

Risk Disclosure Policy

Introduction

In accordance with the Investment Services and Activities and Regulated Markets Law of 2017, as amended from time to time ("the Law"), we are required to provide our clients and potential clients (hereinafter the "client") with our Risk Disclosure Policy (hereinafter the "Policy").

This Policy provides clients with information in general terms regarding the nature of risks associated when dealing in Financial Instruments in a fair and non-misleading basis. It must be noted that this Policy cannot and does not disclose or explain all of the risks and other significant aspects involved.

General Risk Warning and Acknowledgement

Clients should not engage in any dealings directly or indirectly in financial instruments unless they know and have a clear understanding of the risks involved. Clients should acknowledge and understand that prior to deciding to deal in financial instruments, they should consider their investment objectives, risk tolerance, financial resources and level of experience. If Clients do not understand the risks involved and associated when dealing in financial instruments and/or are not familiar in dealing in financial instruments they should seek independent financial advice prior to the establishment of a business relationship with the Company. If upon receipt of independent financial advice Clients still do not understand the risks involved and associated when dealing in financial instruments, they should not seek to establish a business relationship with the Company and/or refrain from trading if a business relationship has already been attained with the Company.

The Company provides no guarantees of profit nor of avoiding losses when investing or promise any specific level of performance or promise that investment decisions, strategies, recommendations/advice provided to eligible Clients will be successful/profitable. Clients acknowledge, understand and accept that any investment in financial instruments entails substantial risks, the degree of which depends on the nature of each investment and may not be suitable for all investors and the value of any investment may increase or decrease and investors may lose their invested capital. By establishing a business relationship with the Company, clients accept and are willing to undertake the risks inherent in investing and is financially able to bear such risks and withstand any losses incurred.

Information of the previous/past performance of a financial instrument it is not a guarantee for its current and/or future performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of a financial instruments to which the said information refers.

When financial instruments are traded in a currency other than the currency of clients' country of residence, any changes in the exchange rates may have a negative effect on its value, price and performance.

Costs and Charges

The term Costs and Charges (hereinafter "charges") includes any fee, commission charge or cost that a client may entail in relation to the services provided by the Company.

Clients acknowledge, understand and accept that the provision of services is subject to charges, either in monetary terms or as a percentage of a contract value which shall be provided by the Company to the client prior to the client acceptance of any related service provided by the Company. The Company may change its charges, in accordance to the Client Agreement & Terms of Business.

Clients should ensure that they are aware and understand all the charges involved, it remains the clients' responsibility to check for any changes in the charges. If any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), the Client should ensure that he understands what such charges are likely to amount to.

Taxes

The Company does not warrant and/or guarantee that clients' trades in financial instruments are not or may not become subject to tax and/or any other duty for example because of changes in legislation or a client's personal circumstances. Taxes are subject to change without notice. It is the responsibility of clients to make arrangement in regards of any taxes and/or any other duty which may accrue in respect of their trades. The Company does not offer tax advice.

Technical Risk and Communication

Clients acknowledge, understand and accept that the Company cannot be held responsible for the risks of possible financial losses caused as a result of failure, malfunction, interruption, disconnection or malicious actions related to information, communication, electronic and other systems and that clients bear all responsibility for any such failure.

The Company bears no responsibility when Clients may face difficulties using electronic systems to send orders and communicate with the Company including the failure of hardware, software, servers, communication lines and internet failure. The result of which may include failure of transactions being executed or not executed as per the client's instructions.

Clients acknowledge that unencrypted information transmitted by e-mail is not protected from any unauthorised access and Clients are wholly responsible for the privacy of information and data transmitted between the Client and the Company by unauthorised third parties and accept the risks of any financial losses or the loss of privacy caused by the unauthorised access of any third party.

General Risks Types

The types of risks described below (hereinafter "Major risks") could have an impact on each type of investment, the nature and extent of which varies between countries, financial products, investments and fluctuations in the financial markets outside of anyone's control. The risks below are not exhaustive but provide a general guideline.

Market Risk: is the possibility of loss due to factors that affect the overall market. Fluctuations in the market can affect the price of investments and depends on, among others market supply and demand, investor perception, prices of underlying investments, political and economic factors, all of which are unpredictable.

Credit Risk: refers to the risk that a borrower may not repay a loan or meet other contractual obligations. Credit risk arises from the failure of counterparties to fulfil their obligations when transacting in credit linked products like bonds and the potential loss of occurring.

Settlement Risk: is the risk that one party will fail to deliver the terms of a contract with another party at the time of settlement. This risk is limited where the investment involves financial instruments traded on a regulated market, however, increases where the investment involves financial instruments traded outside a regulated market or where settlement takes place in different time zones or different clearing systems.

Liquidity Risk: is the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimise a loss. Liquidity risk becomes particularly important to investors who hold or are about to hold an asset since it could affect their ability to trade.

Interest Rate Risk: is the risk that an investment's value will change due to a change in the absolute level of interest rates. Interest rate risk for example affects the value of bonds more directly than stocks as interest rates rise, bond prices fall, and vice versa.

Commodity Risk: is the risk which affects the supply or production of a commodity. Commodities can be volatile, and any investment linked to a commodity and may fluctuate substantially in the event of a natural disaster such as an earthquake or during a conflict of war.

Operational Risk: is the risk of business operations failing due to breakdowns or malfunctions of essential systems and controls, including IT systems and human Operational risk changes from industry to industry and is an important consideration to make when looking at potential investment decisions for example industries with lower human interaction are likely to have lower operational risk.

Economic Risk: is the danger that the economy as a whole will perform poorly. When the whole economy experiences a downturn, it affects stock prices, the job market, and the prices of consumer products.

Political Risk: is the risk an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers or military control.

Financial instrument and associated risk

The investment decisions made by clients and any investment advice provided by the Company to eligible clients are subject to various markets, currency, economic, political, business risks etc., and will not necessarily be profitable. The Client acknowledges and without any reservation accepts that, notwithstanding any investment advice or information which may have been given by the Company, the value of any investment may fluctuate either upwards or downwards. The risks below are not exhaustive but provide a general guideline to certain financial instruments.

Stocks and shares: represent ownership in the share capital of a company. An investor is exposed to the major risks as described above and a factor to consider is whether the Company pays dividends, otherwise an investor is reliant on the value of a stock or share in any Company as this is dependent on the appreciation/depreciation of the value of the stock/share on the open market. Also, if a company is private, i.e. not listed or traded on an exchange, or is listed but only traded infrequently, there may also be liquidity risk, whereby shares could become very difficult to dispose of.

Fixed income/Bonds: All debt instruments are potentially exposed to the major risk types above and in particular credit risk and interest rate risk. Bonds are debt investments in which an investor loans money to an entity which borrows the funds for a defined period of time at a variable or fixed interest rate. Owners of bonds are debtholders, or creditors, of the issuer. (typically, corporate or governmental). Inherent risks include price volatility, market risk, economic, risk, political risk, interest rate risk and credit risk.

Collective Investment schemes/ Undertakings for Collective Investment in Transferable Securities ("UCITS"): UCITS and their underlying assets are exposed to all the major risks described above. Generally, a UCITS is an arrangement whereby several investors contribute to "pool" their assets and which are managed by an independent manager who will invest the pooled money in one or more types of schemes, typically bonds, shares of listed companies or property. The ability to liquidate certain schemes may be limited, depending

on the terms of operation, and the period of notice for redemption during which the value of each unit may increase or decrease depending on volatility. A reduction in risk can be achieved where a scheme holds a number of different assets.

In addition the opportunities to realise an investment in a collective investment scheme is often limited in accordance with the terms and conditions applicable to the scheme and could be subject to long periods of advance notice (during which the price at which interests may be redeemed may fluctuate or move against you). There may be no secondary market in the collective investment scheme and therefore an investment in such a scheme may be (highly) illiquid.

Money market instrument: is a financial instrument with high liquidity and a short maturity. It is a means of borrowing and lending in the short term, with maturities that usually range from overnight to just under a year. Money Market instruments are typically traded on the local money markets and are subject to liquidity risk, interest rate risk and credit spread risk.

Third Party Risk

The Company does not receive or hold any client money or assets and therefore has no responsibility for any acts or omissions of any third party to whom a client shall deposit its money to. The client acknowledges and accepts that this service is not provided by the Company and takes full responsibility of any associated risks.

Insolvency

The Company's insolvency or default may lead to positions being liquidated or closed out without the Client's consent.

Investor Compensation Fund

The Company participates in the Investor Compensation Fund for clients of Investment Firms regulated in the Republic of Cyprus. Clients will be entitled to compensation under the Investor Compensation Fund scheme where the Company is unable to meet its duties and obligation. Compensation under the Investor Compensation Fund shall not exceed twenty thousand euro (EUR 20.000) per client, applicable on an aggregate level. For more details please refer to the "Investor Compensation Fund".

Force Majeure events

According to the Client Agreement the Company will not be liable or have any responsibility for any type of loss or damage arising out of any failure, interruption, or delay in performing its obligations under this Agreement where such failure, interruption or delay is due to a Force Majeure event.

Amendment/Review of the Policy

The Company reserves the right to review and amend this Policy at any given time it deems suitable and appropriate, without notice to the Client. The Policy is available for review by clients on the Company's website and any new version will be effective from the time of posting on the website, we ask you to review our website on a regular basis to ensure that you have read the latest version.

Clients Consent

By signing the Client Agreement and Terms of Business, you also acknowledge and consent to the application of this policy.

General Information

If you have any queries regarding this Policy, please contact us via the contact us page on the Company's website or send an email to our Support Department at info@nfs-insurance.com