Syfe Hong Kong Limited

Risk Disclosure Statement

1. You are fully aware of the risk relating to Transactions entered into. In particular, you understand that:

   (a) your investments are not "capital protected" and therefore, you may lose your capital by entering into the Transactions;

   (b) all Transactions, arrangements entered into and actions taken by us on your behalf will be made by us as your agent, for your sole account and at your sole risk;

   (c) where the investments are listed outside Hong Kong, such investments are subject to the laws and regulations of the jurisdiction they listed and you are aware of the risks involved with investing in such products, including but not limited to differences in regulatory regime and investor protection, differences in legal systems, jurisdiction-specific costs (including tax related costs), exposure to foreign counterparty and correspondent broker risks, and exposure to the political, economic and social developments and understand its contents;

   (d) your payments or receipts under a Transaction will be linked to changes in the particular financial market or markets to which the Transaction is linked, and you will be exposed to price, currency exchange, interest rate or other volatility in that market or markets. You may sustain substantial losses on the investments if the market conditions move against your positions. It is in your interest to fully understand the impact of market movements, in particular the extent of profit/loss you would be exposed to when there is an upward or downward movement in the relevant rates, and the extent of loss if you have to liquidate a position if market conditions move against you. Your position may be liquidated at a loss, and you will be liable for any resulting deficit in your Account with us; and

   (e) the fluctuations in foreign currency rates have an impact on the profit/loss and the investments where the Transaction is denominated or settled in a different currency from the currency where you carry on your ordinary business or keep your accounts.

2. You agree that any advice provided by us will be based on information from sources believed to be accurate, however no representation or warranty, express or implied, is made by us as to the accuracy, completeness or suitability of such advice.

3. ***You agree that you are responsible for making your own independent investigation and appraisal of all investments and your own independent verification of any advice, recommendations, view, opinion or information provided by us. You shall fully understand and familiarise itself with all the terms and conditions of each investment and the risks involved, and agree that you will only accept our recommended Investment Strategy and Transactions on the basis of your own independent review and determination that the Investment Strategy and/or investments are suitable and appropriate for you, taking into account your specific objectives, financial situation, investment experience, knowledge and particular needs.***

4. You agree and acknowledge that you have made all necessary enquiries and we have informed you of all material features of and risks involved in respect of the investments including but not limited to information on:

   (a) the nature and objective of the investments;

   (b) the key benefits and risks of the investments;

   (c) details of the providers of the investments;

   (d) your key rights with respect to the investments;

(e) the intended investment horizon of the investments;

(f) the ease of converting the investments to cash;

(g) the expected level of your risk tolerance in respect of the investments;

(h) the commitment required from you in respect of the investments;

(i) the pricing of the investments;

(j) the fees and charges to be borne by you in respect of the investments;

(k) the frequency of reports to be provided to you in respect of the investments;

(l) any applicable charges or restrictions on withdrawal, surrender or claim procedures of the investments;

(m) any applicable warnings, exclusions and disclaimers; and

(n) information in relation to where the prospectus in respect of the investment (if applicable) may be accessed, or if we consider it appropriate, an abridged version of such prospectus.

5. You expressly acknowledge that you have the appetite to assume all economic consequences and risks of the investments and to the extent necessary, have consulted your own tax, legal and other advisers.

6. You also acknowledge that we may have an interest in the subject of the report or recommendation, may be a counterparty to any investments entered into by you and/or may otherwise benefit from your investments.

7. You also acknowledge that you have read our Privacy Policy, Risk Warning, and Terms and Conditions addendums on our webpage at www.syfe.com/en-hk.

Disclosure of key risks associated with the Transactions

The following disclosures set out the non-exhaustive key risks associated with the Transaction:

1. RISK OF INVESTING VIA ONLINE PLATFORM

You may be subject to the following risks while using our Services on the Platform:

1.1 In view of the importance of smooth access to and operation of our Platform, should there be any (a) failure by us or third-party service provider to make improvement, upgrades or enhancement to our Platform in a timely manner, (b) any prolonged or material server interruption due to network failures or any adverse development specific to our Platform, (c) restriction or access due to reasons such as market volatility and peak demands, you may suffer loss.

1.2 Our Platform is susceptible to operational and information security risks through breaches in cyber security. Cyber security breaches include, without limitation, infection by computer viruses and gaining unauthorised access to our systems through "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operations to be disrupted. Cyber security breaches may also occur in a manner that does not require gaining unauthorised access, such as denial-of-service attacks or situations where authorised individuals intentionally or unintentionally release confidential information stored on our systems. A cyber security breach may cause disruptions and impact our business operations, which could potentially result in financial losses, the inability to determine the net asset value of your investments, violation of applicable law, regulatory penalties and/or fines, compliance and other costs. Your investment and you could be negatively impacted as a result. In addition, because we work closely with third-party service providers (e.g. custodians (if any)), indirect cyber security breaches at such third-party service providers may subject your investment and/or our systems to the same risks associated with direct cyber security breaches. Further, indirect cyber security breaches at an issuer of securities in which you or your portfolio invests may similarly negatively impact you or your portfolio. While we have established risk management systems designed to reduce the risks associated with cyber security breaches, there can be no assurances that such measures will be successful.

2. RISKS OF INVESTING IN COLLECTIVE INVESTMENT SCHEMES

2.1 If you invest in collective investment schemes, you will be subject to the risks associated with such collective investment schemes. We do not have control of the investments of the collective investment schemes and there is no assurance that the investment objective and strategy of such collective investment schemes will be successfully achieved which may have a negative impact to the net asset value of your investment.

2.2 There may be additional costs involved when investing into these collective investment schemes. There is also no guarantee that the collective investment schemes will always have sufficient liquidity to meet your redemption requests as and when made.

3. RISK RELATING TO INVESTMENTS IN EXCHANGE TRADED FUNDS ("ETF")

If you or your portfolio invest in ETFs and you may be subject to the following risks:

3.1 Passive investment risks - The ETF may be passively managed and the ETF's manager will not have the discretion to adapt to market changes due to the inherent investment nature of the ETF. Falls in the ETF's index are expected to result in corresponding falls in the value of your investments.

3.2 Tracking error risks – The ETF may be subject to tracking error risk, which is the risk that its performance may not track that of the index exactly. This tracking error may result from the investment strategy used, and fees and expenses. There can be no assurance of exact or identical replication of such ETF at any time of the performance of the index.

3.3 Trading risks - The trading price on the SEHK of the units of the ETF is driven by market factors such as the demand and supply of the units. Therefore, the units of such ETF may trade at a substantial premium or discount to the ETF's net asset value.

3.4 Termination risk - The ETF 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 net asset value threshold. You may not be able to recover the investments and suffer a loss when the ETF is terminated.

3.5 General risks relating to synthetic ETFs - Derivative instruments are susceptible to price fluctuations and higher volatility, which may result in large bid and offer spreads with no active secondary market. The ETF may suffer losses potentially equal to the full value of the derivatives.

4. RISK OF COMPLEX PRODUCTS

4.1 Complex products may involve the use of derivatives. The risk of loss in complex products can be more than the original amount invested. You should therefore exercise caution in relation to complex products.

5. RISK OF SECURITIES TRADING

5.1 The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.

6. RISK OF TRADING FUTURES AND OPTIONS

6.1 The risk of loss in trading futures contracts or options is substantial. In some circumstances, you may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore study and understand futures contracts and options before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. If you trade options you should inform yourself of exercise and expiration procedures and your rights and obligations upon exercise or expiry.

Additional risk disclosure for futures and options trading

This brief statement does not disclose all of the risks and other significant aspects of trading in futures and options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Futures

1. Effect of “Leverage” or “Gearing”

   Transactions in futures 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.

2. Risk-reducing orders or strategies

   The placing of certain orders (e.g. “stop-loss” orders, or “stop limit” 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. Strategies using combinations of positions, such as “spread” and “straddle” positions may be as risky as taking simple “long” or “short” positions.

Options

1. Variable degree of risk

   Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) 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.

   The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in cash settlement or in the purchaser acquiring or delivering the underlying interest. If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transactions costs. 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.

   Selling (“writing” or “granting”) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is “covered” by the seller holding a corresponding position in the underlying interest or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

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 premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

Additional risks common to futures and options

1. Terms and conditions of contracts

   You should ask the firm with which you deal about the terms and conditions of the specific options which you are trading and associated obligations (e.g. 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.

2. 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 "circuits breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

   Further, normal pricing relationships between and the underlying interest and the option may not exist. The absence of an underlying reference price may make it difficult to judge "fair value".

3. Deposited cash and property

   You should familiarize yourself with the protections given to money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm 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.

4. Commission and other charges

   Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

5. Transactions in other jurisdictions

   Transactions on markets in other 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 about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

6. Currency risks

The profit or loss in 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.

7. Trading facilities

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 participant firms. Such limits may vary: you should ask the firm with which you deal for details in this respect.

8. Electronic trading

Trading on an electronic trading system may differ 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.

9. 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. RISK OF TRADING IN LEVERAGED FOREIGN EXCHANGE CONTRACTS

7.1 The risk of loss in leveraged foreign exchange trading can be substantial. You may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit losses to the intended amounts. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore carefully consider whether such trading is suitable in light of your own financial position and investment objectives.

8. RISK OF TRADING GROWTH ENTERPRISE MARKET STOCKS

8.1 Growth Enterprise Market (GEM) stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. GEM stocks may be very volatile and illiquid. You should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Current information on GEM stocks may only be found on the internet website operated by The Stock Exchange of Hong Kong Limited. GEM Companies are usually not required to issue paid announcements in gazetted newspapers. You should seek independent professional advice if you are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.

9. RISKS OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

9.1 Client assets received or held by the licensed or registered person outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (Cap.571) and the rules made thereunder. Consequently, such client assets may not enjoy the same protection as that conferred on client assets received or held in Hong Kong.

10. RISK OF CUSTODY ARRANGEMENTS

10.1 Custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where you invest in markets where custodial and/or settlement systems are not fully developed, your assets in the Account may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, we may take a longer time to recover assets in the Account. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, we may even be unable to recover all of the assets in the Account. The costs borne by you in investing and holding investments in such markets will be generally higher than in organised securities markets.

10.2 Cash deposits placed with the custodian(s) are no different in legal characteristics than any other bank deposit and are therefore exposed to increased risk in the event of bankruptcy with the account holder being a general creditor of the custodian(s).

10.3 You acknowledge and understand that your assets will be co-mingled with assets of our other customers in omnibus accounts and there is no segregation of assets as between you and our other customers, other than the maintenance of accounting records to record your interests versus those of our other customers in the omnibus account. If there is a shortfall in the omnibus account for any reason, your Authorised Investments may not be identifiable by separate records or certificates and you may potentially be exposed to the losses of other customers.

10.4 The risks of commingling are that there are limited ways to determine the intent of clients involved on the mutualisation of risks in view of the constant fluctuation of the aggregate balance in such account, and to account separately for each of our clients' respective interest (if any) due on their respective cash balances in the trust account as on an aggregate basis. In the event of insolvency of the trust account custodian, you understand that you may not be able to fully recover your monies.

11. RISK OF PROVIDING AN AUTHORITY TO HOLD MAIL OR TO DIRECT MAIL TO THIRD PARTIES

11.1 If you provide the licensed or registered person with an authority to hold mail or to direct mail to third parties, it is important for you to promptly collect in person all contract notes and statements of your account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

12. RISK OF MARGIN TRADING

12.1 The risk of loss in financing a transaction by deposit of collateral is significant. You may sustain losses in excess of your cash and any other assets deposited as collateral with the licensed or registered person. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. You may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, your collateral may be liquidated without your consent. Moreover, you will remain liable for any resulting deficit in your account and interest charged on your account. You should therefore carefully consider whether such a financing arrangement is suitable in light of your own financial position and investment objectives.

13. RISK OF TRADING NASDAQ-AMEX SECURITIES AT THE STOCK EXCHANGE OF HONG KONG LIMITED

13.1 The securities under the Nasdaq-Amex Pilot Program (“PP”) are aimed at sophisticated investors. You should consult the licensed or registered person and become familiarised with the PP before trading in the PP securities. You should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

14. RISK OF TRADING IN OVERSEAS-LISTED INVESTMENT PRODUCTS

Differences in Regulatory Regimes

14.1 Overseas markets may be subject to different regulations, and may operate differently from approved exchanges in Hong Kong. For example, there may be different rules providing for the safekeeping of securities and monies held by custodian banks or depositories. This may affect the level of safeguards in place to ensure proper segregation and safekeeping of your investment products or monies held overseas. There is also the risk of your investment products or monies not being protected if the custodian has credit problems or fails. Overseas markets may also have different periods for clearing and settling transactions. These may affect the information available to you regarding transaction prices and the time you have to settle your trade on such overseas markets.

14.2 Overseas markets may be subject to rules which may offer different investor protection as compared to Hong Kong. Before you start to trade, you should be fully aware of the types of redress available to you in Hong Kong and other relevant jurisdictions, if any.

14.3 Overseas-listed investment products may not be subject to the same disclosure standards that apply to investment products listed for quotation or quoted on an approved exchange in Hong Kong. Where disclosure is made, differences in accounting, auditing and financial reporting standards may also affect the quality and comparability of information provided. It may also be more difficult to locate up-to-date information, and the information published may only be available in a foreign language.

Differences in legal systems

14.4 In some countries, legal concepts which are practiced in mature legal systems may not be in place or may have yet to be tested in courts. This would make it more difficult to predict with a degree of certainty the outcome of judicial proceedings or even the quantum of damages which may be awarded following a successful claim.

14.5 The SFC will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions will be effected.

14.6 The laws of some jurisdictions may prohibit or restrict the repatriation of funds from such jurisdictions including capital, divestment proceeds, profits, dividends and interest arising from investment in such countries. Therefore, there is no guarantee that the funds you have invested and the funds arising from your investment will be capable of being remitted.

14.7 Some jurisdictions may also restrict the amount or type of investment products that foreign investors may trade. This can affect the liquidity and prices of the overseas-listed investment products that you invest in.

Different costs involved

14.8 There may be tax implications of investing in an overseas-listed investment product. For example, sale proceeds or the receipt of any dividends and other income may be subject to tax levies, duties or charges in the foreign country, in Hong Kong, or in both countries.

14.9 Your investment return on foreign currency-denominated investment products will be affected by exchange rate fluctuations where there is a need to convert from the currency of denomination of the investment products to another currency, or may be affected by exchange controls.

14.10 You may have to pay additional costs such as fees and broker's commissions for transactions in overseas exchanges. In some jurisdictions, you may also have to pay a premium to trade certain listed investment products. Therefore, before you begin to trade, 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.

Counterparty and correspondent broker risks

14.11 Transactions on overseas exchanges or overseas markets are generally effected by your Hong Kong broker through the use of foreign brokers who have trading and/or clearing rights on those exchanges. All transactions that are executed upon your instructions with such counterparties and correspondent brokers are dependent on their respective due performance of their obligations. The insolvency or default of such counterparties and correspondent brokers may lead to positions being liquidated or closed out without your consent and/or may result in difficulties in recovering your monies and assets held overseas.

Political, Economic and Social Developments

14.12 Overseas markets are influenced by the political, economic and social developments in the foreign jurisdiction, which may be uncertain and may increase the risk of investing in overseas-listed investment products.

15. RISK OF CONCENTRATION

15.1 Based on your preference of any investment strategy or relevant information available to us, your portfolio may invest only in or we may provide advice to you only in a specific country/region/sector/asset class. This may result in the portfolio or your investment being adversely affected by or depend heavily on the performance of those securities. You should also be aware that such portfolio is likely to be more volatile than a broad-based portfolio, such as a global or regional equity or bond portfolio, as the portfolio may be more susceptible to fluctuations in value resulting from limited number of holdings or from adverse conditions in their respective country, region, sector, or asset class.

16. RISK RELATING TO THE DEPOSITARY RECEIPTS

16.1 Depositary receipts are negotiable financial instruments issued by banks to represent a foreign company's publicly traded shares. Investments in depositary receipts may be subject to counterparty risks in which a significant or even total loss might be suffered in the event of the liquidation of the depository or custodian bank.

17. EMERGING MARKET RISK

17.1 Emerging markets may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

18. FOREIGN CURRENCY MARKETS RISK

18.1 Your investment may be exposed to fluctuations in currency exchange rates where you invest directly or indirectly in securities denominated in currencies other than the currency of valuation of your portfolio. While the risk associated with such exposure may be offset through foreign exchange transactions, such hedging transactions may not necessarily succeed in protecting your interest against exchange rate risks that your investment is exposed to. Further, the markets in which foreign exchange transactions are effected may be highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.

18.2 Where your investments are denominated in a foreign currency, they may be held with an entity which is licensed, registered or authorised to act as a custodian in the country or territory where the monies or assets in the trust account or client account are held and such omnibus account is maintained. In such cases, you understand that the laws and practices relating to custody accounts in the relevant jurisdiction may differ from the laws and practices in Hong Kong. Such differences mean that your investment may not enjoy the same level of protection as accorded to those that are held in Hong Kong. Depending on the jurisdiction, this may affect your ability to recover the investment deposited in the trust account or client account.

19. RISK OF THE LIMITATIONS OF HEDGING TECHNIQUES

19.1 We are permitted, but not obliged, to use hedging techniques such as using futures, options and/or forward contracts to attempt to offset market and currency risks. There is no guarantee that hedging techniques will fully and effectively achieve their desired result. The success of hedging much depends on various factors including any unanticipated changes in currency, interest rates and market circumstances, and hedging may become inefficient or ineffective or may result in a poorer overall performance of the portfolio. The portfolio may not obtain a perfect correlation between hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the intended hedge or expose the portfolio to risk of loss. Any expenses arising from such hedging transactions, which may be significant depending on prevailing market conditions, will be borne by the portfolio in relation to which they have been incurred. This may have adverse impact on your investments or portfolio.