DESCRIPTION OF THE PRINCIPAL RISKS ASSOCIATED WITH THE INVESTMENT INSTRUMENTS USED BY OREA CAPITAL

Any investment in a financial instrument involves a risk of losing some or all of the capital invested. The value of an investment and any income derived from it may rise or fall.

The principal risks include, among others, market, credit, currency, interest rate, liquidity, volatility, counterparty, systemic and regulatory risks. The nature and significance of these risks depend on the financial instrument concerned.

OREA Capital applies a prudent approach to the selection and management of assets for its clients. OREA Capital invests primarily in listed financial instruments and may also invest in trackers, depositary receipts and collective investment undertakings.

This document provides a summary of the principal characteristics and risks of the financial instruments used by OREA Capital. The risks that actually apply depend on the specific characteristics of each instrument.

If you have any questions regarding this document, please contact your usual contact at OREA Capital.

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Bond

A financial instrument representing a portion of a loan issued by a government, public-sector entity, supranational organisation or company. By purchasing a bond, the investor lends funds to the issuer and becomes one of its creditors.

An investor may subscribe for a bond when it is issued or purchase it subsequently on the secondary market.

During the life of the bond, the issuer will generally pay interest, known as a coupon, in accordance with the terms established at issuance. The coupon may, among other things, be fixed, floating or index-linked. Some bonds, known as zero-coupon bonds, do not pay periodic interest. The coupon is generally calculated by reference to the bond's nominal value.

At maturity, the issuer will, in principle, repay the principal in accordance with the terms established at issuance. For a conventional bond redeemable at par, the amount repaid corresponds to its nominal value, irrespective of the price paid by the investor on the secondary market.

The payment of coupons and repayment of principal depend on the issuer's ability to meet its obligations. Certain bonds may be redeemed early, repaid in instalments, converted into or repaid in shares, or may have no fixed maturity date.

The principal risks associated with investing in **bonds** are:

Market risk: The value of a bond may fluctuate during its life according to supply and demand. If the bond is sold before maturity, the investor may incur a capital loss.

Credit risk: The issuer's financial position or creditworthiness may deteriorate, causing the value of the bond to fall. The issuer may also be unable to pay coupons or repay some or all of the principal.

Currency risk: Where the bond is denominated in a currency other than the euro, exchange-rate movements may reduce its value, the income received or the amount repaid.

Interest rate risk: An increase in interest rates will generally cause the value of fixed-rate bonds to fall. This risk is particularly relevant where a bond is sold before maturity.

Liquidity risk: It may be difficult to sell a bond quickly or at a satisfactory price.

Volatility risk: The price of a bond may fluctuate significantly, particularly as a result of changes in interest rates, the issuer's creditworthiness and/or supply and demand.

Systemic risk: A major financial, economic or political crisis may simultaneously affect supply and demand, issuers and financial intermediaries, and may result in a significant fall in the value of the bond.

Regulatory risk: Changes in legislation, taxation or regulation may affect the value, income, marketability or conditions governing the holding of the bond.

Share

A share is a security representing an interest in the capital of a company. Its holder becomes a shareholder. The value of a share depends, among other things, on the company's financial position, its prospects, the industry in which it operates and market conditions.

Listed share: A share traded on a regulated market or multilateral trading facility, or MTF. Its price fluctuates according to supply and demand at the time of trading.

The principal risks associated with investing in **shares** are:

Market risk: The price of a share may fall as a result of the company's circumstances, developments affecting its industry or general market conditions.

Company-specific risk: The company's results, financial position or prospects may deteriorate. The company may reduce or discontinue dividend payments. If the company becomes insolvent or enters into liquidation, its shares may lose all their value.

Currency risk: Where the share is denominated in a currency other than the euro, exchange-rate movements may reduce its value or the value of any dividends received.

Liquidity risk: Some shares may be infrequently traded. Investors may therefore have difficulty selling their shares promptly or may have to accept a price below the price they expected.

Volatility risk: The price of a share may fluctuate significantly over a short period. Such movements may result from information concerning the company, its industry, the economy or the financial markets.

Systemic risk: A major financial, economic or political crisis may simultaneously affect the markets and result in a significant fall in share prices.

Regulatory risk: Changes in legislation, taxation or regulation may affect the company's business, its value, the dividends it pays or the conditions governing the holding and disposal of its shares.

Dilution risk: The company may issue new shares. If an investor does not participate in the capital increase, the investor's interest in the company and, where applicable, voting rights and share of its profits may be reduced.

Unlisted share: A share that is not traded on a regulated market or an MTF. It is acquired or disposed of directly through the company, a shareholder or an intermediary. Its value is more difficult to determine and its sale may be time-consuming, difficult or impossible.

OREA Capital does not invest in unlisted shares on behalf of its clients. For information purposes, the principal risks specifically associated with **unlisted shares** are:

Risk relating to the availability of information: Available financial or operational information may be less frequent, less detailed or more difficult to verify than information relating to a listed company.

Liquidity risk: In the absence of trading on a regulated market or an MTF, an investor may be unable to find a buyer. A sale may be time-consuming, subject to restrictions, completed at a price below the estimated value or may prove impossible.

Valuation risk: In the absence of an observable market price, the value of the shares is more difficult to determine and may be based on estimates. The price applied on an acquisition or disposal may differ from the estimated value of the shares.

Cost risk: The acquisition, holding or disposal of unlisted shares may entail significant legal, administrative or intermediation costs.

Depositary receipt

A depositary receipt is a financial instrument representing one or more shares, or a fraction of a share, in a company. Its value depends primarily on the value of the underlying share or shares.

OREA Capital prefers to invest directly in shares. In certain circumstances, however, it may invest in depositary receipts, including American Depositary Receipts (ADRs). ADRs represent shares in non-US companies. They are issued by a US bank and traded in US dollars.

The principal risks associated with investing in **ADRs** are:

Risks relating to the underlying shares: ADRs are exposed to the risks of the shares they represent, including market, company-specific, currency, liquidity, volatility, dilution, systemic and regulatory risks.

Currency risk: Movements between the currency of the underlying shares, the US dollar and the euro may reduce the value of the investment or the amount of dividends received.

Depositary bank risk: The issue and administration of ADRs involve a depositary bank. A default or failure by that bank to perform its obligations may affect the investor's rights.

Liquidity risk: Some ADRs may be infrequently traded. Investors may have difficulty selling them promptly or may have to accept a price below the price they expected.

Price discrepancy risk: The price of an ADR may differ from the value of the underlying shares, particularly as a result of exchange rates, trading hours, liquidity or the number of shares represented by each ADR. Fees specific to the ADR programme may also be charged, including against dividends or when ADRs are converted into the underlying shares.

Termination risk: The ADR programme may be amended or terminated. The investor may then be required to sell the ADRs, receive the underlying shares or bear additional costs.

Tracker

A tracker is a financial instrument designed to replicate the performance of a financial index or reference asset, whether that performance is positive or negative.

OREA Capital may invest its clients' assets in trackers in order to provide exposure, in particular:

- to a financial index, such as the BEL 20, generally through an ETF.

  An ETF, or Exchange Traded Fund, is a collective investment undertaking whose units or shares are listed and traded on a regulated market or an MTF.

- to a commodity, such as gold, generally through an ETC.

  An ETC, or Exchange Traded Commodity, is a financial instrument generally structured as a debt security. It may be admitted to trading and traded on a regulated market or an MTF.

The principal risks associated with investing in **trackers** are:

Index or reference asset risk: The value of a tracker depends primarily on movements in the financial index or reference asset that it is designed to replicate.

Market risk: The value of a tracker may fall as a result of movements in the index or reference asset and general market conditions. Investors may lose some or all of the capital invested.

Liquidity risk: Some trackers may be infrequently traded or may provide exposure to illiquid assets. Investors may have difficulty selling their investment promptly or may have to accept a price below the price they expected.

Price discrepancy risk: The tracker's trading price may temporarily differ from the value of the index, the reference asset or the assets held by the tracker.

Tracking difference risk: The performance of the tracker may differ from that of the index or reference asset, particularly as a result of fees, transaction costs, taxation, the replication method or market conditions.

Currency risk: Where the tracker, index, reference asset or underlying assets are denominated in a currency other than the euro, exchange-rate movements may reduce the value of the investment.

Issuer risk: Where a tracker relies on an issuer's undertaking, the issuer's default may result in a loss.

Concentration risk: A tracker exposed to a limited number of issuers, a particular sector, country or commodity may be significantly affected by an adverse event relating to that exposure.

Closure or early redemption risk: The tracker may be liquidated, delisted or redeemed early. The investor may then be required to dispose of the investment, or have it redeemed, at an unfavourable time.

Undertaking for collective investment

An undertaking for collective investment, or **UCI**, pools capital from several investors and invests it in accordance with a defined investment policy.

Investors hold units or shares in the UCI. The value of their investment depends on the value of the assets held by the UCI.

> **SICAV:** A société d'investissement à capital variable, or SICAV, is a UCITS established in corporate form. Investors hold shares in the SICAV. The value of those shares depends on the valuation of the assets held by the SICAV.
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> **RAIF:** A reserved alternative investment fund, or RAIF, is a Luxembourg alternative investment fund reserved for eligible investors. It is not directly authorised by the CSSF.
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> **Short-term money market fund:** A short-term money market fund is a UCITS that invests primarily in money market instruments and other short-dated assets. It seeks to preserve the value of the investment or provide a return comparable to money market rates. It is not a bank deposit and the capital invested is not guaranteed.

OREA Capital may invest its clients' assets in Luxembourg or foreign UCIs, including SICAVs. OREA Capital may also invest in money market funds.

The principal risks associated with **undertaking for collective investment** are:

> **Risk relating to the assets held:** The value of a UCI depends on the value of the assets in which it invests. Investors are exposed to the risks associated with those assets.
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> **Market risk:** The value of the units or shares in the UCI may fall as a result of market movements.
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> **Liquidity risk:** Some assets held by the UCI may be difficult to sell. Redemptions of units or shares may be delayed, restricted or suspended.
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> **Valuation risk:** Some assets may not have an observable market price. Their value may therefore be based on estimates and may differ from the price at which they can ultimately be sold.
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> **Credit risk:** An issuer may be unable to pay amounts due to the UCI or repay the principal.
>
> **Counterparty risk:** A counterparty to a transaction entered into by the UCI may fail to meet its obligations.
>
> **Currency risk:** Exchange-rate movements may reduce the value of the assets, income or investment.
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> **Concentration risk:** A UCI concentrated in a limited number of assets, issuers, sectors or geographical areas may be more significantly affected by an adverse event.

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The taxation applicable to different investment instruments depends on each client's individual circumstances and may change over time. OREA Capital does not provide tax advice. Each client is therefore responsible for obtaining independent tax advice regarding their personal circumstances and the tax implications of their investments.