

TILLERMAN SECURITIES LTD.

RISK DISCLOSURE FORM-(RDF)

The following is a synopsis of standard industry practice and knowledge, and is intended to create general awareness on the part of industry participants. The concepts stated here are not necessarily representative of any specific policy or protocol of Tillerman Securities Ltd.

Investing in a speculative investment has certain inherent risks of loss. You should be aware of these risks and consider carefully if you want and can accept them. If in doubt, please contact one of our Registered Professionals to have these risks explained in detail and to discuss if the contemplated investment is suited for you in view of your goals and/or profile. Risks and possible profits go hand in hand: the higher the possible profit, the higher the risk.

Risks associated with Mutual Funds and Structured Instruments, Guarantees:

Please see the respective offering memorandum or fact sheet for the risks associated with the specific Mutual Fund or Structured Instrument and for any guarantees and information on the grantor.

Investment Risk can take many forms. The following serves to indicate some of the most prominent forms. (explained with an investment in a companies shares)

- **Natural Risk:** The Company can be negatively affected by an earthquake or drought and, consequently, the price of it's shares may drop.
- **Political Risks:** War or a political crisis may undermine the trust in a country or its economy, causing the revenues of the company to drop. The price of the shares will decline likewise.
- **Economic or country risk:** The economic situation of the country where the company is located may present high unemployment or high interest rates. This will negatively affect the financial results of the company.
- **Exchange rate risk:** The exchange rate of the currency of the country where the company operates can diminish in relation to the investor's home currency and, even all other things being normal, the value of the shares and their dividends will be reduced.
- **Industry risk:** The industry in which the company operates can be negatively affected for inherent reasons. For example, the tourism industry can be affected by terrorism or the aviation industry can be affected **by high fuel** prices.
- **Management risks:** Price of shares can drop simply because the management of the company is indecisive, and the competition is taking advantage of this.
- **Market Risk:** In a down market, generally, all stocks decline.
- **Liquidity risk:** There is not much demand for or offers of the shares of the company, therefore when you want to buy or sell them, you may have to wait before being able to do so. This risk is negligible when trading stocks of large, actively traded companies on regulated international exchanges.
- **Time risk:** The longer the maturity of an investment, the higher the risk.
- **Margin Risk:** When trading securities on margin, the risk of loss will always be greater than trading those same securities on a cash account. Due to it's inherent nature, futures trading is always considered margined. You can only sell shares short or write options in a margin account. When you purchase securities, you may borrow part of the purchase price from your brokerage firm, their clearing broker or their clearing firm; this is called "trading on margin". The securities purchased are collateral for the firm that has made the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan and, as a result, the lender can take

action or ask your brokerage firm to take action. Such action may include issuing a margin call and/or selling securities or other assets in any of your account held with the clearing broker or brokerage firm, in order to maintain the required equity in the account.

There are several risks inherent in trading securities on margin. These risks include the following:

- You can lose more funds than you deposit in the margin account. A decline in the value of securities you have purchased on margin may require you to deposit additional funds to avoid the forced sale of those securities or other securities or other assets in your account(s). The firm that has made the loan may force the sale of securities or other assets in your account (s). If the equity in your account falls below the stated maintenance requirements, the firm can sell the securities or any other assets in your account(s) to cover the margin deficit. You will be responsible for any short-fall in the account after such sale!
- The firm can sell your securities or any other assets without contacting you. Most firms will attempt to notify their customers of margin calls, but they are not required to do so before selling your securities or other assets. Even if the firm has contacted a client and a specific date is provided by which the customer may meet the margin call, the firm still can take the necessary steps to protect its interests, including immediately selling the securities without notice.
- You are not entitled to choose which securities or assets in your account(s) are liquidated or sold to meet a margin call.
- The firm (or when trading futures the exchange) can increase maintenance margins at any time without prior written notice. These changes often take effect immediately and may result in the issuance of a margin call.
- You are not entitled to an extension of time on a margin call. However, an extension of time may be granted in certain conditions.

Futures/ Forex/ Options/ Day Trading/ CFDs - Risk:

- There is a potential for large profits in Futures/ Forex/ Options/ Day Trading/ CFDs. However, Futures/ Forex/ Options/ Day Trading/ CFDs can also lead to large and immediate financial loss. Therefore, Futures/ Forex/ Options/ Day Trading/ CFDs is generally not suited to individuals of limited resources, limited investment or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you invest in Futures/ Forex/ Options/ Day Trading/ CFDs. Certain evidence indicates that a small investment will significantly impair the ability of making profits in Futures/ Forex/ Options/ Day Trading/ CFDs. Of course, a large investment in no way will guarantee success.
- Futures/ Forex/ Options/ Day Trading/ CFDs require knowledge of the securities markets and a thorough understanding of the specific product. You will be competing with professional, licensed traders, employed by securities firms.
- Futures/ Forex/ Options/ Day Trading/ CFDs requires knowledge of a given firm's operations. You should be familiar with securities firm's business practices, including the operation of the firm's order execution system and procedures.
- Under certain market conditions, it might be difficult or impossible to liquidate a position quickly at a reasonable price. The more volatile a security is, the greater the likelihood that such problems may be encountered in execution of a transaction. In addition to normal market risks, you may experience losses due to system failures. If you are trading Futures/ Forex/ Options/ Day Trading/ CFDs electronically, these failures include computer and communications failures. Futures/ Forex/ Options/ Day Trading/ CFDs will generate substantial commissions, even if the cost per trade is low. Futures/ Forex/ Options/ Day Trading/ CFDs involve aggressive trading and you will pay commissions for each trade. The total daily commissions will reduce your earnings or add to your losses. Futures/ Forex/ Options/ Day Trading/ CFDs on Margin or Short Selling may result in losses beyond your initial investment.

Bond/ Debt Instruments Risk:

Most of the times, Bonds have clearly defined risks as they normally have a declared risk rating from a major service provider (Incl. S&P, Moody, Fitch).

Generally, Bonds can be qualified as follows:

	Moody	S&P - Fitch
Prime		AAA
High Grade	Aa1, Aa2, Aa3	AA+, AA, AA-
Upper Medium	A1,A2,A3	A+, A, A-
Lower Medium	Baa1,Baa2,Baa3	BBB+, BBB, BBB-
Non-Investment Grade	BA1	BB+
Speculative	Ba2, Ba3	BB, BB-
Highly Speculative	B1,B2,B3	B+,B,B-
Substantial Risk	Caa1, Caa2,Caa3	CCC+, CCC, CCC-
Extremely Speculative	Ca	CC
Maybe in Default	C	C (Fitch)
In Default	---	DDD & DD (Fitch), D

I HEREBY CERTIFY THAT I HAVE REVIEWED THE INFORMATION CONTAINED IN THIS DOCUMENT AND I HAVE AN UNDESTANDING OF THE VARIOUS RISKS INHERENT IN PARTICIPATION IN THE INTERNATIONAL SECURITES INDUSTRY.

Client Name

Client\ Authorized Person Signature

Date