



RISK DISCLOSURE STATEMENT

Effective Date 3 January 2018

CANTOR FITZGERALD IRELAND LTD

RISK DISCLOSURE STATEMENT

Effective Date **3 January 2018**

This information is provided to you in accordance with the requirements of the MIFID II Regulations. This information provides a general description of the nature and risks of financial instruments taking account of your categorisation as a Professional Client. It does not disclose all the risks and characteristics of financial instruments which you may trade in. However, it is designed to give you an understanding of the major risks and characteristics. In some circumstances, the risks identified below may not apply to the particular financial instrument that you wish to invest in, either because of that financial instrument's particular characteristics, your risk appetite in respect of that financial instrument or the purpose of your investment.

You should not deal in financial instruments unless you are aware of the nature and risks of the transactions you are entering into. You should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss. You should understand the extent of your exposure to any potential loss.

The value of financial instruments may fall as well as rise. When investing in financial instruments there is a risk that you may lose some or all of your original investment. You should consider whether investing in financial instruments is suitable for you in light of your individual circumstances and taking account of your investment objectives, financial position, attitude to risk and your investment knowledge and experience. In deciding whether certain financial instruments are suitable investments the following information describing the nature and risks of such instruments should be carefully considered.

This information shall be published on our website www.cantorfitzgerald.ie. Any changes to these risk disclosures (which may be material) shall be deemed notified to clients by the updating of this website from time to time.

Description of risks in relation to Financial Instruments

1. Equities

Owning equities in a company provides an opportunity to participate in a company's profit and performance, in the form of dividends and capital growth. Individual shares and stock markets can be volatile, especially in the short-term. Some equities are likely to be more volatile

than others. This will be based, among other things, on the business, geographic location, liquidity and size of the company. Potential investors should be familiar with any company they plan to invest in. Equity accounts are at a greater risk of significant loss if there is a lack of diversity (an over reliance on stocks in one particular company, industry sector or country). The liquidity of equity is a critical factor, this refers to your ability to realise equity when you so wish. Equity in companies that are not traded frequently can be very difficult to sell. Many equities that are traded on Stock Exchanges are bought and sold infrequently and finding a buyer may not always be easy.

As well as the Official List, the Irish Stock Exchange also operates a market called the Irish Enterprise Market, or IEX. The UK equivalent of IEX is the Alternative Investment Market, or AIM. IEX and AIM are markets designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached by comparison to larger or more established companies. Equities listed on these markets may not trade as frequently as other equities; in which case you may find it very difficult to sell shares that you buy.

Other than the cost of acquiring shares you will not be subject to any margin requirements or financial commitments and liabilities. However, as the value of shares may go up or down, when investing in shares there is a risk that you may lose some or all of your original investments.

2. Bonds

A bond is a debt instrument in which the issuer promises to pay to the bondholder principal and interest according to the terms and conditions of the particular bond. Although not to the same extent as shares, bonds can be subject to significant price movements. Bonds can also be subject to default and the non-payment of either or both interest and principal by the lender. As with equities, some bonds are considered to be safer than others. In positive market conditions, bonds are likely to perform better due to reduced default risk and an increased likelihood of repayment of interest and principal. However, negative economic conditions may increase the prospect of the issuer not repaying either or both of principal and interest, thus exposing the bondholder to potential loss.

a) Government Bonds

In general, Government Bonds are considered to be subject to less risk than Corporate Bonds. This is simply because governments are less likely to default on their debt than companies, although this may not be the case with some emerging markets. Bond ratings give an indication of an issuer's probability of defaulting and are based on an analysis of the issuer's financial condition and profit potential. While regarded as one of the safest financial instruments, Government Bonds still have the potential to perform poorly in negative market conditions. Long-dated Government Bonds will tend to be less liquid than their short-dated counterparts.

b) Corporate Bonds

Corporate Bonds are issued by companies but they are split into different types depending on the credit rating they achieve. Companies that have high ratings are known as investment grade bonds while companies with low ratings are known as high yield bonds because they have to promise higher income payouts in order to attract investors. Companies that do not achieve ratings are known as 'junk' bonds. Such bonds may offer a higher level of coupon payments but are subject to a greater risk of capital loss. While all bonds may suffer from poor performance in negative market conditions, 'junk' bonds will tend to underperform relative to high-yield bonds, which in turn will likely underperform relative to investment grade bonds.

Conversely, 'junk' bonds will tend to outperform high yield bonds in positive environments, which will usually outperform investment grade bonds. Trading in the bonds of smaller companies is less frequent than larger companies and therefore may be subject to periods of illiquidity. Investors seeking to realise their investments at this point may have to accept a price at a significant discount to the last traded to exit the position.

Bonds issued by financial institutions have specific risks that should be understood before investing in them. This includes the potential to be 'bailed in' under the Bank Recovery & Resolution Directive (BRRD) or to be converted to an equity holding if the bond is a contingent convertible security (CoCo).

Other than the cost of acquiring the bond investors are not subject to margin requirements or any financial commitments or liabilities additional to the cost of acquisition. However, as the value of Bonds may fall as well as rise, when investing in Bonds there is a risk that you may lose some or all of your original investment.

3. Derivatives

This risk disclosure statement does not disclose all the risks and other significant aspects of trading in derivative products such as warrants, futures and options. The price of derivative products is directly dependent upon the value of one or more investment instruments. Trading in derivatives is not suitable for many members of the public.

a) Futures

Effect of Leverage or Gearing

Transactions in futures involve the obligation to make or to take delivery of the underlying asset of the contract at a future date, or in some cases to settle your position in cash. They 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.

Risk-reducing Orders or Strategies

The placing of certain orders (e.g. 'stop-loss' orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. While there are other combination strategies available these may be as risky as simple trading.

b) Options

Variable Degree of Risk

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

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

Buying Options

Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later

exercise the option, you will acquire the future. This will expose you to the risks described under 'futures'.

If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Writing Options

If you write an option, the risk involved is considerably greater than buying options. You may be liable for the margin to maintain your position and a loss may be sustained well in excess of any fixed premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset, which you have contracted to sell (known as covered call options) the risk is reduced. If you do not own the underlying asset (known as uncovered call options) the risk can be unlimited. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see previous section on Futures).

c) Additional risks common to futures and options

Terms and Conditions of Contracts

You should ask Cantor about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g. for a futures contract the circumstances under which you may become obligated to make or take delivery of the underlying interest and in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

Suspension or Restriction of Trading and Pricing Relationships

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/off set positions. If you have sold options, this may increase the risk of loss. Further, normal pricing relationships between the underlying interest and the future, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

Deposited Cash and Property

You should familiarise yourself with the protections accorded to money or other property you deposit for domestic and foreign transactions, particularly in the

event of a firm's insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

Contingent Liability Transactions

Contingent Liability Transactions which are margined require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If you trade in futures or sell options you may sustain a total loss of the margin you deposit with your dealer to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be liable for any resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above the amount paid when you entered into the contract.

Collateral

If you deposit collateral as security, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral depending on whether you are trading on a recognised or designated exchange or off-exchange. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited, and may have to accept payment in cash.

Insolvency

A firm's insolvency or default may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payment in cash. Our terms of business outline the extent to which the firm will accept liability for any insolvency of, or default by, other firms involved in your transaction.

Warrants

A warrant is a time limited right to subscribe for shares, debentures, loan stock or government securities, and is exercisable against the original issuer of the securities. Warrants often involve a high degree of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of warrants. The prices of warrants can therefore be volatile.

Covered warrants are similar to an option, and give you the right, but not the obligation, to buy or sell an asset at a specified price (the strike price) during, or at the end of, a specified period. They are issued by a financial institution over an underlying asset such as an equity, an index or a basket of securities rather than by the issuer of, for example, the equity itself. Covered Warrants can either be 'Puts' (a right to sell) or 'Calls' (a right to buy). Covered Warrants do not have an indefinite term and may expire worthless if the underlying instrument does not perform as anticipated.

You should not buy a warrant or a covered warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges. Transactions in off-exchange warrants may involve greater risks than dealing in exchange traded warrants because there is no exchange market through which to liquidate your position, to assess the value of the warrant or the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what a fair price is.

4. Money market instruments

Money Market Instruments are debt instruments issued by private organisations, governments and government agencies. The money market is a highly liquid professional dealer market that facilitates the transfer of funds (generally in very large denominations) between borrowers and lenders. It generally relates to those instruments that allow for borrowing and lending periods ranging from one day to one year.

Although money market instruments carry less risk than long-term debt they are not completely without risk. Different instruments carry varying degrees of risk depending on the nature of the lending agreement and the identity of the lender. Potential investors should be aware of such details prior to entering into any money market transactions. In positive economic environments, money market instruments tend to be low-risk investments with returns in line with the prevailing interest rates available. However, in negative markets or times of market stress investors may suffer a capital loss. While generally very liquid instruments, in times of market crises investors may have to exit their position at a discount to capital originally invested.

Common money market instruments include: Exchequer Notes, Commercial Paper, Treasury Bills, Repurchase Agreements and Bankers Acceptances. Returns will tend to be in line with the prevailing interest rates at the time of investment. In general other than the cost of acquiring money market instruments, investors are not subject to any margin requirements or financial commitments and liabilities. The value of money market

instruments may fall as well as rise and therefore when investing in such instruments there is a risk that you may lose some or all of your original investment.

5. Structured products

a) Deposit Based Products

Deposit based structured products typically consist of a pre-determined amount of capital put on deposit, with the remainder used to purchase an option that gives exposure to a desired underlying instrument. Performance will be contingent on the performance of the underlying instrument and interest rates available at the financial institutions where the capital is on deposit. Returns will generally be higher in a positive market environment.

Investors who attempt to redeem their deposit-based product before the maturity date may be forced to sell at a discount to face value due to illiquidity. Investors should note that they bear the credit risk of the financial institution where the capital is on the deposit during the life of the investment. This means that, even where the investment performs well, investors could lose all or some of their invested principal and any returns in the event that the issuer or guarantor becomes insolvent.

b) Note Based Products

A note-based product is a hybrid security that typically consists of a debt security combined with a derivative linked to an underlying instrument. Performance will be contingent on the performance of the underlying instrument and the coupon available on the debt security. Investors should also be aware that there is a default risk associated with the debt security that means they can lose some or all of their invested capital. Investors who attempt to redeem their deposit-based product before the maturity date may be forced to sell at a discount to face value due to illiquidity. Investors should note that they bear the credit risk of the financial institution where the capital is on the deposit during the life of the investment. This means that, even where the investment performs well, investors could lose all or some of their invested principal and any returns in the event that the issuer or guarantor becomes insolvent.

c) Autocallables

Autocallable products are structured products linked to an underlying index or instrument that can automatically mature if certain pre-determined market conditions, a "trigger level", are met. If this "trigger level" is reached it may only trigger the automatic maturity of the product on certain pre-determined dates and not necessarily during periods outside of these dates. Some autocallable products may include a capital protection provision so that if the "trigger level" has not been met but the underlying index has not fallen below a certain level the investor will receive their capital back in full. While certain autocallables may guarantee such a return of

capital invested to a certain point, it is still possible to lose some or all of your original investment. They will generally perform better in a positive market and poorer in negative markets.

Autocallables are typically listed instruments with a traded price. However, there is no assurance that any secondary market will develop or be maintained for the certificates or that any such secondary market will be liquid. Investors must note that the investment, if exited early, will be sold at the market value of the investment at the time of sale. An illiquid market may have an adverse impact on the price at which the certificates can be sold in any secondary market. Investors should note that they bear the credit risk of the issuer and of the guarantor during the life of the investment. This means that, even where the investment performs well, investors could lose all or some of their invested principal and any returns in the event that the issuer or guarantor becomes insolvent.

6. Alternative Investments

a) Hedge funds

Hedge funds tend to have similar characteristics which differentiate them from other investment funds. The investment manager of a hedge fund will attempt to produce targeted returns or absolute performance regardless of the underlying trends in the financial markets. They may invest in a range of investment types; including equity, venture capital, real estate and fixed income securities and may employ trading methods including mathematical algorithms.

They can engage in activities that regulated retail investment funds cannot, for example some hedge funds may engage in high levels of leverage. They are not as transparent as more highly regulated funds and there tends to be less information available on the performance and valuation of a hedge fund. The management fees (which tend to be linked to performance) can be substantial. In order to understand all of the important aspects of a hedge fund it is important that you read the offering memorandum or equivalent document and any other available information (such as financial accounts). The performance in any market environment will be impacted by the strategy being implemented and the underlying assets held within the fund.

Hedge Funds may have restrictions in relation to when you can allocate to a fund, or redeem any investment you make. Investors should review the specific hedge fund they are considering for an investment to be aware of any illiquidity constraints. In general, other than the cost of acquiring shares, you will not be subject to any margin requirements or financial commitments and liabilities. However, as the value of hedge funds may go up or down, there is a risk that you may lose some or all of your original investment.

b) Property Funds

The manager of a property fund will invest the assets into properties and seek to benefit from capital appreciation and rental increases to derive returns for investors. Some funds may employ leverage within the structure to enhance returns. Investors should be willing to invest in these funds for the medium term. If they wish to dispose of their holdings when property market values rise some funds may operate lock ups to protect other investors and therefore it may take longer than anticipated to receive the proceeds of the sale. However, as the value of property funds may go up or down, there is a risk that you may lose some or all of your original investment.

c) Private Equity Investments and Funds

The term Private Equity refers to medium to long-term finance provided by an investor to an unlisted company in return for an equity stake. The term is also used in the context of venture capital; buy-outs and buy-ins. Private Equity Investments may include pure equity instruments and hybrid equity instruments such as convertible or subordinated debt. Real Estate funds may also be included under this term.

These tend to be high risk investments and should only be considered by experienced and knowledgeable investors. They should be entered into with a medium to long term view. Due to the fact that private equity is not traded publicly, it can be difficult to realise your investment when you wish. Private equity is not subject to the same level of regulatory requirements as listed stock offerings to the general public. Some investments are likely to be more volatile than others. This will be based, among other things, on the business, geographic location and size of the company. Potential investors should be familiar with any strategy they plan to invest in. You will generally be required to commit a certain amount of capital in exchange for a stake in the company therefore your return is dependent upon the growth and profitability of the company. The minimum investment amounts tend to be relatively high.

Depending on the individual investment, as well as the cost of making the initial investment, you may be called upon to make further payments as the company seeks to draw down committed capital. The value of the investment may go up or down and there is a risk that you may lose some or all of your original investment. If you need to exit from your investment it will be conditional on finding an interested party to take up the investment. This could take a significant period of time and may be subject to a significant discount to the deemed current value of the investment at that point in time. More generally, as the value of private equity investments and funds may go up or down, there is a risk that you may lose some or all of your original investment.

d) Commodities

Investing in commodities involves gaining exposure to raw materials such as precious metals such as gold, energy sources such as oil and gas, and natural resources such as timber. Investors can invest in the physical commodities themselves or gain exposure through futures contracts.

Commodities are highly cyclical and can underperform the wider market for years at a time. They also tend to be much more volatile than other classes of investments. Investing in commodities via futures is complex and performance may deviate substantially from that of the underlying commodities at times. While traditional assets such as bonds, stocks and properties usually produce coupons, dividends or other forms of income over a period of time, commodities such as gold do not provide any income stream. The value of commodities may go up or down and therefore there is a risk that you may lose some or all of your original investment.

7. Employment and Investment Incentive Scheme

The Employment and Investment Incentive Scheme (“EII Scheme”) is a tax relief incentive scheme, which provides all-income tax relief to Qualifying Investors for investments in certain qualifying small and medium sized trading companies (“SMEs”). The Finance Act 2015 introduced changes to the EII Scheme to ensure it complies with the European Union’s General Block Exemption Regulation on State Aid (“GBER”). Details of the new requirements which Qualifying Companies must comply with are detailed under the Finance Act 2011 (amended 2014 and 2015).

EII schemes should be considered a long-term investment as there is no early exit mechanism. If you invest in such a fund you may lose some or all of the money you invest. Investors will be exposed to small and medium size companies in which the fund will invest, which may exhibit volatile performance. The manager may not succeed in either or both of finding suitable companies and fully investing the Fund, which may result in a return of uninvested funds and a reduction or recovery of the income tax relief already claimed or potentially available.

8. Direct Property Investments

Direct property investments seek to benefit from capital appreciation and rental increases to derive returns for investors. If investors wish to dispose of the property when market values fall they may be forced to sell at a significant discount to the original value. Investing in direct properties involves more concentration risk than investing in a diversified property fund, and performance may be negatively affected by specific geographic factors or tenants defaulting. The use of leverage will also affect investment performance. The value of direct property investments may go up or down and therefore

there is a risk that you may lose some or all of your original investment.

9. Loan notes

Loan notes are debt instruments whereby the issuer promises to pay the noteholder principal and interest according to the terms of the particular loan note. While they typically have a higher coupon than government or high grade corporate bonds, the issuer is usually a small or medium sized business that may be unable to access funding through more traditional routes. This exposes the noteholder to a degree of default risk, while the issuer may also be unable to maintain coupon payments under stressed conditions.

There is typically no standard secondary market for the exchange of loan notes. If you need to exit from your investment it will be conditioned on finding an interested party to take up the investment. This could take a significant period of time and may be subject to a significant discount to the deemed current value of the investment at that point in time.

Description of risks associated with investment structures

1. Collective Investment Schemes (“CIS”)

a) Investment Funds as a ‘pooled investment’

A pooled investment is one where a number of investors put different amounts of money into a fund which is then invested in one or more asset classes by a fund manager. Each investment fund has a stated investment strategy enabling you to invest according to your investment objectives and risk profile. The level of risk will depend on the underlying investments, regulatory status of the fund, any investment restrictions that may apply, the extent to which the fund leverages its assets and how well diversified the open-ended investment fund is.

The principle of leverage is to increase the fund’s exposure to underlying assets by means of borrowing or other means in the pursuit of higher returns from the amount invested. Leveraging may increase any losses suffered by a fund. Funds investing in emerging markets or smaller companies would be considered to carry much higher risk than those investing in large blue chip companies. Potential investors should be familiar with the nature of the underlying securities in any investment fund they plan to invest in. Other than the cost of investing in an investment fund, you will not be subject to any margin requirements or financial commitments and liabilities.

As the value of an investment fund may fall as well as rise, there is a risk that you may lose some or all of your original investment.

b) Undertaking for Collective Investment in Transferable Securities (“UCITS”)

An Undertaking for Collective Investment in Transferable Securities (“UCITS”) is a specific type of collective investment scheme that can be operated freely within the European Union (EU) in accordance with the Undertakings for Collective Investment in Transferable Securities Directive. As with other collective investments, UCITS tend to invest in a range of individual securities, giving investors the opportunity to invest in a diversified product. However, UCITS are prescribed from investing in more complex and higher risk securities and are subject to rules which oblige them to reduce the risk of exposure to any particular issuer.

UCITS can be subject to volatility, especially in the short term. Some UCITS are likely to be more volatile than others. This will be based, among other things, on the nature and size of the underlying securities and the liquidity and price of the underlying securities.

The performance in any market environment will be impacted by the strategy being implemented and the underlying assets held within the fund. Potential investors should be familiar with the nature of the underlying securities in any UCITS they plan to invest in. Other than the cost of investing in UCITS, you will not be subject to any margin requirements or financial commitments and liabilities.

As the value of UCITS may fall as well as rise, there is a risk that you may lose some or all of your original investment.

c) Alternative Investment Funds (“AIFs”)

Alternative Investment Funds (“AIFs”) can cover a wide range of investment assets. By their nature they are illiquid with limited windows in which to invest or redeem your capital. Commonly found AIFs include Hedge Funds and Property funds which are discussed previously.

d) Exchange Traded Funds (“ETFs”)

Exchange Traded Funds (“ETF”s) are investment products that provide investors with an opportunity to invest in a diversified basket of shares or securities through one investment instrument. An ETF will generally track the selected market index, investing in either all of the shares or a representative sample of the securities of the selected index. The performance of an ETF is likely to be reflective of the performance of the index upon which the ETF is based. ETFs are generally more liquid than other types of collective investment schemes and can be traded in the same way as any listed share. Like shares, ETFs can be subject to volatility, especially in the short term. Some ETFs are likely to be more volatile than others. This will be based, among other things, on the nature and size of the underlying companies and the liquidity and price of the

underlying companies. Performance in market environments will be subject to the underlying assets held. In some instances for ETFs with smaller assets under management the traded price on an exchange may deviate from the net asset value as there may be a high volume of activity which leads to a deviation in the price.

Potential investors should be familiar with the nature of the underlying companies of any ETF they plan to invest in. Other than the cost of acquiring ETFs, you will not be subject to any margin requirements or financial commitments and liabilities.

As the value of ETFs may fall as well as rise, there is a risk that you may lose some or all of your original investment.

e) Exchange Traded Notes (“ETNs”)

Exchange Traded Notes (“ETNs”) are senior unsecured debt obligations that are designed to track the performance of an underlying market index or instrument. The issuer agrees to pay ETN holders the return on some index over a certain period of time and also return the principal of the investment at maturity. While they are similar to ETFs in that they track an index, they differ in that they have additional credit risk. If the issuer goes bankrupt during the lifetime of the investment, ETN holders may lose some or all of their original capital.

The performance of ETNs will be conditional on the performance of the underlying index, and the financial stability of the issuer. Some ETNs are likely to be more volatile than others. This will be based, among other things, on the nature and size of the underlying companies, the liquidity and price of the underlying companies as well as the creditworthiness of the issuer. Performance in market environments will be subject to the underlying assets held. In some instances for ETNs with smaller assets under management the traded price on an exchange may deviate from the net asset value as there may be a high volume of activity which leads to a deviation in the price.

f) Unit Trusts

Unit trusts are a type of fund structure which is constituted by a trust deed entered into between a management company and a trustee. A unit trust does not have a separate legal personality and therefore contracts for services, such as custodial and fund administration, are entered into by the management company on behalf of the trust or a particular sub-fund of the trust. The assets of a unit trust are held by its trustee (in its capacity as custodian) and are managed by a management company, which will, most often, delegate discretionary asset management to one or more investment managers.

The trust deed is the primary legal document which constitutes the trust and it sets out the various rights and obligations of the trustee, the management company and the unit holders. A Unit Trust can be established in Ireland for both UCITS and AIFs.

General risks

1. Market conditions

Market conditions (e.g. illiquidity) and the operation of the rules of certain markets (e.g. market hours, dealing hours, suspension of trading) may increase the risk of loss by making it difficult or impossible to effect transactions or sell out of a position.

2. Transactions in foreign jurisdictions

Transactions on markets in foreign jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details of the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

3. Currency risks

The profit or loss for transactions in foreign currency denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

4. Trading facilities

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

5. Electronic trading

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The

result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

6. Off-exchange transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with applicable rules and attendant risks.

7. Foreign Markets

Foreign markets will involve different risks to Irish markets. In some cases, the risks will be greater. On request, your broker must provide an explanation of protections which will operate in any relevant foreign markets, including the extent to which he/she will accept liability for any default of a foreign broker through whom he deals. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

8. Interest Rates

Changes in interest rates can have an effect on the value of securities. The value of securities, especially bonds can fall with a rise in interest rates as other investments reflecting the new higher interest rate offer greater returns. Such risk can be offset by diversifying the durations of fixed-income investments held. Alternatively, if interest rates fall, then the value of bonds and other securities may rise.

9. Fees and Charges

It is important that you obtain a clear explanation of all transaction, dealing, third party and ancillary charges and other fees for which you will be liable. These charges will affect your net profit (if any) or may increase your loss. You should also ensure that you understand the extent of your exposure to potential loss.

10. Taxation

There is no guarantee that the tax advantage promoted as part of any investment will remain in existence. Additionally, the levels and bases of taxation may change. Cantor will not be responsible for assessing your personal tax implications of investing in these companies or any recommendations that we may make to you and you should always take independent professional tax advice.



DUBLIN: Heritage House, 23 St. Stephen's Green, Dublin 2, D02 AR55. Tel: +353 1 633 3800

Fax: +353 1 633 3856 / +353 1 633 3857

CORK: 45 South Mall, Cork, South Mall, Cork, T12 XY24. Tel: +353 21 422 2122.

LIMERICK: Crescent House, Hartstonge Street, Limerick, V94 K35Y. Tel: +353 61 436500.

email: ireland@cantor.com **web:** www.cantorfitzgerald.ie

Cantor Fitzgerald Ireland Ltd is regulated by the Central Bank of Ireland. Cantor Fitzgerald Ireland Ltd is a member firm of Euronext Dublin and the London Stock Exchange.