant, particularly during times of high market volatility. Hence, in the event of redemption or if the synthetic ETF is terminated (for example, due to the reason that the fund size becomes too small), the proceeds payable to you may be significantly less than the NAV of the ETF as a result of the cost associated with unwinding of the derivatives before maturity.
Leveraged and inverse structured products related to an ETF (please also refer to the risk disclosures for ETF and structured products)	
Use of Leverage and Derivative Instruments	Leveraged and inverse structured products are only suitable for sophisticated trading-oriented investors who constantly monitor the performance of their holdings on a daily basis. Many leveraged and inverse funds use leverage and derivative instruments to achieve their stated investment objectives. As such, these funds can be extremely volatile and carry a high risk of substantial losses. Such funds are considered speculative investments and should only be used by investors who fully understand the risks and are willing and able to absorb potentially significant losses.

Daily Target Returns	Leveraged and inverse structured products are designed as a trading tool for short-term market timing or hedging purposes, and are not intended for long term investment. In addition, most leveraged and inverse funds "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effect of compounding, the return for investors who invest for a period different than one trading day may vary significantly from the fund's stated goal as well as the target benchmark's performance. This is especially volatile and carry a high risk of substantial losses. Such funds are considered speculative investments and should only be used by investors who fully understand the risks and are willing and able to absorb potentially significant losses. Also, the performance of leveraged and inverse structured products, when held overnight, may deviate from the underlying indices.
Higher Expenses and Fees	Investors should be aware that leveraged funds typically rebalance their portfolios on a daily basis in order to compensate for anticipated changes in overall market conditions. This rebalancing can result in frequent trading and increased portfolio turnover. Leveraged and inverse funds will therefore generally have higher operating expenses and investment management fees than other funds. For leveraged and inverse struc- tured products using swap-based synthetic replication structures, additional costs of entering into the swap with the counterparty could be incurred.
Varied Tax Treatment	In some cases, leveraged and inverse funds may generate their returns through the use of derivative instruments. Because derivatives are taxed differently from equity or fixed-income securities, investors should be aware that these funds may not have the same tax efficiencies as other funds.
F. REAL ESTATE INVESTMENT TRUSTS (REITs)	
Market risk	The value of a REIT depends on factors including the general economic climate and outlook, overall performance and outlook of the property market and related sectors, market value of and amount of rental income generated by its underlying properties, the levels of and any changes in interest rates, and the overall depth and liquidity of the real estate market and other assets in which the REIT is invested.
Liquidity risk	Investments in real estate are relatively illiquid and this may affect the REIT's ability to vary the assets in its investment portfolio or liquidate its assets in response to changes in economic or market conditions. This will affect the REIT's financial condition and ability to make expected distributions to you.
Revenue earned from underlying properties	Revenue earned from underlying properties held by the REIT would be affected by factors including (i) the existence and maintenance of key tenants and vacancies, (ii) the ability of property manager to collect rent from tenants on a timely basis (or at all), (iii) terms under which the leases are renewed and the amount of rental rebates granted to tenants due to market pressure, (iv) ability of the property manager to manage, maintain and insure the properties, (v) competition for tenants and (vi) changes in the relevant laws and regulations. Leases for underlying properties vary from short to long term (up to 10 years or more). In general, the fewer and smaller the properties in a REIT portfolio, the greater the investment risk. Underlying properties with shorter leases may experience a more rapid turnover of tenants and less stable revenue.
Additional expenditure	Apart from projected expenditure, the REIT may incur additional unanticipated expenditure in the form of capital expenditures (for properties with defects or deficiencies requiring significant, repairs or maintenance expenses), increase in maintenance and sinking fund charges, utilities charges, sub-contracted services costs, rate of inflation, insurance premiums and other payments or other obligations to third parties.
Execution of investment strategy	There is no guarantee that the REIT manager will be able to implement the investment strategy successfully or will be able to expand portfolio at all, or at any specified rate or to a specific size. For example, if the strategy is to grow the REIT's portfolio of properties, the REIT manager may not be able to make investments or acquisitions on favourable terms or within the desired timeframe. There may also be significant competition for attractive investment properties from other real estate investors. If the strategy involves selling off some properties in the REIT's portfolio, the price at which such properties are sold may be lower than the purchase price. Depending on the specific REIT, the REIT manager may also have the authority to invest in other types of assets (for example, securities in particular jurisdictions) and this may give rise to additional risks and uncertainties for you as an investor.

Loss of key personnel	The experience and professionalism of the property manager and key personnel are critical to the performance of the REIT and the loss of such individuals could have a material adverse effect on its financial condition and results.
Regulatory risk	Changes in local laws, regulations and government policies could affect usage and zoning of the land on which properties held by the REIT are situated as well as give rise to additional expenditure by way of taxes and statutory or government charges.
G. FUNDS	
Concentration risk	In general, investing in funds with concentrated exposures to (i) particular asset class(es) and/or (ii) a particular sector and/or (iii) one or a select few markets involves greater risk than investing in funds that have greater diversification.
Risks of underlying assets	In general, each fund will be subject to the same risk factors as those relating to the underlying securities or assets held in its portfolio. For example, the net asset value of a fund that invests in high yield bonds may decline or be negatively affected if there is a default of any high yield bonds that it invests in or if the interest rate changes.
Credit and counterparty risk	In the event that issuers and counterparties fail to make payments on securities and other investments held by a fund, this will result in losses to the fund which will affect its net asset value and the returns on your investment. In addition, the value of such securities is dependent on the financial condition and credit rating of the relevant issuers. Where an issuer's financial condition or credit rating deteriorates, this will affect the fund's net asset value.
Leverage risk	Some funds may borrow funds and utilize financial instruments and techniques with embedded leverage. This means that a small movement in the market or in the level or price of a security in the fund's portfolio will have a magnified effect on the net asset value of the fund and, consequently, on the returns on your investment. This can be either beneficial or detrimental.
Derivatives risk	Some funds may utilise instruments such as warrants, futures, options and forward contracts to enhance potential investment returns. While this can have the desired effect of enhancing the fund's performance, it can also be detrimental if the manager's prediction regarding the direction of movement of the securities or money markets proves to be incorrect.
Capital growth risk	Some funds may have fees and/or dividends paid out of capital. As a result, the capital that the fund has available for investment in the future and capital growth may be reduced.
Payment of dividends	A high distribution yield for a fund may not necessarily lead to positive or high returns on the total investment. Some funds may not distribute dividends, but instead reinvest such dividends back into the fund. As mentioned above, depending on the terms of the particular fund, some funds grant the manager of the fund the discretion, to either (i) pay such dividends out of gross income while paying all or part of the fees and expenses out of the capital, or (ii) pay such dividends effectively out of the capital which will amount to a return or withdrawal of part of your original investment or (iii) pay such dividends from any unrealised capital gains attributable to that original investment. This may be the case where the net income generated by a fund is insufficient to pay a dividend but a dividend for the fund or class of a fund has already been declared. Any distributions involving payment of dividends effectively out of the capital may result in an immediate reduction of the fund's net asset value per unit.
Suspension of redemption	In general, investors who wish to divest their holdings in a fund may submit a request for redemption in accordance with the valuation interval of the fund. However, under certain extraordinary circumstances (as set out in the offering document) the manager of the fund may elect to temporarily suspend the redemption of units and only redeem the units at a later time at the price then applicable. This price may be lower than the price prior to the suspension of redemption.
Early termination	The funds may be subject to the risk of early termination under certain circumstances as specified in the fund prospectus. In the event of early termination, any unamortised costs would be written off and the amount you receive may be less than your invested principal.

Securities	The experience and professionalism of the property manager and key personnel are critical to the performance of the REIT and the loss of such individuals could have a material adverse effect on its financial condition and results.
Loss of key personnel	The performance of a fund is largely dependent on the skill and decisions made by its manager and key personnel and the loss of any such individual could have a material adverse effect on the performance of the fund.
Changes in investment policy	The manager of a fund typically has the authority to alter its investment policy within certain parameters (set out in its constitutional document) by amending the fund's prospectus. This could represent a fairly significant change in the nature and risk profile of the fund from the one in which you originally invested.
High Yield Bond Funds (please also refer to the risk disclosures for Funds)	
Additional risks of high yield bond funds	High yield bond funds are funds investing primarily in high-yield bonds (which are generally below invest- ment grade or are unrated). Apart from the risks associated with investments in fixed income securities, investing in such funds means assuming additional risks including higher credit risk, greater vulnerability to economic cycles, as non-investment grade or unrated bonds typically fall more in value than investment grade bonds during periods of economic downturn and the risk of default rises, and greater liquidity risk. Depending on the nature of the funds, investors can also assume the risks of possible negative impact on net asset value of the fund that may decline or be negatively affected if there is a default of any of the high yield bonds that it invests in. Some high yield bond funds may have fees and/or dividends paid out of capital, and hence the capital that the fund has available for investment in the future and capital growth may be reduced. There can be uncertainty in dividend distributions as some high yield bond funds may not distribute dividends, but instead reinvest the dividends into the fund or, alternatively, the investment manager may have discretion on whether or not to make any distribution out of income and/or capital of the fund, and a high distribution yield does not imply a positive or high return on the total investment. Other key risks include concentration of investments in particular types of specialised debt or a specific geographical region or sovereign securities.
H. HEDGE FUNDS	
Complex and high risk strategies	In essence, most hedge funds aim to make a profit and, consequently, sometimes take on very high levels of risk. Some high risk strategies employed by hedge funds include the use of derivatives for investment rather than hedging purposes, carrying out of short sales and the use of significant leverage from the investment of borrowed capital. While some funds confine themselves to a single strategy, others leave their mandates vague to allow them to exploit available opportunities or change strategies to generate returns for investors under different market conditions.
Less defined scope of investment	Unlike mandates for traditional funds which restrict investment managers to a particular asset class or pre- determined mix of asset classes, mandates for hedge funds are usually much broader allowing for a wider variety of asset classes including equities, fixed income, commodities, derivative products, currencies, futures and other investment opportunities. In general, investing in hedge funds with concentrated exposures to (i) particular asset class(es) and/or (ii) a particular sector and/or (iii) one or a select few markets involves greater risk than investing in hedge funds that have greater diversification.
Limited liquidity and tradability	Compared to a traditional fund, a hedge fund would typically be less liquid and less tradable. As a matter of fact, many hedge funds offer only limited subscription and have redemption rights with lengthy notice periods. The frequency of issue and redemption is often only monthly, quarterly or annually. There may be fixed holding periods that could potentially last many years. In addition, stipulations regarding trading frequency and required holding periods may also change from time to time. As an investor, you would be exposed to the risk of these unpredictable changes.

Limited transparency and regulatory supervision	Many hedge funds are domiciled in offshore jurisdictions and are subject to less stringent regulations and supervision. In order to enjoy exemptions from certain reporting or registration requirements, hedge funds are required to comply with regulatory restrictions regarding the type of investors and number of investors who can invest in their fund, including a minimum investment requirement. As a result, there is usually less transparency and investor protection in place around the management of hedge funds and disclosures required to be made to investors. In fact, there is sometimes little information available relating to a particular hedge fund investment. As discussed above, investment strategies used in hedge funds are highly complex and may be difficult to understand. Changes in strategy which may be permitted by the mandate of the hedge fund could lead to a substantial increase in the level of risk. However, due to the lack of transparency and the complexity of investment strategies, such changes may be either overlooked, accorded too little attention or noticed too late.
Credit and counterparty risk	In the event that issuers and counterparties fail to make payments on securities and other investments held by a hedge fund held by you, this will result in losses to the hedge fund which will affect its net asset value and the returns on your investment. In addition, the value of the securities is dependent on the financial condition and credit rating of the relevant issuers. Where an issuer's financial condition and credit rating deteriorates, this will also have a negative impact on the hedge fund's net asset value.
Loss of key personnel	The performance of a hedge fund is largely dependent on the skill and decisions made by its manager and key personnel and the loss of any such individual could have a material adverse effect on the performance of the hedge fund.
Performance fee	Portfolio managers of hedge funds receive performance-linked bonuses and often have a personal stake in the fund. You should be aware that performance fees may be charged in relation to any investment in a hedge fund which may be effected by way of a deduction of securities that you hold and accordingly, this may reduce the amount of securities that you hold.
I. PRIVATE EQUITY FUNDS	
Risky underlying investments	In general, a substantial number of investments made by private equity funds tends to be unprofitable. Companies in which private equity funds typically invest have high levels of borrowing and investing in these companies entails greater credit risk. Such companies would also be more sensitive to negative developments such as rising interest rates. As most of the companies in a private equity fund's portfolio are privately held companies, there would generally be no readily available market for a private equity fund's investments and such investments will be difficult to value and exit. Broadly speaking, investments in ven- ture capital funds which invest in companies during the earliest phases of their development would usually entail the greatest risk of loss.
No liquidity	Investments in private equity funds are generally illiquid as such investments are neither tradable on any exchange or in the secondary market nor would they be transferrable. This is due to the fact that the investments in the fund portfolio are themselves illiquid. Most private equity fund investments may typically only be sold years after investors have made their initial investment and, as such, you will have either no access or very limited access to your capital and will not have any option to exit the investment during its tenor. In addition, you should also not expect to receive any distributions during the tenor of your invest- ment as distributions (if any) will only be made as and when a private equity fund exits from a company in its portfolio.
Limited transparency and regulatory supervision	In order to enjoy exemptions from certain reporting or registration requirements, private equity funds are required to comply with regulatory restrictions regarding the type of investors and number of investors who can invest in their fund, including a minimum investment requirement. As a result, there is usually less transparency and investor protection in place around the management of private equity funds and disclosures required to be made to investors. In general, there is limited information available on their investments and performance of their portfolio companies other than annual or semi-annual financial statements or sometimes quarterly reports.
Loss of key personnel	The performance of a private equity fund is largely dependent on the skill and decisions made by its manager who determines the timing of "exit" or sale of various investments in its portfolio and as well as other key personnel. As such, the loss of any such individual could have a material adverse effect on the performance of the private equity fund.
Potentially significant fees	Investors in private equity funds may be subject to some very significant fees including organizational (establishment) costs, operating expenses, management fees, administrative fees, portfolio company transaction fees, and performance fees (also known as carried interest). The amount and type of fees incurred will differ between funds as will the methodology used (e.g. whether or not losses on unprofitable deals are taken into account) for calculating the amount of performance fees due to the private equity fund manager.

J. STRUCTURED PRODUCTS	
Reference asset risk	As an investor, the payments (if any) that you receive would be linked to changes in the price(s) or level(s) of the underlying reference asset(s) during the tenor of the structured product and/or on specified valuation date(s). It is therefore critical that the underlying reference asset(s) is/are capable of being properly valued. Where such valuation cannot occur, the valuation of underlying reference asset(s) may be postponed to a subsequent period and/or day. You should be aware that investing in a structured product linked to the underlying reference asset(s) is not the same as investing directly in the underlying reference asset(s). As an investor in a structured product, you will have no claim on the rights and interests of ownership in the underlying reference asset(s) (e.g. dividends etc.). In addition, you should note that the mark-to-market value, early repurchase price or early termination price or maturity value may not reflect movements in price(s) or level(s) of the underlying reference asset(s). There is no guarantee that the underlying reference asset(s) will perform to the price(s) or level(s) required to produce returns in line with the investment strategy of the structured product.
Returns at maturity	Where a structured product is structured to return your investment principal at maturity, this means that you will only receive a return of your investment principal if you hold the structured product until its stated maturity date. In the event that the structured product is early redeemed by you (with the issuer's consent) or by the issuer (as permitted under circumstances set out in the terms and conditions of the structured product), the issuer will be entitled to factor in the costs of terminating hedging and funding arrangements and other costs to calculate repurchase or termination price payable to you. Where a structured product is not structured to return your investment principal at maturity, your invest- ment principal is at risk and you risk losing some or all of your investment principal even where the structured product is held to maturity. If the relevant structured product entails physical delivery of the underlying reference asset(s), you are exposed to the full downside risk of the underlying reference asset(s) which could be valueless in the worst-case scenario.
Credit risk	As an investor in one or more structured products, you bear the full credit risk of the issuer(s) and the guarantor(s) (where applicable). The structured products represent direct, unsecured and unsubordinated general obligations of the issuer and are unconditionally and irrevocably guaranteed by the guarantor (where applicable).
Events adjustment risk	The issuer or calculation agent has the discretion to adjust the terms of the structured product if it determines that certain adjustment or extraordinary events (as specific in the terms and conditions of the relevant structured product) have occurred. Examples of such adjustment or extraordinary events include corporate actions on underlying reference asset(s), mergers, nationalization, market disruption, trading suspension, insolvency, changes in economic, political or social conditions. These adjustments may affect payments that you are entitled to receive in relation to the structured product.
Liquidity risk	Structured products are not liquid instruments and are not intended for short-term trading purposes. If a structured product is in the form of a collateralised structured note ("structured note"), such a product would generally not have any active or liquid secondary trading market and would not be listed on any exchange. If a structured product is an uncollateralised structured product ("structured investment"), such a product would not be transferrable. In either case, you will be exposed to liquidity risk.
Early redemption risk	As an investor in a structured product you would have no contractual rights of early redemption. Where the structured product in which you are invested is in the form of a structured note, the issuer may, upon your request, offer to repurchase the structured note prior to maturity but would be under no obligation to do so. Such early repurchase would be at the absolute and sole discretion of the issuer and will incur a cost. Where the structured product in which you are invested is a structured investment, the issuer may also agree, upon your request, to terminate the structured product prior to maturity but would again be under no obligation to do so. If the issuer agrees to repurchase the structured note or terminate the structured investment, it would be entitled to factor in the costs of terminating the related hedging and funding arrangements and other costs to calculate the repurchase price / termination price payable to you. As a result, you may lose all or a part of your invested principal.
Early termination risk	The issuer has sole and absolute discretion to early terminate the structured product under certain circumstances, for example, illegality or if a hedging disruption event occurs (that is, if the issuer is unable to maintain its hedging arrangements for structured product). Where the issuer decides to early terminate the structured product, it would be permitted to take into account the costs of terminating related hedging and funding arrangements and other costs in its calculations of the early termination amount payable to you.

Reinvestment Risk	In the event that a structured product is early terminated by the issuer, you may not be able to reinvest the proceeds received under similar or equally favourable terms and conditions (for example at the same rate or for the same return).
Interest rate risk	Changes in the levels of interest rates affect the market value of a structured product. In relation specifically to structured notes, such a product generally has two components - a (synthetic) zero coupon bond and a derivative (such as an option). An upward movement in interest rates will generally be accompanied by a fall in the market value of a structured note. The longer the tenor of the structured note, the more sensitive it will be to interest rate changes.
Settlement risk	Upon maturity of the structured product, any cash settlement amounts or reference assets (where physical delivery applies) payable to you by the issuer will only be transmitted to you after EIBANK has received cleared funds and/or reference asset(s) (as applicable) from the issuer. As a consequence, you may only receive payment or delivery of such cash settlement amounts or reference asset(s) after the maturity date. Where the issuer does not fulfill its obligations as expected, you may lose all or part of your investment principal. You should also note that payments of cash settlement amounts or physical delivery of reference asset(s) may be required to be channeled through clearing system(s), custodians and other third parties located in different time zones. As such, expected payment or delivery of reference asset(s) may not always be available on the relevant dates.
Physical delivery risk	Where a structured product has the possibility of physical delivery at maturity, the reference assets deliverable may be traded in a foreign securities market. You should consider the implications of this. In order to receive delivery of such reference assets, you may be required to open and maintain one or more accounts with foreign custodian(s). In addition, there may be additional costs and expenses related to such settlement. By holding securities traded in a foreign market, you will also be required to comply with regulatory and disclosure requirements of the jurisdictions where the issuer of the securities is incorporated and/or carries on its business in addition to the jurisdiction where the securities are traded. Furthermore, there may be restrictions on the trading and holding of such securities in these jurisdictions. In view of the above, you should seek independent advice before investing in any structured product that may require you to take physical delivery of the securities.
Leverage risk	Where you have used leverage to purchase a structured product, or where the structured product contains an embedded leverage, a small movement in the market or in the level or price of the underlying reference asset(s) will have a magnified effect on the structured product and, consequently, on the returns on your investment linked to the structured product. This can be either beneficial or detrimental.
Specific terms and conditions	The terms and conditions for each structured product will differ as will the specific risks associated with investing in each product. Before deciding to invest in a structured product, you are advised to refer to the offering documents of the relevant structured product for full details relating to its specific terms and conditions and risks and to seek professional advice where necessary.
K. OPTIONS	
Risk of trading options	The risk of loss in trading options is substantial. In some circumstances, you may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore study and understand options before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. If you trade options you should inform yourself of exercise and expiration procedures and your rights and obligations upon exercise or expiry.
High risk nature of transactions	Options transactions involve high risk. Before entering into any options transaction, you should carefully calculate the price which the underlying contract would have to reach for the option position to become profitable. Your calculations should factor in the sum of the premium and all other costs incurred in entering into and exercising or closing the option position or performing your obligations under the option. Exercising any option results either in a cash settlement, or in the acquisition or delivery of the underlying contract.

Buying options	As a buyer of an option, you risk losing the total amount of your premium as well as any transaction costs incurred in the event that the market moves against your option position and such option expires worthless. In addition, you should be aware that in order to realise any value from your option, you will need to either offset the option position or exercise the option. You should note that some option contracts provide only a limited period of time for exercise of the option while others provide for the exercise of the option only on a specified date. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable is usually remote. If the option is on a futures contract or leveraged foreign exchange transaction, you will have to acquire a futures or leveraged foreign exchange position, with associated liabilities for margin.
Selling options	The risks associated with selling (or "writing") an option are generally greater than buying an option. As an option seller, you would be obliged to settle the option either in cash or through the acquisition or delivery of the underlying reference asset where the buyer exercises the option. If the option is on a futures contract or leveraged foreign exchange transaction, you will acquire a futures or leveraged foreign exchange position with associated liabilities for margin. Such risk may be mitigated to some extent (depending on the circumstances) if the option is "covered" by a corresponding position in the underlying contract (e.g. if the option seller already has a corresponding quantity of the relevant underlying reference asset at its disposal) or another option.
Selling of covered call options	In the case where you sell a covered call option and such option is exercised by the buyer, your potential profit on the underlying reference asset (which is held by you) would be capped at the exercise price and your loss in profit would be the difference between the exercise price and market price at the point in time when the option is exercised. This loss would be partially mitigated by the premium you received for the option. In the event the call option is not exercised by the buyer, you would bear the full downside risk of the underlying reference asset and your potential loss would be mitigated only by the amount of premium received.
Selling of uncovered call options	As the seller of an uncovered call option, you would be required initially to deposit a margin. In the event that the price of the underlying reference asset rises, the amount of the required margin will also increase. As such, you would bear the risk of having to provide additional collateral to the EIBank at any time in order to meet the increased margin requirements. In addition, in the event that the call option is exercised by the buyer, you would bear the risk of having to purchase the underlying reference asset to be delivered at a market price which would be higher than the exercise price. Since there is no limit to the amount by which the market price of the underlying reference asset may exceed the exercise price, your potential loss would be unlimited and mitigated only in part by the amount of premium received for the option.
Selling of put options	As the seller of a put option, you would be required initially to deposit a margin. In the event that the price of the underlying reference asset falls, the amount of the required margin will also increase. As such, you would run the risk of being called upon at any time by the EIBank to furnish additional collateral to satisfy the increased margin requirements. In the event that the put option is exercised by the buyer, the exercise price may be considerably higher than the market price of the underlying reference asset. Your loss in such a situation would be the difference between the exercise price of the put option and the market price of the underlying reference asset and your total loss would be limited to the amount of the exercise price. Any loss incurred would be mitigated only in part by the amount of the premium received. If the buyer does not exercise the put option before its expiry, the margin you provided will be released and you will no longer faces the risk of having to purchase the underlying reference asset at a price exceeding the market price. In addition, you will also be entitled to retain the amount of premium received.
Combinations	An acquisition of two or more options, based on the same underlying contract, which differ in either the option type (call or put), the quantity, the strike price, the expiration date or the type of position (buy or sell), is referred to as a combination. Given the large number of possible combinations, you are advised to obtain independent advice before entering into any transaction to ensure you understand and are familiar with the particular risks involved. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

L. INTEREST RATE SWAPS	
Risk nature of transactions	In general, an interest rate swap entails counterparty risk as the counterparty to a swap may default and be unable to meet its obligations under the terms of the swap agreement, interest rate risks since the interest rate movements in the referenced rates could have a significant impact on the bank client's cash flow as well as on the cost of unwinding the swap position and settlement risks as payment of cash settlement amounts may be required to be channeled through clearing system(s), custodians and other third parties located in different time zones, and hence expected payment may not always be available on the relevant dates.
M. FORWARDS	
Risk nature of transactions	The risk of loss in forwards can be substantial. You may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit losses to the intended amounts. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore carefully consider whether such trading is suitable in light of your own financial position and investment objectives. For forward sales, you must deliver the underlying at the price originally agreed even if its market value has since risen above the agreed price. In such a case, you risk losing the difference between these two amounts. Theoretically, there is no limit to how far the market value of the underlying can rise. Hence, the potential losses are similarly unlimited and can substantially exceed the margin requirements. For forward purchases, you must take delivery of the underlying at the price originally agreed even if its market value has since fallen below the agreed price. The potential loss corresponds to the difference between these two values. The maximum loss therefore corresponds to the originally agreed price. Potential losses can substantially exceed the margin requirements. If you sell forward an underlying which you do not hold at the outset of the contract, the risk is having to acquire the underlying at an unfavorable market value in order to fulfil the obligation to effect delivery on the contract expiry date. In the worst case, it may be impossible to obtain the underlying due to the illiquidity of the market, so that you will be unable to fulfil your obligation to effect delivery.
N. FUTURES	
Risk nature of transactions	The risk of loss in trading futures contracts is substantial. In some circumstances, you may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore study and understand futures contracts before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. For a short position in a futures contract sale, you must deliver the underlying at the price originally agreed even if its market value has since risen above the agreed price. In such a case, you risk losing the difference between these two amounts. Theoretically, there is no limit to how far the market value of the underlying can rise. Hence, the potential losses are similarly unlimited and can substantially exceed the margin require- ments. The market risk can be magnified because of the leveraged effect. For a long position in a futures purchase, you must take delivery of the underlying at the price originally agreed even if its market value has since fallen below the agreed price. The potential loss corresponds to the difference between these two values. The maximum loss therefore corresponds to the originally agreed price. Potential losses can substantially exceed the margin requirements. If you enter a futures contract on an underlying which you do not hold at the outset of the contract, the risk is having to acquire the underlying at an unfavorable market value in order to fulfil the obligation to effect delivery on the contract expiry date. In the worst case, it may be impossible to obtain the underlying due to the illiquidity of the market, so that you will be unable to fulfil your obligation to effect delivery.
Effect of "Leverage" or "Gearing"	Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.