INDOSUEZ
WEALTH MANAGEMENT

A GUIDE FOR INVESTORS

Architects of Wealth

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INTRODUCTION

In this document, the Bank provides its Clients with information on the main characteristics and the usual risks associated with the most common financial instruments, without prejudice to the possibility of the Bank providing specific information on a given product or financial instrument, although not expressly mentioned in this document.

In any case and in each case, the Bank will make available to its Clients all the information required by law and, if necessary, send it to them.

When a prospectus is published relating to a financial instrument that may be purchased by the Client from the Bank, the Client may obtain a copy upon request from the Bank. The prospectus may be sent to him on a durable medium. In any case, a paper copy is provided to Clients who specifically request it in this form. The Client is informed that when the financial instrument is issued by a UCITS, the prospectus is generally available on the website of its management company. When the financial instrument is the subject of a public offering in which a prospectus has been published in accordance with the applicable European regulations, the prospectus must be legally available on the internet.

1. MAIN RISKS

Risk is inherent in financial instruments and is synonymous with uncertainty, i.e., the possibility of obtaining not only lower or better than expected performance, but also of bearing the total or partial loss of capital invested, even in the worst case of losing an amount greater than the initial investment. There is a correlation between risk and performance: generally speaking, the higher the anticipated performance, the higher the assumed risk.

1. BUSINESS RISK OR INTRINSIC RISK

Investors should be aware that investing in any security issued by an entity may entail a risk that its value will decline for reasons specifically related to the management of the entity.

2. ECONOMIC RISK

Fluctuations in a market economy will usually affect the prices of financial instruments. Price fluctuations tend to mirror phases of economic recession and growth. The length and scale of phases of economic recession and growth vary, as does their impact on different sectors of the economy. Economic cycles may also vary from country to country.

Failure to consider economic cycles or an incorrect assessment of future economic trends when investing may result in losses. The impact of economic cycles on the prices of financial instruments is particularly important.

3. INFLATION RISK

Investors may suffer losses if the currency in which they have invested is devalued or depreciates. This can affect both the actual value of the assets held and the expected actual return on the investment.

4. COUNTRY RISK

In the event the circulation of the foreign currency or of financial instruments is restricted, a foreign debtor may be unable to pay interest or to repay the full amount on maturity, even though it is solvent. This may occur in the event of economic sanctions or exchange controls in the country of origin. It is a sign of local economic and/or political instability.

As a result, the investor may not receive payments to which he is entitled because of a shortage of foreign currency or restrictions on the transfer of funds out of the country. This may occur when a bond is issued in a foreign currency that cannot be converted at a particular moment in time due to exchange controls. Investors can obtain further information by consulting the surveys and information on country risks published by specialist bodies such as the OECD, COFACE, etc.

5. CURRENCY RISK

The exchange rates of currencies fluctuate. This means there is a currency risk when an investor holds financial instruments issued in a foreign currency.

Key factors influencing currency prices include the country's inflation rate, variances against other countries' interest rates, the perception of the economic situation, the local and international political situation and the security of investment. In addition, psychological factors such as loss of confidence in a country's political leaders may also cause its currency to weaken.

6. LIQUIDITY RISK

If a market is not sufficiently liquid the investor may be unable to sell his financial instruments.

Lack of liquidity may be related to supply and demand or to the intrinsic characteristics of the financial instrument or market practice.

Lack of liquidity in supply and demand occurs when the supply of or demand for a given financial instrument at a certain price is very low or non-existent. In such circumstances, buy and sell orders cannot be executed immediately, can only be partially executed or can only be executed at a disadvantageous price. In addition, transaction charges may be higher.

Lack of liquidity due to the inherent characteristics of a financial instrument or market practice may occur, for example, when transactions involving registered shares require a lengthy processing period, due to the characteristics of the financial instrument itself (closed venture capital funds) or when local execution times are excessively long.

The issuer of the securities cannot guarantee it can create or maintain a market for trading these securities, or that a price or estimated value will be regularly available for the said securities. Consequently, the securities may lack liquidity, which means the holder may have difficulty in selling them and is obliged to hold them until the maturity date, if the securities have a maturity date. Similarly, if a third party is interested in purchasing the securities, the transaction price will depend on the product's supply and therefore may not correspond to its market value and may be lower than the nominal price and/or acquisition price paid by the investor. As such, liquidity risk may negatively impact the sale price when it is necessary to conclude such a sale rapidly.

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7. PSYCHOLOGICAL RISK

Irrational factors may have a general impact on prices; these include trends, opinions and rumours that may cause the price of a company's securities to fall significantly even though the company's financial situation and prospects have not worsened. This corresponds to a generalised reluctance to accept market risk.

Moreover, psychological events such as loss of confidence in political leaders may weaken a country's currency and, therefore, its economy.

8. CREDIT RISK

There are several advantages to using credit in order to buy financial instruments. More specifically, use of credit allows an investor to purchase new assets while keeping his existing financial instruments.

However, there is a risk that the borrower may be required to produce additional collateral if the value of the financial instruments provided as security is or becomes insufficient. If he is unable to do so, the bank may be compelled to sell the deposited securities at an inopportune time.

A leverage effect may be obtained when credit is used to buy financial instruments. The concept of leverage effect is defined in the Glossary.

9. COUNTERPARTY RISK

Investors should verify the identity of any counterparty with which they enter into a transaction. The counterparty's default may result in the investor losing all or some of the funds invested. The counterparty's rating is a significant indicator of the risk level.

10. ADDITIONAL RISKS ASSOCIATED WITH EMERGING MARKETS

The risks described above are exacerbated when investing on the emerging markets. For example, political or economic changes will have a greater impact on the prices of financial instruments on emerging markets than in other countries. Likewise, emerging markets tend to react more strongly and for a longer period of time to natural disasters or wars.

11. OTHER MAIN RISKS

- **Information risk**

Investors may make inadvisable investment decisions if they receive insufficient, incomplete or incorrect information. Investors are advised to obtain information from a number of different sources before investing!

- **Transmission risk**

When an investor places an order he must supply the information necessary for the order to be executed by the Bank. Providing detailed information will reduce the risk of error.

- **Risk associated with transaction charges**

Investors will be expected to bear all the charges and fees payable to the various entities involved in the execution of an order. Any return on an investment should be calculated after deduction of all such charges.

These main risks apply to all types of investments. Investors should be aware that more than one of the risks described above may apply to any given financial instrument, and that this will increase the overall risk.

Thus, a foreign-currency denominated credit transaction combines a credit risk and a currency risk. If an investor borrows in a foreign currency, there is a risk that he may be required to repay more than if he had originally borrowed in his currency, if his reference currency weakens against the currency of the loan. Example: a French borrower holding income/assets in euros borrows the equivalent of EUR 100'000 in Swiss francs. If the Swiss franc has risen 33% against the euro by the repayment date, it will cost the investor EUR 133'000 to purchase the Swiss francs required to repay the loan. If he had borrowed in euros he would only have to pay out EUR 100'000.

2.BRIEF DESCRIPTION OF CERTAIN TYPES OF INVESTMENT AND SPECIFIC ASSOCIATED RISKS

1.TERM DEPOSITS

A term deposit is a deposit of cash with a banking institution for a set period of time.

Deposits may be short, medium or long term. The depositor will receive interest at a fixed or variable rate. As a general rule, the funds deposited can only be recovered on expiry of the term. Early withdrawal is subject to the bank's approval and a penalty is usually charged.

RISKS

Term deposits are generally exposed to inflation, currency, interest rate and counterparty risks.

2.BONDS

Bonds are negotiable debt securities that may be issued in registered or bearer form, by a government, a public authority or a company in exchange for the loan of capital. The nominal value at the time of issue corresponds to a fraction of the total amount of the loan. Bonds may accrue interest at a fixed rate, a variable rate, or not at all (zero-coupon bonds). The maturity date and the repayment methods are determined at the outset. When an investor buys a bond, he holds a receivable against the issuer. He may sell this receivable (in practice, the bond) at the market price if the bond is listed.

A. CHARACTERISTICS OF CLASSIC BONDS

- **Coupons or interest:** in most cases, the loan will bear interest. The amount of interest that will accrue and the frequency of interest payments will be determined upon subscription.
- **Repayment**:
  - *on predetermined dates:* subject to any agreement to the contrary or the issuer's insolvency, the bond will be repaid on maturity or in the form of annual payments.
  - *Maturity:* short term (up to 3 years [1]), medium term (3 to 7 years [1]) or long term (more than 7 years [1]). Note that so-called "perpetual" bonds can still be found (see definition in the Glossary).
- **Maturity:** short term (up to 3 years [1]), medium term (3 to 7 years [1]) or long term (more than 7 years [1]). Note that so-called "perpetual" bonds can still be found (see definition in the Glossary).
- **Return:** the return on a bond corresponds to the interest received, taking into consideration its overnight value on the bond market. If a bond is bought after its issuance, the coupon will only correspond to part of the return and the purchase price should also be taken into consideration. The higher the price paid for the bond, the lower the return, and vice versa.
- **Issue value:** a bond can be issued at par (100% of the nominal value) or above or below par.

B. CONVERTIBLE BONDS

This type of bond usually accrues interest at a fixed rate and can be exchanged for shares on request, at a price set at the time of issue or that will be determined on a set date or over a specific period of time. This means the bond's subscriber can become a shareholder of the issuing company if he so wishes. If the conversion right is not exercised, the terms and conditions of repayment and of payment of coupons stipulated at the time of the issue will continue to apply.

Due to the existence of the conversion right, coupons on this type of bond tend to be lower than on standard bonds. The value of convertible bonds will essentially depend on the value of the underlying shares. This means that if the share price falls the value of the convertible bonds will also fall. There is therefore a greater risk of loss of value than with bonds that are not convertible (although it is usually smaller than the risk of loss of value associated with a direct investment in the same shares).

Bonds convertible into shares should not be confused with bonds redeemable in shares. The only form of repayment available for these bonds is redemption in the form of shares, delivered on a set maturity date. The investor is therefore exposed to the risk of loss of value of the shares delivered at maturity.

Some bonds are convertible on the initiative of the issuer rather than on the initiative of the subscriber. Such is the case with contingent convertibles (CoCos), which are hybrid instruments issued by banks. CoCos are debt securities that can be converted, on the initiative of the issuing bank, into capital instruments upon the occurrence of a pre-defined event – typically, if the issuing bank's solvency ratio falls below a certain threshold. Some varieties of CoCos resemble perpetual bonds as the issuer can, at its own discretion, suspend coupon payments at any time.

C. COCO TYPE BONDS

"CoCos" or "Contingent Convertible Bonds" are hybrid bonds or, more exactly, financial products that can be exchanged for shares under certain conditions. The occurrence or non-occurrence of particular events, set out in the prospectus, may influence the product's return, repayment terms and expiration date.

CoCos are characterised by two features:

- A loss-absorbing mechanism that operates through a forced conversion of the CoCo (exchanging a bond for a share) with a predetermined conversion level, or even a pure and simple acceleration of the bond to repay the nominal amount without exchange with shares.

[1] generally accepted classification

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- A trigger for this mechanism that may be automatic (e.g. the bank's capitalisation indicator falls below the predefined level) or discretionary (it is then the banking supervisory body that forces the conversion if deemed necessary)

Given the diversity of CoCos, it is advisable to analyse the issue document(s) (prospectus, information notice, etc.) of each CoCo on a case-by-case basis in order to determine the characteristics.

The Bank only sells or advises CoCos to clients classed as "professionals ".

D. RISKS

1. Insolvency risk

There is a risk that the issuer becomes temporarily or permanently insolvent, meaning that it is unable to pay interest or repay the loan. An issuer's solvency may be affected by a number of different factors during the term of the loan, including: the general economic situation, economic cycles, structural changes affecting the issuer, the company's financial position, changes in the sector in which the issuer operates, political changes in the issuer's country, etc.

Corporate bonds are more exposed to this risk than bonds issued by a public authority, as private companies are more sensitive to economic factors.

Any deterioration in the issuer's solvency will have an adverse impact on the price of the bonds it issues.

2. Interest rate risk

When interest rates rise, the price of a fixed-rate bond will fall. The sensitivity of bonds to interest rate fluctuations depends, in particular, on the period to maturity and the nominal interest rates.

If a bond is kept until maturity there will not, in theory, be any risk of a loss due to interest rate risk. However, if the bond is sold the holder may sustain a loss.

This risk does not apply to variable-rate bonds, because the interest amount fluctuates in step with market interest rates.

3. Early repayment risk

A bond's terms and conditions may allow the issuer to trigger early repayment of the loan. This would be in its interest if it could then arrange new financing on better terms. Early repayment may affect the investor's expected return, as it is likely that the terms of any new investment of the repaid funds would be less advantageous.

4. Currency risk

If an investor purchases bonds issued in another currency he will be exposed to a currency risk and an interest rate risk for the currency of the bond.

5. Risks associated with certain types of bonds

Certain types of bonds (zero-coupon bonds, foreign currency bonds, convertible bonds, index-linked bonds, subordinated bonds, etc.) expose investors to additional risks, of which they should be aware.

For example, if the issuer of subordinated bonds defaults, the holders of the subordinated bonds will only be repaid after all more senior ranking creditors have been repaid.

In the case of CoCos, bondholders who become shareholders may ultimately find themselves in a situation where they will have to bear the losses of the issuing bank. If the issuer becomes insolvent, their shares will be reimbursed last, after all other debts have been paid. In such a case, the investor runs the risk of losing his/her invested capital.

Investors are advised to read about the associated risks in the issue prospectus, and should not invest in this type of financial instrument until they have properly assessed all the risks.

3. EQUITIES

A share is a security that represents a percentage of an issuer's capital. Each holder of a share is called a shareholder. Shareholder's have the right to receive a proportion of the company's earnings in the form of an annual dividend, the amount of which is proportional to the percentage of capital owned. A dividend is paid to the shareholders only when the company's earnings permit it.

Equities (or shares) are financial instruments issued to a shareholder as evidence of his right of ownership in a company. Depending on the country of issue, shares may be issued in registered, bearer or dematerialised form. They represent a fraction of the share capital of a so-called joint stock company. Shares may be listed on an organised financial market or may be unlisted.

A. CHARACTERISTICS

- **Return:** the share of the profits allocated to each shareholder is called the "dividend";
- **Capital gain or capital loss:** when a share is listed its price will fluctuate according to demand and supply. If a share is not listed, its price will be based on the estimated value of the company's assets;
- **Shareholder's rights:** shareholders have pecuniary rights and voting rights. They are defined by law and by the issuer company's articles of association;
- **Share transfers:** a share's form will dictate its method of transfer. Transfers may be prohibited or subject to conditions by law, the company's articles of association or any applicable agreement.

B. RISKS

1. Business risk

When an investor buys shares he contributes capital to the issuer. He is entitled to a share of the profits, but is also liable for part of the losses. He may lose all the money he has invested if the company files for insolvency.

2. Market risk

A general market slump due, for example, to concerns about the global growth outlook, may affect the entire equity market in a way that is impossible to predict.

3. Risk of non-payment of dividends

Dividend payments will depend on the amount of profit made by the issuer company. If the company records only a small profit or a loss it may declare a reduced dividend or no dividend.

In any event, shareholders are not automatically entitled to a dividend. The company's competent body, which is usually the annual general meeting called to vote on the financial statements for the previous year, may decide to distribute all or part of the year's profits as a dividend or alternatively may decide not to declare a dividend.

4. DERIVATIVES

A derivative is a product whose value "derives" from an underlying asset, which may be a financial instrument, a commodity, a market price such as an index, an interest rate or foreign exchange rate, or a credit risk.

Contracts are entered into between two parties who exchange the risks inherent in an economic activity: economic agents who are not willing to bear the risks transfer them to other economic agents, who are willing to do so. This type of risk transfer is generally referred to as a "hedge". Conversely, the acceptance of the risk is usually referred to as "speculation".

Derivatives allow investors to benefit from leverage to a much greater degree than other products: a fairly small investment can result in a large market position, thus maximising any gains, but also increasing the potential losses.

There are two main categories of derivatives: option contracts (options, warrants and credit derivatives) and forward contracts (futures, forwards and swaps).

Investing in derivatives may involve unlimited risk. In principle, the Bank seeks to fully cover this risk for the duration of the investment, and the investor is therefore likely to have to respond to margin calls from the Bank depending on market developments.

Two optional products, a futures product and accumulators/decumulators are defined below:

A. OPTIONS

An option is a contract that entitles – but does not oblige – a buyer to buy (call option) or sell (put option) a given financial asset subject to payment of a premium, at a set price and on a set date (or during a set period of time). An option's seller undertakes, if the option is exercised, to sell (call option) or buy (put option) the asset on the agreed terms. The seller of the option incurs unlimited risk if he does not hold the underlying. In principle, the Bank will ask him to fully cover this risk, and the investor is therefore likely to have to respond to margin calls from the bank depending on market developments.

B. WARRANTS

A warrant is a financial instrument issued by a credit institution that gives its holder the right to buy (call warrant) or sell (put warrant) a given financial asset (called the underlying asset: share, index, bond, currency) at a set price (called the exercise or strike price) on a set date (called exercise date).

Warrants differ from options in several ways:

- Only credit institutions issue warrants, whereas any investor can sell or buy an option.
- In the case of options, the parties can buy or sell a standardised option contract on an organised market or enter into an over-the-counter transaction, in which case they will define the terms and conditions of the contract. In the case of warrants, the credit institution unilaterally defines all the terms and conditions.
- An investor can only sell a warrant if he has already bought it. Options can, in theory, be sold short.

C. FUTURES

A future is a contract containing a firm commitment (by the seller) to deliver financial instruments, currencies, etc. (the underlying) or a firm commitment (by the buyer) to take delivery of them, on a set date and at a set price.

The contract imposes an obligation to buy or sell, unlike option contracts, in which the buyer merely acquires the right to exercise the option.

When the investor does not hold the underlying, he incurs an unlimited risk. In principle, the Bank will ask him to fully cover this risk, and the investor is therefore likely to have to respond to margin calls from the bank depending on market developments.

D. ACCUMULATORS AND DECUMULATORS

The accumulator is a strategy for the purchase and sale of over-the-counter options, which allows an underlying financial instrument (currency, share, etc.) to be accumulated periodically for a given period of time, if certain conditions are met, at a price (the "strike") that is better than the market price available at the time of conclusion of the initial transaction. This bonus comes in particular from the fact that the

customer sells options to the bank that obligate the customer, without necessarily receiving a premium, to buy the underlying financial instrument at a specified price and for a quantity that is dependent on the price of the underlying financial instrument. The settlement of the transaction takes place according to a previously defined schedule.

Compared to a conventional futures contract, there are other differences in this instrument. Leverage can improve the level of the strike, but increase the potential loss for the customer. Leverage is the multiplication of the amount of an underlying financial instrument that is accumulated when the price of the underlying financial instrument for a given period is less favourable for the customer. A deactivating barrier can also improve the level of the strike but limit the potential gain for the customer if the underlying financial instrument reaches the deactivation level. Once the barrier has been reached, and depending on what the customer agrees upon with the bank, the strategy can then be definitively deactivated for the remaining period even in the event of favourable market development for the customer, or may be reactivated depending on the subsequent market development. This strategy is therefore particularly risky if markets are volatile, especially when the customer does not have the underlying financial instrument or its equivalent.

By entering into this type of over-the-counter derivative contract, the customer cannot know in advance the exact amount of the underlying financial instrument that he or she will be required to buy in cash or in the future. The customer will only know the minimum and maximum quantity of the underlying financial instrument to buy. Depending on the price movements observed during the term of the transaction, the underlying financial instrument quantity can therefore vary between zero (by the effect of the deactivating barrier) and a multiple of the nominal (by the effect of leverage).

Unlike the accumulator, the decumulator is a strategy that forces the customer to sell an underlying financial instrument for a given period of time. It is intended to enable the underlying financial instrument to be sold at a price that is better than the market price available at the time of conclusion of the initial transaction. The decumulator, possibly accompanied by a leverage effect and/or a deactivating barrier mechanism as described above, presents risks comparable to the accumulator.

A document supplementing this explanation and providing a numerical illustration is available upon request through the bank.

When the investor does not hold the underlying, he incurs an unlimited risk. In principle, the Bank will ask him to fully cover this risk, and the investor is therefore likely to have to respond to margin calls from the bank depending on market developments.

In principle, the Bank reserves accumulators/decumulators for investors classed as "professionals ".

E. RISKS

<u>All derivatives transactions require the prior signature of a specific document explaining the associated risks.</u>

5.STRUCTURED PRODUCTS

A. CHARACTERISTICS

A structured product is usually a combination of two financial instruments, one of which is the capital component (usually a bond or money market instrument), while the other is the risk component (a derivative, usually an option).

This means structured products have the same risk and return profile as their component financial instruments. The investment period is dictated by the capital component.

These are made-to-measure products created to meet the specific needs of investors who are looking for something different to the standard financial instruments (money market investments, bonds, etc.).

There are four categories of structured products:

- Guaranteed capital products, which partially or fully protect the invested capital. Protection is limited to the nominal amount of the structured products and not the amount actually paid by the investor at the time of subscription.
- High yield products, which give a high rate of return but no capital protection.
- Participation products, which enable the holder to invest in the underlying financial asset without actually holding it. The risk level corresponds to the risk level of the underlying asset.
- Leveraged products, providing for +100% exposure.

Investors should ask the following questions when considering any structured product:

- What is the investment horizon or product maturity date?
- To what extent is the capital protected?
- Is there any leverage, and how much?
- What is the risk associated with the derivatives used?

B. RISKS

As a general rule, the risk level of a structured product corresponds to the capital component's exposure. Guaranteed capital products are lowest on the risk scale, and leveraged products are the highest. However, risk levels may vary significantly within a category.

1. Risks associated with the capital component

The reliability of any guarantee will depend on the solidity of the issuer or, if applicable, of the guarantor. This means capital is only effectively guaranteed if the issuer or the guarantor can meet its commitments on maturity.

Investors will only benefit from protection if they hold the instrument until maturity. Capital is not protected if the investor sells the instrument before maturity, as its price on the secondary market may be less than the nominal amount.

2. Liquidity risk

An investor will usually be committed until the date agreed at the time of the issue. If the investor wishes to sell before the set date, he may be offered very unfavourable conditions. The instrument may even have zero liquidity during its existence, which means that the investor will not be able to find a buyer and will be obliged to keep the instrument until maturity, when he will in principle be reimbursed by the issuer.

3. Early repayment risk

The issuer of a structured product may be entitled to trigger early repayment, which it may wish to do, for example, if market interest rates fall. Any such early repayment may affect the return initially expected over the initially agreed time period, because the investor may not be able to reinvest the reimbursed funds on the same terms.

4. Risk of non-payment of coupons

If the capital component of a structured product is a bond, there is a risk that any coupons may not be paid or may only be partially paid on the set payment dates if the issuer encounters financial difficulties.

C. REVERSE CONVERTIBLES

A reverse convertible is a structured product issued by a bank. The capital component of a reverse convertible is a debt security corresponding to a receivable against a banking institution. The risk component consists of the bank's option to settle its debt by paying back the initial amount invested or by delivering a set number of shares.

If, on maturity, the price of the shares is less than the nominal amount invested, the bank will opt to deliver the shares. The holder of the reverse convertible will therefore sustain a loss equivalent to the difference between the amount invested and the value of the shares received. The loss may be offset in full or in part by the amount of any coupons received. In exchange for the risk, the issuer bank will usually undertake to pay a high interest rate.

6.INVESTMENT FUNDS

An investment fund is a company or organised co-ownership that collects funds from a number of investors with a view to investing them in various assets in accordance with the risk diversification principle; investors will be entitled to share in the proceeds of fund management. In the European Union they are known as UCIs (Undertakings for Collective Investment), and are regulated to varying degrees.

A. GENERAL RISKS

1. Management risk

The return made by an investment fund will depend inter alia on the manager's skill and the quality of his decisions. This means that any errors in the management of the fund may result in losses of income or of capital.

2. Risk that the value of fund units or shares falls

The value of an investment fund's units or shares (referred to as the NAV or net asset value) is calculated on a regular basis (daily, monthly, quarterly, etc.) and reflects the aggregate value of the securities, currencies or other assets held by the fund. This means that the NAV will fall if the value of the underlying assets falls. All things being equal, the more diversified a fund's investments are, the lower the risk of substantial losses. Conversely, the risk is higher if a fund's investments are more specialised and less diversified. Investors therefore need to be aware of the risks associated with the financial instruments and other assets in which the fund invests.

Investors should find out about the risks associated with each fund by consulting the issue prospectus and, if applicable, the KIID (Key Investor Information Document) or DICI (Document d'Informations Clés pour l'Investisseur).

B. CATEGORIES

There are very many different types of investment funds; the most common are described below.

1. Money market funds

Money market funds make short term investments (less than one year) in negotiable debt securities issued by states, banks and corporate issuers. Examples include treasury bills, certificates of deposit and bonds issued by multinational companies. The return on this type of fund is very similar to the money market rate, hence the name "money market fund".

The objective of a money market fund is to generate a stable income while protecting the invested capital as far as possible.

Money market funds are the safest type of fund, although the capital is not guaranteed. The manager selects money market instruments whose issuers provide the highest level of protection with an investment period of one year maximum, in order to reduce risks.

2. Bond funds

Bond funds invest in bonds. Bond loans may be issued at a fixed or variable rate with a medium or long term maturity (over one year). The risks associated with these funds are identical to the risks associated with the underlying assets (see V. above). They offer diversified investments and provide access to markets that may be small and difficult for private investors to access.

3. Equity funds

Equity funds invest essentially in shares. As with bond funds, the risks associated with equity funds are the risks associated with the underlying assets (see V. above).

4. Diversified / Profiled funds

Diversified funds include funds that do not fall into any of the three main categories described above (money market, bond and equity funds). Diversified funds invest in money market products, bonds or equities in one or more specific geographic zones. They may also invest in derivatives. The manager is free to select the markets on which he wishes to invest the fund's assets, in accordance with the fund prospectus.

Profiled funds are a specific type of diversified fund composed of assets selected on the basis of the risk level chosen by the investor. These funds are described as "prudent", "balanced" or "dynamic" depending on their risk level. The risk level and the investment horizon are defined at the time of subscription.

In most cases three risk profiles are available:

- A **prudent profile** for investors looking for a safer investment over a short period of time (between one and three years): the portfolio will consist essentially of bonds and money market products that are relatively insensitive to interest rate fluctuations and offer a steady source of income; both the potential return and the potential risks are low;
- A **balanced profile** for investors who are willing to take more risks in exchange for a better return: their assets are invested in a balanced manner in shares, bonds and fixed-income products; both the potential return and the potential risks are moderate;
- A **dynamic profile** for investors looking for a higher return in the long term (at least five years): this type of fund invests the majority of its assets in equities and both the potential return and the potential risks are high.

5. Special types of funds

Funds are classified according to the type of assets in which they invest, their investment strategy, or their country of registration.

a. Sector funds

Sector funds invest exclusively in a specific stated sector or group of sectors. The first funds of this type invested in real property, commodities, gold and precious metals. Nowadays, every sector has its own funds (health, environment, etc.).

b. Trackers

Trackers (also known as Exchange Traded Funds or ETFs) are index-linked funds that aim to match the performance of a stock market index. They are composed of the same assets as the benchmark index and their NAV changes in line with movements in the index; in the case of leveraged ETFs, such NAV changes may be amplified.

Trackers are listed on a stock exchange.

They provide investors with an opportunity to invest through a single vehicle in a range of securities representing a geographic zone (domestic or international benchmark index) or a specific sector (such as banks or oil companies).

Risks associated with trackers

1. NAV risk

The value of the units or shares issued by trackers is subject to the same unforeseeable fluctuations as the markets they mirror, resulting in a risk of corresponding losses. Prices rise and fall over the short, medium or long term and it is impossible to predict the length of the cycles with any certainty.

2. Risk of non-payment of dividends

Dividends paid out by trackers depend essentially on the amount of profit made by the companies comprising the benchmark in which the tracker invests. If the company records only a small profit or a loss it may declare a reduced dividend or no dividend.

3. Business risk

Investors should be aware that there is an intrinsic risk associated with each security comprising the tracker fund's portfolio.

c. Absolute return funds

The objective of an absolute return fund is to achieve a positive and stable return in the long term that is higher than the return on low-risk assets, rather than to outperform a benchmark index.

Absolute return products share the following characteristics:

- open-end fund,
- daily or weekly net asset valuation,
- regulated by OECD supervisory authorities (i.e., UCITS or Luxembourg. "Part II" funds),
- the stated objective is a stable return in the long term (often defined in relation to the money market), and
- in principle the stated and/or actual risks will not exceed those associated with average maturity bonds (maximum market risk of 6% in principle).

d. Alternative funds

The concept of alternative investment covers a wide range of asset management methods or strategies that are specialised, highly technical and specifically designed to satisfy the demands of a niche market.

1. Hedge Funds

Hedge funds are the most well-known type of alternative investment. Despite their name, they are not necessarily used

for hedging purposes; in actual fact they often invest in part in high-risk assets with potential above-average returns. A hedge fund or "alternative fund" is an undertaking for collective investment that uses derivatives for investment purposes and may carry out short sales or make considerable use of leverage through credit transactions. Unlike "traditional" funds, hedge funds therefore usually achieve performances that are unrelated to the overall performance of the equity or bond markets.

A hedge fund tends to be less transparent than a traditional investment fund, as the investor is not always informed of the fund's strategy or of any changes to the strategy or to the manager. In addition, they are not required to publish regular reports. Investors can only invest in hedge funds at set times. Hedge funds have limited liquidity, investments are locked in for long periods of time and the redemption or withdrawal procedures are complicated.

The hedge fund business is highly technical and specialised and tends to be the reserve of experienced managers who usually also invest some of their personal wealth in the fund. The manager's remuneration is usually linked to the fund's performance.

Due to the low level of diversification (single strategy approach) and the potentially intensive use of derivatives, hedge funds are different to the traditional types of regulated funds.

A hedge fund usually specialises in one specific alternative strategy. This means there are as many types of fund as there are alternative strategies. Hedge funds attract wealthy and experienced investors, who appreciate the fact that their performance is unrelated to the general performance of the markets.

2.The funds of Hedge Funds

Hedge funds are generally expected to specialise in a specific strategy and not to depart from it: this is a matter of trans-parency, and one of the risks associated with investments in hedge funds is precisely that of an undisclosed change to the management style ("style drift") if the strategy announced at the outset has not produced the expected results.

The performance of hedge funds is often very erratic. As volatility is often high, investors may prefer to invest in a fund that offers slightly poorer long-term prospects but a greater level of stability, and which is more flexible in terms of redemptions.

This is why alternative funds of funds were created. The capital collected is invested by the manager in a range of alternative funds in accordance with a series of stated strategies. Extensive research and specialist financial engineering is necessary to select the underlying funds and their managers, assess the risks and allocate the assets between the various funds.

One typical feature of the performance of alternative funds of funds as compared to the market growth curve is that a fund of funds never achieves optimum performance in a growth period. Accordingly, in the event of a market downturn the negative impact on the alternative fund of funds will theoretically be less than that suffered by an equity fund. However, these funds do not offer any capital protection.

e. Offshore funds

Offshore funds are domiciled in the so-called offshore jurisdictions. These include the British Virgin Isles, the Bahamas, Bermuda, the Cayman Islands, Panama, Jersey and the Netherlands Antilles. There is very little regulation of these funds, which means they represent a higher risk investment.

Risks associated with offshore funds

1. Lack of transparency

Investors should be aware that it is often difficult to obtain information about offshore investments. In addition, the often complex investment strategies used by these funds tend to lack transparency. Lastly, changes in the investment strategy that may significantly increase the risks are often misunderstood or underestimated by investors.

2. Leverage effect

The investment strategies used by this type of fund are often high-risk. For example, the use of leverage means that a very slight change to market conditions may result in substantial gains or losses. An investor may lose all the money he initially invested in the fund.

3. Potentially limited liquidity

The liquidity of offshore investments can vary considerably; liquidity may be very limited. Redemptions are usually only possible monthly, quarterly or even only once a year. In addition, there may be problems or delays in executing orders to buy or sell fund units or shares.

Any investors who are interested in alternative investments, and in offshore funds in particular, must be aware of all the risks. They should read the fund prospectus carefully before investing.

f. Venture capital or private equity funds

The concept of private equity or venture capital covers all investments in unlisted companies at any stage of their development (start-ups, expansions, business transfers). It also covers initial investments in listed companies with a view to subsequently acquiring a larger interest that will enable the manager of the private equity fund to influence management decisions.

These are closed-end funds and the shares or units are not liquid. Redemptions are generally at the discretion of the manager.

7. PRIVATE EQUITY

A. CHARACTERISTICS

The notion of Private Equity covers all activities consisting in investing, over a long-term horizon, in unlisted companies at all stages of their development.

There are different investment strategies according to the company's stage of maturity (creation, development, transmission, etc.). Each of these strategies has a certain risk profile and requires a different type of manager expertise.

A long-term investment horizon is necessary, given the nature of the investments. By investing in the equity capital of unlisted companies, the manager will implement value creation strategies over several years. An allocation to this asset class should therefore be considered for a limited part of the investor's assets that it will not need in the short or medium term.

In addition to investments involving direct or indirect capital injections in unlisted companies' equity capital, the asset class in a broad sense also includes strategies linked to debt instruments that are not traded in regulated markets or not issued by listed companies (so-called "private" bonds), unlisted real estate assets (often referred to as "Private Equity Real Estate"), and more generally any opportunity to invest in financial instruments in the area of unlisted investment. This notion can also apply to taking initial positions in listed companies with a view to acquiring a significant stake at a later date, enabling the manager of a Private Equity fund to influence management decisions.

As this generally concerns closed vehicles whose units or shares are not liquid, such purchases must generally be approved by the manager, who assesses the opportunity on a discretionary basis.

B. RISKS

The purpose of this section is to make investors aware of the main risks inherent in Private Equity investments. Before any Private Equity investment, it is important to understand the specific characteristics and risks of the investment as described in the documentation produced by the issuer.

1. Risk of capital loss

Private Equity investments are not guaranteed. The investor may lose all or part of the capital invested, whether it subscribes to diversified funds or directly or indirectly makes an investment or a joint investment in a single target entity. The risk of capital loss is higher in the latter case.

2. Liquidity risk

The liquidity depends on whether or not an asset can be sold quickly. Private Equity investments are commonly made in unlisted assets that generally are illiquid. In particular, the Private Equity fund units that an investor subscribes to may be subject to a blocking period. They can therefore not be sold for the duration of this period. Furthermore, units in such funds generally cannot be freely sold and there is no secondary market. There are no expectations that such a market will be developed. It will therefore be difficult for an investor to sell its units during the term of the investment. When the investor succeeds in finding a buyer during the course of the investment, it is generally only at a discount to the net asset value of the private equity fund, which can be very high, depending on the circumstances. A Private Equity investment therefore requires a long-term financial commitment.

3. Risk related to the valuation of securities

The valuation of unlisted financial instruments is based on these securities' current value, which is calculated by reference to recent significant transactions. Such a valuation is not a reliable indicator of the actual price at which the assets will ultimately be sold.

4. Risk related to investments in unlisted companies

Investments in unlisted companies are generally riskier than investments in listed companies as unlisted companies may be smaller and more vulnerable to changes affecting markets and technologies. They are often dependent on the expertise and commitment of a small management team. When Private Equity funds are liquidated, these investments may be distributed in kind such that investors are likely to become minority shareholders. Shares in unlisted companies can be difficult to sell.

5. Credit risk

The credit risk is the risk that the issuer of bonds or debt securities does not repay them at the set maturity date, leading to a decline in their value.

6. Risk related to "mezzanine" financing instruments

A Private Equity fund or other vehicle is likely to invest in mezzanine financing instruments, which will be subordinated to seniors debts, giving them a higher risk of losses than senior debts if the borrower/issuer runs into difficulties. In general, holders of mezzanine debts are not entitled to receive any payment in the event of bankruptcy or liquidation until the senior creditors have been paid in full. Holders of preferred shares may not be entitled to payments until all creditors are repaid in full. If any company issuing mezzanine debt is unable to generate sufficient cash flow to service the senior debt, the fund could suffer a partial or total loss of the capital invested.

7. Interest rate and currency risks

Depending on their policy, Private Equity funds may hold assets denominated in or exposed to a multitude of different currencies other than their reference currency. The funds are then exposed to fluctuations in these currencies against

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this reference currency. Amounts called pending an investment, amounts received by the fund pending distribution to investors and more generally the cash flow, are also likely to be subject to such risks because they are temporarily invested in money market, bond or general investment funds, or in marketable short-term instruments.

8. Risk related to investment by commitment

Private Equity investments often involve a commitment to pay a fixed amount ab initio over a period of several years at the request of the issuer. The investor accepts that, accordingly, it will have a commitment to meet calls for funds, regardless of the current or expected performance of the investment.

3. GLOSSARY

A

Accrued coupon

Interest that has accrued between the last interest payment date and a set date, and that has not been paid.

Accumulation fund

A fund that reinvests all income in the portfolio, thus increasing the fund's net asset value (after deduction of all subscription and redemption fees).

Arbitrage

A transaction consisting of selling one asset in order to buy another.

B

Benchmark

The reference index used in managing a given fund. All funds managed in accordance with the "traditional" management approach have an associated benchmark or reference index, which is used to compare the fund's performance to its reference universe. For example: the CAC 40 could be used as a benchmark for a French equity fund. The term benchmark is also more generally used to mean any reference in the context of portfolio management.

Bond

A debt security issued by a state, a public authority or a company seeking financing directly on the financial markets. Bonds earn interest, also known as "coupons". The interest rate may be fixed or variable. In theory, the return on a bond investment is lower than the return on an equity investment in the long term, because the risk for the investor is less and interest is defined contractually. Furthermore, bonds issued by certain states (OAT in France, OLO in Belgium, BUND in Germany) are considered (almost) zero risk.

C

Call / Call option

A contract that grants its holder the right to buy an underlying asset at a set price, known as the "exercise price" or "strike price", on a set date, known as "exercise date", or over a set period of time. In exchange for the right to purchase, the buyer will pay a sum, known as the "premium".

Capital gain (on an instrument)

Gain corresponding to the difference between the sale price (less redemption fees, if applicable) of the financial instrument (such as a share) and its purchase price or subscription price (plus subscription fees, if applicable).

Capital loss (on an instrument)

This is the loss corresponding to the difference between the price at which a security is sold and the price at which it was bought or subscribed.

Certificates of deposit

Commercial paper issued by a financial institution, usually on a medium-term basis. They can be issued at any time, depending on the demand from subscribers.

Closed-ended fund

A fund is closed for subscription when only a set number of investors are eligible to subscribe its shares or units. A fund is closed for redemption when shares or units cannot be redeemed immediately on request. Redemptions are usually only possible on a future date or at the discretion of the fund manager. In some cases, the only option open to investors is to wait until the fund is wound up, or to sell their shares or units to a third party if this is allowed by the fund rules.

Coupon

A coupon corresponds to the amount of remuneration (interest) paid to holders of bonds at regular intervals. The frequency of coupon payments may vary, and in some cases interest is only paid on the date of repayment of the loan, in which case it is first compounded.

Custodian's fees

Amount withheld by a financial intermediary for custody and administration of security accounts.

D

Derivative

A derivative is a product whose value "derives" from an underlying asset, which may be a financial instrument, a commodity, a market price such as an index, an interest rate or foreign exchange rate, or a credit risk.

This type of instrument is highly liquid and can be used for hedging purposes, depending on the volatility of the underlying. Derivatives are listed at market value, and their characteristics vary depending on the clearing house responsible for overseeing the security of transactions.

Distribution fund

A fund that distributes income in the form of dividends.

Dividend

A share of the available profits paid to shareholders in proportion to the number of shares they each hold, on the basis of a decision by the competent company body, usually the general meeting of shareholders. Each share entitles its holder to a dividend. Companies usually only declare a dividend if they have made a profit. However, in some cases a dividend may be declared even if the company has recorded a loss, by drawing the funds from the reserves built up over previous financial years

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E

Emerging markets

This term means the markets of the countries whose GDP per inhabitant is less than that of the developed countries but which are experiencing rapid economic growth, with living standards and economic structures converging towards those of the developed countries.

EURIBOR (Euro Interbank Offered Rate)

The EURIBOR is a rate applied for a given interest period based on the averaged interest rates at which a panel of leading banks selected by the European Banking Federation (EBF) offer to lend each other unsecured, euro-denominated funds in the short term.

Exit fee

See redemption fee

Exercise price (strike price)

The price at which the underlying (a share, index, etc.) can be bought (call) or sold (put) if an option is exercised.

F

Financial instrument

The term financial instrument encompasses the following categories: transferable securities, money market instruments, shares or units issued by undertakings for collective investment, derivatives used to transfer credit risk, option contracts, forward contracts, swaps, forward rate agreements and all other derivative contracts relating to transferable securities, currencies, interest rates or rates of return or other derivatives, financial indexes or financial measures that can be settled by physical delivery or the payment of cash. It also encompasses certain types of contracts relating to commodities.

Fonds Commun de Placement (FCP – mutual fund)

This is a type of UCI that does not have a legal personality. When an investor buys units issued by an FCP, he becomes a member of the co-ownership of financial instruments, but does not have the right to vote. He is not a shareholder. An FCP is represented by a management company, which is also responsible for its administrative, financial and accounting management. There are several types of FCP, such as the fonds commun de placement d'entreprise (company investment fund), fonds commun de placement dans l'innovation (innovation investment fund), fonds commun de placement à risques (venture capital investment fund) and the fonds d'investissement de proximité (local investment fund).

Forward currency transaction

A forward currency transaction is a transaction in which the parties agree to exchange currencies - buying or selling a specific currency against another currency - on a mutually agreed later date at a price agreed at the time of the transaction. This price is known as the forward price. Banks list forward prices for the main currencies.

Fund of funds

A fund whose objective is to invest in other funds. A fund of funds selects the funds in which it will invest on the basis of their comparative long-term performance, their investment zones and the quality of their managers.

H

Holding period

Period during which an investor must leave his invested capital with the investment fund.

I

Index-linked funds

A fund whose strategy is to match one or more stock exchange indexes.

Information memorandum, information notice, particulars, prospectus, general terms and conditions

All these terms are used to designate the information documents provided to investors or savers for various types of products.

Investment fund

An investment fund is a company or organised co-ownership that collects funds from a number of investors with a view to investing them in various assets in accordance with the risk diversification principle; investors will be entitled to share in the proceeds of fund management.

L

Leverage effect

The leverage effect amplifies profits and losses. The objective for the investor is to tie up only a small amount of capital but achieve a significant gain. Various techniques can be used. It can be obtained by acquiring financial instruments by means of a credit facility or by taking a position through derivatives or structured products.

LIBOR (London Interbank Offered Rate)

The LIBOR is a rate applied to a given interest period for a given currency based on the averaged interest rates at which a panel of leading banks in London selected by the British Bankers' Association offer to lend each other unsecured funds in the short term.

Liquidity

This means the extent to which an investor can easily sell his financial instruments at any time at the market price.

M

Manager

A person or company responsible for managing a fund (FCP, SICAV) or, more generally, a set of assets.

Money market instruments

This term encompasses all categories of financial instruments usually traded on the money market, such as treasury notes, certificates of deposit and commercial paper.

N

Net Asset Value or NAV

The value obtained by dividing the net assets of an UCI by the number of units (FCP) or shares (SICAV) in circulation. The NAV is used to calculate the subscription price (NAV plus subscription fee) or the redemption price (NAV less the redemption fee) of the fund's units or shares. The NAV will be calculated at a frequency that varies depending on the fund and its size.

O

Open-ended fund

A fund is open-ended when its shares or units are freely available and can be subscribed or redeemed on request. This means the number of investors is unlimited in theory.

Option

An option is a contract that entitles – but does not oblige – a buyer to buy (call option) or sell (put option) a given financial asset subject to payment of a premium, at a set price and on a set date (or over a set period of time). An option's seller undertakes, if the option is exercised, to sell (call option) or buy (put option) the asset on the agreed terms.

OTC (Over-The-Counter)

This is the over-the-counter or private market on which transactions can be executed directly between a seller and the buyer. It is the opposite of an organised market where the transaction counterparty is the market itself.

P

Perpetual bond

This type of bond does not have a maturity date. This means that in theory the invested amount is never repaid to the lender. In practice, the issuer reserves the right to repay the bond on one or more set repayment dates.

Interest paid on perpetual bonds may be fixed or variable. Coupons are higher than coupons for fixed maturity bonds.

In exchange, the lender is exposed to a greater level of risk. This is because the issuer reserves the right to defer payment or decide not to pay a coupon in certain circumstances. Perpetual bonds are also subordinated bonds. This means that if the issuer is placed in liquidation the holders of perpetual bonds will only be repaid after the holders of traditional bonds have been paid. Lastly, if a holder decides to sell his perpetual bond he may be offered a price that is below the amount of his initial investment.

Place an order

Placing an order to buy or sell financial instruments requires the client to have a securities account with a financial institution (a bank, traditional broker or on-line broker). The client must supply certain information to ensure the order can be properly executed:

- Direction of the transaction: buy or sell
- Issuer's name
- ISIN, if possible
- Type of instrument (equity, bond, etc.)
- Market or market segment (e.g.: official list, Second Marché)
- Number of instruments
- Order validity (e.g.: one day).

Performance

Gain or loss achieved by a financial instrument over a set period of time. Performance is calculated as a percentage on the basis of two factors: change in capital and income.

Portfolio

All financial instruments, cash and other assets held by a person or entity.

Premium (warrant – option)

The premium (premium or price of a warrant or option) is the price at which the warrant or option is purchased.

The amount of the premium is calculated using a formula that factors in several parameters (time, volatility, exercise or strike price, price of underlying).

Put / Put option

A negotiable option to sell, that can be bought or sold. An investor buying a put option anticipates that the price of the underlying will fall: he pays a premium at the outset which will entitle him to sell the underlying asset at a price defined in the contract (exercise price). He is thus protected against a fall in the price of the underlying. An investor selling a put option anticipates that the price will remain stable or rise: if the price of the underlying rises it will not be in the interest of the buyer of the put option to exercise the option and the seller will be released from its obligation, making a profit corresponding to the amount of the premium.

R

Redemption

A transaction in which the subscriber sells his shares or units in a UCI or investment fund at a price based on the net asset value less any fees and/or charges.

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Redemption fee (or exit fee)

This is charged when certain financial instruments, such as shares or units issued by undertakings for collective investment (UCIs), are redeemed.

Real assets

An investment in real assets is the acquisition of tangible property such as real property, land, precious metals or commodities. It is the opposite of an investment in financial instruments (equities, bonds, etc.).

S

Share / Equity

Evidence of ownership of part of the capital of a company that gives its owner (the shareholder) the right to oversee the company's management, the right to vote at general meetings of shareholders and, if the company's financial position allows this, the right to a share of the company's profits. If a share is listed, its market value will be determined on the basis of demand and supply. Shares provide a non-guaranteed remuneration in the form of dividends.

Short or Short selling

Short selling is the practice of selling assets that the seller does not necessarily own.

Société d'Investissement à Capital Variable (SICAV - an investment company with variable capital)

This type of investment fund has a legal personality. The objective of a SICAV is to collectively manage portfolios of financial instruments on behalf of subscribers. Some SICAVs invest on the derivatives markets. Their capital is divided into a number of shares that will vary depending on the number of subscriptions and redemptions. Each share has a value (also known as the net asset value or NAV) calculated at a regular frequency (daily, weekly, monthly); this means that each subscriber is aware of the current value of his investment (number of shares held, multiplied by the NAV).

Subscription fee (or entry fee)

This is the amount the investor must pay when he buys certain financial instruments such as shares or units issued by undertakings for collective investment (UCIs). The fee is usually expressed as a percentage of the amount subscribed.

Strike price

See Exercise price

T

Term account

Account for the deposit of cash that cannot be accessed for a given period of time. In exchange, the depositor will receive interest at a fixed or variable rate.

Tracker (or tracker fund)

Trackers are very similar to index-linked funds, except for the following: no subscription or redemption fees are charged when buying or selling tracker units or shares; management fees tend to be lower and units or shares are traded in real-time on the same day. However, because a tracker fund aims to match the performance of an index as closely as possible, it will never outperform its benchmark.

Transaction advice

A document issued by a financial intermediary executing a transaction involving a financial instrument. Also known as a "transaction notice".

It summarises all the characteristics of the executed order.

Transferable securities

These are securities that are traded on the financial markets, such as shares and securities equivalent to shares, bonds and other debt securities, and any other security entitling its holder to buy or sell such securities, or triggering a settlement in cash determined by reference to transferable securities, a currency, an interest rate or rate of return, commodities, or any other index or measure.

U

Underlying or underlying asset

Any asset that affects the performance of the financial instrument held by the investor. It may be an index, a share, a basket of shares, a bond, an interest rate or foreign exchange rate.

Undertaking for Collective Investment (UCI)

A UCI may be a Fonds Commun de Placement (FCP) or a Société d'Investissement à Capital Variable (SICAV). These vehicles allow subscribers to diversify risks by indirectly holding a portfolio of assets (equities, bonds, etc.), jointly with a few or a large number of other investors.

Undertaking for Collective Investment in Transferable Securities (UCITS)

UCITS are defined as regulated UCIs that invest savings collected from members of the public on the financial markets. The invest-ment criteria are defined in a European Directive, transposed into Luxembourg law in Part I of the Luxembourg law on UCIs. As a result of the harmonisation of the rules governing UCITS, they can be freely marketed anywhere in the European Economic Area (the Member States of the European Union, Iceland, Lichtenstein, and Norway). The rules are designed to protect investors.

W

Warrant

A warrant is a financial instrument issued by a credit institution that gives its holder the right to buy (call warrant) or sell (put warrant) a given financial asset (known as the underlying asset: share, index, bond, currency) at a set price (known as the exercise or strike price) on a set date (exercise date).

The purpose of this document is to provide clients with general information on the main financial instruments available on the financial markets. It also describes the different types of risk associated with investments.

This document is not exhaustive, and does not purport to cover all available types of financial instruments or all the associated risks.

Clients should make any investment decision on the basis of their personal expertise and knowledge of the associated risks, their objectives and their financial position.

V2023-10

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