

## **RISK WARNING NOTICE**

This Risk Warning Notice is provided by Plum Money CY Limited (Plum) in the best interest of its clients and any prospective clients and is intended to disclose in general terms the nature of the risks associated with investment products, in which you may invest, through Plum services provided to you. It does not intend to be an exhaustive list and cannot explain all of the risks nor how such risks relate to your personal circumstances. We may provide further risk information during the course of our services to you, as appropriate.

Prior to engaging in any investment products offered by Plum you should consider whether you have understood the risks detailed in this Notice. If you have any questions or are in any doubt about the content of this Notice, you should seek independent professional advice. Plum does not provide such advice.

It is important that you consider whether investing is suitable for you in light of your personal circumstances and financial resources and that you monitor your investment carefully. You should not invest money that you cannot afford to lose.

Investment products involve risk to your capital and investments can go down as well as up. Regardless of any information which may be offered by Plum, the value of any investment may fluctuate downwards or upwards and it is probable that the investment may become of no value. However, you cannot lose more than the equity in your account. Information of the past performance does not constitute a safe forecast or reliable indicator of future performance.

Below are some specific risks and considerations (not exhaustive) for investors in relation to investment products:

### **Shares and other types of equity instruments**

#### *Market Risk, Share Price Risk and Volatility (Whole Shares and Fractional Shares)*

The price or value of shares or other types of equity instruments are influenced by a broad array of factors and can change rapidly and unexpectedly. The price of shares goes up and down depending on market supply and demand, investor perception and the prices of any underlying or allied investments or, indeed, political and economic factors. These can be totally unpredictable.

We aim to provide you the best execution available but it is possible that the market price could have changed between order placement and execution time, and, therefore, we cannot guarantee that the price requested will be the same as the price at which the order is executed, therefore, the price you receive can be in your favour or against you.

Trading in fractional shares carries additional risks as fractional shares cannot be traded on regulated markets (such as public exchanges) and as such may be subject to greater liquidity risk than full shares. In addition, fractional shares cannot be transferred to another broker (save in the event of the Third Party Broker's insolvency) and must be sold via the Third Party Broker.

There is a risk that there could be volatility or problems in the sector that the company is in. If the company only traded infrequently, there may also be liquidity risk, whereby shares could become difficult to acquire or dispose of.

If the share price falls in a particular company, the company may find it difficult to raise further capital to finance its business, and the company's performance may deteriorate vis à vis its competitors, leading to further reductions in the share price. Ultimately the company may become vulnerable to a takeover or may fail.

There is no guaranteed return on an investment in shares, and in a liquidation of the company, ordinary shareholders are amongst the last with a right to repayment of capital and any surplus funds of the company, which could lead to a loss of a substantial proportion, or all of the original investment.

The fluctuations in the financial markets and individual stocks are outside of Plum's, or its third party broker's, control. Any such changes will affect the value of shares and other types of equity instruments and your related profits and losses of your holdings may change rapidly and unexpectedly.

#### *Currency risk*

When a stock is traded on foreign markets in a currency other than the currency of your account, the fluctuations in the exchange rates may have a negative effect on its value and price. In respect of transactions in stocks that are denominated in a currency other than that in which your account is denominated, the fluctuations in foreign exchange rates may impact your profits and losses connected to your trading in such stocks.

#### *Operational and Technology risk*

Breakdowns or malfunctioning of essential systems and controls, including IT systems, can impact all financial products. The result of any technical or system failure may be that an order is not executed in accordance with the instructions provided or is not executed at all. Technical interruptions in using the Plum App may impact your orders and you may not be able to monitor your holdings via the Plum App. Whilst we try to make the Plum App be available to you at any time we cannot guarantee that the Plum App will always be available to you.

## *Tax*

Depending on your personal tax status and the rules and regulations in force from time to time may impact your holdings and your trading. You have the sole responsibility of determining the relevant tax impact to your trading and you should consult an appropriate professional advisor if you have any questions or doubts in this regard. Plum does not provide tax advice and does not warrant that no tax and/or any other duties will be payable.

## *Insolvency*

The insolvency or default of Plum or of any third party brokers involved with your transaction, may lead to your holdings being liquidated or closed out without your consent or, indeed, investments not being returned to you. In such circumstances, we will seek to provide you with as much additional information as we can relating to the treatment of your existing holdings as and when we obtain it.

In the event of any insolvency or default by Plum, Plum participates in the Investor Compensation Fund (regulated by the Cyprus Securities and Exchange Commission) which provides coverage for the claims of the covered clients but cannot exceed €20,000 or 90% of the cumulative covered claims.

## *No Guarantee of Rights*

Whilst shares can often have rights to dividends and, in certain instances, the right to vote on certain matters at general meetings of the issuing company, you should not assume that you will be able to exercise these rights. The payment of dividends by a company is not guaranteed and you may not have the opportunity to exercise any voting rights attached to those shares.

## **Regulatory and Legal Risk**

All investments could be exposed to regulatory or legal risk. Returns on all investments are at risk from regulatory or legal actions and changes which can, amongst other issues, alter the profit or losses potential of an investment. Legal changes could even have the effect that a previously acceptable investment becomes illegal. The impact of such regulatory and legal changes can be material and unexpected, and may impact certain companies, markets and jurisdictions more than others.

**Under no circumstances should the information included in this Notice be construed as an advice or offer to invest. This Notice is designed to explain in general terms the nature of the risks involved when dealing in investment on a fair and non-misleading basis and does not disclose or explain all of the risks and other aspects involved in investment services.**