Risk Disclosure Statement

Concorde Investments Ireland Ltd ("CII") is required to provide you with information that will allow you to understand the nature and risk of the investment service we are providing you with and of the specific type of financial instrument that is being offered thus allowing you to take investment decisions on an informed basis.

This document provides general description of the nature and risks of financial instruments, as well as the functioning of the financial instruments in different market situations to help you make those investment decisions on an informed basis. This information does not contain all the risks and aspects of trading in financial instruments, however it is designed to facilitate understanding the major risks and characteristics customers need to consider.

You are advised that the value of your investment in financial instruments may go down as well as up and you may lose some or all of the money you invest. If you have any questions on the content of this document or in relation to your investments you are asked to contact your investment advisor at CII.

1. General Key Risks for All Financial Instruments

Market Risk

The value of a financial instrument may fluctuate dramatically due to different market factors including the price or level of any underlying reference asset, level of interest rates, credit quality of the issuer and guarantor, foreign exchange rates, volatility, liquidity and tenor remaining on the financial instrument. Such financial instrument may depreciate in value as quickly as it may appreciate and can also become valueless. Investing in financial instruments is as likely to incur losses as it is to make profit. Past performance should not be used as an indicator of future performance.

Currency Risk

Currency risk, commonly referred to as exchange-rate risk, arises from the change in price of one currency in relation to another. Investors or companies that have assets or business operations across national borders are exposed to currency risk that may create unpredictable profits and losses.

Liquidity Risk

Markets, especially in situations of stress, can be characterised with deteriorating liquidity conditions. It means, that for a certain period of time the financial asset cannot be traded quickly enough in the market without impacting the market price. Market conditions (market hours, dealing hours, suspension of trading) may increase the risk of loss by making it difficult or impossible to sell out a certain position.

Credit Risk

Credit risk is the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. Traditionally, it refers to the risk that a lender may not receive the owed principal and interest, which results in an interruption of cash flows and increased costs for collection.

Emerging Market Risk

Investments in emerging markets entail additional risks associated with political and economic uncertainty, adverse government policies, restrictions on foreign investment and currency convertibility, currency exchange rate fluctuation, higher volatility, inadequate liquidity, possible lower levels of disclosure and regulation, and uncertainties as to the status, interpretation and application of laws, including those relating to private ownership of assets, expropriation, nationalisation and confiscation.

Interest Rate Risk

Interest rate risk is the probability of a decline in the value of an asset resulting from fluctuations in interest rates. Interest rate risk is mostly associated with fixed-income assets (e.g. bonds) rather than with equity investments. The interest rate is one of the primary drivers of a bond's price. The current interest rate and the price of a bond demonstrate an inverse relationship. In other words, when the interest rate increases, the price of a bond decreases. This risk can be reduced by diversifying the duration of fixed income investments held.

Inflation Risk
The risk of loss in your purchasing power because the value of the investment does not keep up with inflation. This is particularly relevant if you own cash or debt investments like bonds.

2. Bonds

Government Bonds
A government bond is a bond issued by a national government, generally with a promise to pay periodic interest payments and to repay the face value on the maturity date. Government bonds are usually denominated in the country's own currency. The terms by which a government can sell bonds depend on how creditworthy the market considers it to be. International credit rating agencies will provide ratings for the bonds, but market participants will make up their own minds about this.

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.

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 pay-outs 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 subjects to periods of illiquidity.

2.1 Major Risks of Bond Investing

Credit Risk
By investing in fixed income securities, you are assuming full credit risk of the issuer and where applicable, the guarantor. Credit risk is determined by the issuer's and, where applicable, the guarantor's credit capacity and creditworthiness and is therefore a measure of its/their solvency and ability to fulfil its/their payment obligations under the fixed income security. In the event that the issuer and/or guarantor becomes insolvent or defaults on its/their payment obligations, you may not receive repayment of your investment principal or any other amounts owing from the issuer and/or guarantor. A credit rating from a credit rating agency is not a recommendation or guarantee of the issuer's/and or guarantor's creditworthiness or of the risk, returns or suitability of the particular fixed income security. You should also note that the credit rating of the issuer and that of the guarantor are separate and the rating of one could be very different from the rating of the other.

Interest Rates
Fixed income securities are more susceptible to fluctuations in interest rates. In general, rising interest rates have a negative impact and sinking rates have a positive effect on their market values. The longer the term of a fixed income security, the more sensitive it is to interest rate changes.

Inflation Risk
If inflation is higher than expected, the real rate of return (which is the bonds interest rate minus inflation) will be lower than anticipated.

Liquidity Risk
While there is almost always a ready market for government bonds, corporate bonds are sometimes entirely different. There is a risk that an investor might not be able to sell his or her corporate bonds quickly due to a thin market with few buyers and sellers for the bond.

Rating Downgrades
The risk that the company whose bond you have invested in receives a ratings downgrade. When a specific bond or bond issuer receives a ratings downgrade, generally the market price of the bond falls, as new buyers in those bonds require a higher yield, to compensate them for the increased perceived risk.

Event Adjustment Risk
Depending on the terms of the specific fixed income security (that are set out in the offering documents), the issuer or calculation agent (where applicable) may have certain rights to exercise its own discretion to make adjustments to the terms of the fixed income security where it determines that certain adjustment or extraordinary events have occurred (e.g. market disruption, trading suspension, regulation in the relevant industries, insolvency, changes in taxation law and other economic, political or social conditions) and the exercise of such rights may have an unforeseen adverse impact on the payments that you receive in relation to the fixed income security.

3. Equities

An equity is a type of security that signifies proportionate ownership in the issuing corporation. Owning equities (shares) in a company provides an opportunity to participate in the company's profit and performance, in the form of dividends and capital growth. Individual shares and stock markets can be volatile. Some shares 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 the company they plan to invest in. There is a greater risk of significant loss, if there is a lack of diversity i.e. an overreliance on stocks in one particular company, industry sector or country. The liquidity of shares is a critical factor, this refers to your ability to realise shares when you so wish. Shares in companies that are not traded frequently can be very difficult to sell. Many shares that are traded on Stock Exchanges are bought and sold infrequently and finding a buyer may not always easy.

Equity investors purchase shares in the expectation that they will rise in value in the form of capital gains and/or generate capital dividends from the company. Should an equity investment rise in value, the investor receives the monetary difference only through the sale of the held shares or if the company's assets are liquidated and all its obligations are met.

3.1 Major Risks of Equities

Volatility
Sometimes called “market risk” or “involuntary risk,” volatility refers to fluctuations in price of a security or portfolio over a period. All securities are subject to market risks that include events beyond an investor's control. These events affect the overall market, not just a single company or industry.

Market Risk
This is the chance that the entire market will decline, thus affecting the prices and values of securities. Market risk, in turn, can be influenced by outside factors such as interest rate changes.

The Risk of Capital Loss
When a company is performing poorly or when the market perception of the company is negative, the share price may fall below the price which you originally paid for the share or even to zero. If a company goes out of business, its shares will become untradeable and it is likely to be delisted. Where a liquidator is appointed, shareholders are last in the list of other creditors (e.g. banks, suppliers, etc.) to receive any funds that may be realised.

Exchange Rate Risk
This is the risk that investments in a foreign currency lose value when converted to your local currency, due to movements in the exchange rates between the two currencies.

Credit Risk
Owners of ordinary shares can be the last in the line of creditors if a company fails and there may be a reduced chance of getting your invested amount back.

Unexpected Events
Unexpected events which are outside of your control, such as company specific bad news, a change in government policy can seriously affect share prices.

Less Predictable than Debt Securities
Investing in equities provides the opportunity for a higher rate of return than investing in short term and longer term debt securities. However, the risks associated with investments in equities may also be higher because the investment performance of equities depends upon factors which are difficult to predict including the possibility of sudden or prolonged market declines and risks associated with individual companies.

Small and Medium Size Companies
The prices of securities of small and medium sized companies tend to be more volatile than those of larger sized companies due to the lower prices of their shares, greater sensitivity to changes in economic conditions and higher uncertainty over future growth prospects

4. Mutual Funds

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities such as stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional fund managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.

Mutual funds give small or individual investors access to professionally managed portfolios of equities, bonds and other securities. Each shareholder, therefore, participates proportionally in the gains or losses of the fund. Mutual funds invest in a vast number of securities, and performance is usually tracked as the change in the total market cap of the fund—derived by the aggregating performance of the underlying investments.

4.1 Major Risks of Mutual Funds

Market Risk
The value of its investments decline because of unavoidable risks that affect the entire market.

Liquidity Risk
The fund cannot sell an investment that is declining in value because there are no buyers.

Concentration Risk
In general, investing in funds with concentrated exposures to particular asset class(es) and/or a particular sector and/or one or a select few markets involves greater risk than investing in funds that have greater diversification.

Credit and Counterparty Risk
In the event that issuers and counterparties fail to make payments on securities and other investments held by a fund, this will result in losses to the fund which will affect its net asset value and the returns on your investment. In addition, the value of such securities is dependent on the financial condition and credit rating of the relevant issuers. Where an issuer's financial condition or credit rating deteriorates, this will affect the fund's net asset value.

Management Risk
The performance of a fund is largely dependent on the skill and decisions made by its manager and key personnel and the loss of any such individual could have a material adverse effect on the performance of the fund.

Interest Rate Risk
Changing interest rates impact a wide range of financial products, from bonds to loans. Mutual fund investments are no different, so a basic understanding of how interest rates work and how they can affect your investment is an important step in ensuring you invest in products that continue to generate healthy returns for years to come.

Changes in Investment Policy
The manager of a fund typically has the authority to alter its investment policy within certain parameters (set out in its constitutional document) by amending the fund's prospectus. This could represent a fairly significant change in the nature and risk profile of the fund from the one in which you originally invested.

Risk of Underlying Assets
In general, each fund will be subject to the same risk factors as those relating to the underlying securities or assets held in its portfolio. For example, the net asset value of a fund that invests in high yield bonds may decline or be negatively affected if there is a default of any high yield bonds that it invests in or if the interest rate changes.

Leverage Risk
Some funds may borrow funds and utilise financial instruments and techniques with embedded leverage. This means that a small movement in the market or in the level or price of a security in the fund's portfolio will have a magnified effect on the net asset value of the fund and, consequently, on the returns on your investment. This can be either beneficial or detrimental.

Capital Growth Risk
Some funds may have fees and/or dividends paid out of capital. As a result, the capital that the fund has available for investment in the future and capital growth may be reduced.

Derivatives Risk
Some funds may utilise instruments such as warrants, futures, options and forward contracts to enhance potential investment returns. While this can have the desired effect of enhancing the fund's performance, it can also be detrimental if the manager's prediction regarding the direction of movement of the securities or money markets proves to be incorrect.

Early Termination
The funds may be subject to the risk of early termination under certain circumstances as specified in the fund prospectus. In the event of early termination, any unamortised costs would be written off and the amount you receive may be less than your invested principal.

Securities Lending
A fund may engage in securities lending arrangements in order to enhance its returns. This entails lending securities from the fund portfolio to counterparties for a period of time in exchange for the deposit of collateral that the fund may invest with the objective of earning additional returns. Such arrangements would expose you to additional credit risk of the counterparties to the securities lending contracts. In the event that a counterparty defaults on its obligations and/or the value of the collateral deposited falls below the value of the securities lent to such counterparty, this will negatively impact the net asset value of the fund.

4.2 Investing in High Yield Bond Funds

High yield bond funds are funds investing primarily in high-yield bonds (which are generally below investment grade or are unrated). Apart from the risks associated with investments in fixed income securities, investing in such funds means assuming additional risks including higher credit risk, greater vulnerability to economic cycles as non-investment grade or unrated bonds typically fall more in value than investment grade bonds during periods of economic downturn and the risk of default rises, greater liquidity risk. Depending on the nature of the funds, investors can also assume the risks of possible negative impact on net asset value of the fund that may decline or be negatively affected if there is a default of any of the high yield bonds that it invests in or if interest rates change, capital growth risk as some high yield bond funds may have fees and/or dividends paid out of capital, and hence the capital that the fund has available for investment in the future and capital growth may be reduced, uncertainty in dividend distributions as some high yield bond funds may not distribute dividends, but instead reinvest the dividends into the fund or, alternatively, the investment manager may have discretion on whether or not to make any distribution out of income and/or capital of the fund, and a high distribution yield does not imply a positive or high return on the total investment, other key risks, for example if the high yield bond fund has concentration of investments in particular types of specialised debt or a specific geographical region or sovereign securities.

5. Exchange Traded Funds (ETFs)

An ETF, or exchange-traded fund, is a marketable security that tracks a stock index, commodity, bonds, or a basket of assets. Although similar in many ways, ETFs differ from mutual funds because shares trade like common stock on an exchange. The price of an ETF’s shares will change throughout the day as they are bought and sold. While most ETFs track stock indexes, there are also ETFs that invest in commodity markets, currencies, bonds, and other asset classes. Many ETFs also have options available for investors to use income, speculation, or hedging strategies.

ETFs are investment products that provide investors 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 either in 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/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 subjects of any margin requirements or financial commitments/liabilities. However, as the value of ETFs may fall as well as rise, when investing in ETFs there is a risk that you may lose some or all of your original investment.

5.1 Major Risks of ETFs

Market Risk
If you invest in an ETF, you would be exposed to the political, economic, currency, legal, tax and other risks of a specific factor or market related to the ETF or the index and the market that it is tracking.

Currency Risk
If the exchange traded investments' underlying holdings are in a currency which is different to the denominated currency, investors will face currency risk.

Liquidity Risk
Listing or trading on an exchange does not itself guarantee that a liquid market exists for an ETF. Besides, a higher liquidity risk is involved if an ETF uses financial derivative instruments, including structured notes and swaps, which are not actively traded in the secondary market and whose price transparency is not as easily accessible as physical securities. Synthetic ETFs invested in derivative instruments that are not actively traded in the secondary market will be exposed to a higher liquidity risk. In general, the existence of wider bid-offer spreads in the prices of derivatives will increase the risk of loss.

Counterparty Risk
ETFs do not always hold the physical assets. If the investment bank providing the future/option fails, the ETF will lose part or all of the money it has invested**.** You are subject to the credit risk of the issuer of an ETF. Where you invest in a synthetic ETF that invests in derivatives to replicate the performance of an index, you would be exposed to the credit risk of counterparties who issue the derivatives.

Tracking Error
There may be a disparity between the performance of the ETF (as measured by its net asset value (“NAV”)) and the performance of the underlying index due to various factors including failure of the ETF’s tracking strategy, fees and expenses, foreign exchange differences between the base currency or trading currency of the ETF and the currencies of the underlying investments, or corporate actions such as rights and bonus issues by the issuers of the underlying securities of the ETF. Depending on its particular strategy, an ETF may not hold all constituent securities of an underlying index in the same weightings as the constituents of the index. As a consequence, the performance of the securities underlying the ETF as measured by its NAV may outperform or underperform the underlying index.

Index Risk
ETFs are designed to match an index, and are passive investments. Because an ETF is not actively managed, it will not sell a security if the security's issuer is in financial trouble—unless the security is removed from the index. This means that the Exchange Traded Fund will move up and down with the index and the Exchange Traded Fund manager will not take defensive positions, or sell losing positions, in a market downturn. This also means that the manager won't increase exposure to positions that it anticipates increasing in value, either. This lack of management means that investors are placing their money with an index, not a manager, and their fortunes are related to the performance of the index. The best way for an investor to deal with index risk is to understand what is in the index and the rules governing what goes into, or out of the index, as covered in the Exchange Traded Fund's documentation.

Trading at a Discount or Premium
Since the trading price of an ETF is typically determined by the supply and demand of the market, the ETF may trade at a price higher or lower than its NAV. Where the index or market that the ETF tracks is subject to restricted access, the efficiency in unit creation or redemption to keep the price of the ETF in line with its NAV may be disrupted, causing the ETF to trade at a higher premium or discount to its NAV. If you buy the ETF at a premium, you may not be able to recover such premium in the event of termination.

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Concorde Investments Ireland Limited is regulated by the Central Bank of Ireland.

Securities Lending

Some of the ETFs may engage in securities lending arrangements in order to enhance their returns. This entails lending securities from the ETF portfolio to counterparties for a period of time in exchange for the deposit of collateral that the ETF may invest with the objective of earning additional returns. The downside to this is that such arrangements would expose you to additional credit risk of the counterparties to the securities lending contracts. In the event that a counterparty defaults on its obligations and/or the value of the collateral deposited falls below the value of the securities lent to such counterparty, this will negatively impact the returns on the ETF.

Termination Risk

An ETF, like any fund, may be terminated early under certain circumstances, for example, where the index is no longer available for benchmarking or if the size of the ETF falls below a pre-determined NAV threshold as set out in the constitutive documents and offering documents. You may suffer further losses if there are any expenses, costs or tax liabilities associated with the termination. For synthetic ETF, the costs associated with the unwinding of the derivatives before maturity may vary depending on prevailing market conditions. Such costs may be significant, particularly during times of high market volatility. Hence, in the event of redemption or if the synthetic ETF is terminated (for example, due to the reason that the fund size becomes too small), the proceeds payable to you may be significantly less than the NAV of the ETF as a result of the cost associated with unwinding of the derivatives before maturity.

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