

TURLOV FAMILY OFFICE SECURITIES (PTY) LTD
RISK DISCLOSURE NOTICE

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RISK-DISCLOSURE NOTICE

1. Introduction

TURLOV FAMILY OFFICE SECURITIES (PTY) LTD (hereafter - the “Company”, “we” or “us”) is a Private company registered under the laws of the Republic of South Africa with registration number 2022/274852/07. The Company is regulated by the Financial Sector Conduct Authority (FSCA) under license number 52874 and is authorised to provide investment services and perform investment activities specified in our license.

Every type of Financial Instrument has its own characteristics and entails different risks. This Notice contains information about some of the risks associated with trading with those Financial Instruments and should be read together with the General Terms. It is not intended to mention or explain all risks and other important aspects involved in dealing with those Financial Instruments, nor does it disclose all risks, and it does not replace your own understanding and experience of those Financial Instruments. It explains, in general terms, the nature of the risks associated with trading in those Financial Instruments in order to assist you in understanding the nature and risks of the specific type of Financial Instrument being offered and, consequently, to be in a position to take investment decisions on an informed basis.

However this notice does not disclose all of the risks and other significant aspects of trading in financial instruments. In light of the risks, you should undertake such transactions only if you understand the nature of the financial instruments into which you are entering and the extent of your exposure to risk. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Please note that the value of your investments may rise or fall depending on market conditions and that you may not always recoup your initial investment. In addition past performance should not be seen as an indication of future performance. If you are in any doubt as to the suitability of any investment you should seek independent expert advice.

2. General Risks & Warnings associated with transactions in Financial Instruments

The Client is warned of the following risks:

- The Company does not and cannot guarantee the initial capital of the Client’s portfolio or its value at any time or any money invested in any financial instrument.
- The Client should acknowledge that, regardless of any information which may be offered by the Company, the value of any investment in Financial Instruments may fluctuate downwards or upwards and it is even probable that the investment may become of no value.
- The Client should acknowledge that he runs a great risk of incurring losses and damages as a result of the purchase and/or sale of any Financial Instrument and accepts that he is willing to undertake this risk.
- The Client should not engage in any investment directly or indirectly in Financial Instruments unless he knows and understands the risks involved for each one of the Financial Instruments.

- Information of the previous performance of a Financial Instrument does not guarantee 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 the Financial Instruments to which the said information refers.
- Some Financial Instruments may not become immediately liquid as a result e.g. of reduced demand and the Client may not be in a position to sell them or easily obtain information on the value of these Financial Instruments or the extent of the associated risks.
- When a Financial Instrument is traded in a currency other than the currency of the Client's country of residence, any changes in the exchange rates may have a negative effect on its value, price and performance.
- A Financial Instrument on foreign markets may entail risks different to the usual risks of the markets in the Client's country of residence. In some cases, these risks may be greater. The prospect of profit or loss from transactions on foreign markets is also affected by exchange rate fluctuations.
- The prices and characteristics of over-the-counter transactions are individually negotiated and there is no central source for obtaining prices, therefore there is a risk of inefficiencies in transaction pricing.
- Under certain market conditions it may be difficult or impossible to execute an order.
- Placing Stop Loss Orders serves to limit your losses. However, under certain market conditions the execution of a Stop Loss Order may be worse than its stipulated price and the realized losses can be larger than expected.
- A Bank or Broker through whom the Company deals with could have interests contrary to your interests.
- The insolvency of the Company or of a Bank or Broker used by the Company to effect its transactions may lead to your positions being closed out against your wishes.
- There is a risk that the Client's trades in Financial Instruments may be or become subject to tax and/or any other duty for example because of changes in legislation or his personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Client should be responsible for any taxes and/or any other duty which may accrue in respect of his trades.
- Where the Company provides generic market recommendations, such generic recommendations do not constitute a personal recommendation or investment advice and have not considered any of your personal circumstances or your investment objectives, nor is it an offer to buy or sell, or the solicitation of an offer to buy or sell. Each decision, by the Client, to enter into a transaction with the Company and each decision as to whether a transaction is appropriate or proper for the Client is an independent decision by Client. The Company is not acting as an advisor. Client agrees that the Company has no liability in connection with and is not responsible for any liabilities, claims, damages, costs and expenses, including attorneys' fees, incurred in connection with Client following Company's generic trading recommendations or taking or not taking any action based upon any generic recommendation or information provided by the Company.
- The generic market recommendations provided by the Company are based solely on the judgment of Company's personnel and should be considered as such. Client acknowledges that it enters into any Transactions relying on its own judgment. Any market recommendations provided are generic only and may or may not be consistent with the market positions or intentions of the

Company and/or its affiliates. The generic market recommendations of the Company are based upon information believed to be reliable, but the Company cannot and does not guarantee the accuracy or completeness thereof or represent that following such generic recommendations will reduce or eliminate the risk inherent in trading financial instruments.

- The Company will not provide the Client with investment advice relating to investments or possible transactions in investments or make investment recommendations of any kind.
- There are no guarantees of profit nor of avoiding losses when trading financial instruments. Client has received no such guarantees from the Company or from any of its representatives. Client is aware of the risks inherent in trading financial instruments and is financially able to bear such risks and withstand any losses incurred.
- In case of any quoting error occur (including responses to Client requests, typing errors, etc), the Company is not liable for any resulting errors in account balances and reserves the right to make necessary corrections or adjustments to the relevant account.
- Before the Client begins to trade, he should obtain details of all commissions and other charges for which the Client will be liable. If any charges are not expressed in money terms (but for example as a dealing spread), it is the Client's responsibility to request and obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.
- The Company requires the Client to pass through an appropriateness test during the application process and warns the Client, if on the basis of information provided, the trading on various financial instruments is not appropriate based on the Client's profile.
- All relevant cost and charges will be provided by the Company or set out in the Company's website. Clients should be aware of such costs and charges that may influence the account profitability of the Client.
- The client is obligated to keep passwords secret and ensure that third parties do not obtain access to client's online account. The client will be liable for trades executed by means of his password even if such use may be wrongful.
- The Company may be required to hold client's money in an account that is segregated from other clients and the Company's money in compliance with current regulations, but this may not afford complete protection.

3. Communication Risks

- The Company bears no responsibility for any loss that arises as a result of delayed or unreceived communication sent to the Client by the Company.
- The Company bears no responsibility for any loss that arises as a result of unencrypted information sent to the Client by the Company that has been accessed via unauthorized means.
- The Company bears no responsibility for any unreceived or unread internal message sent to the Client through the trading platform(s). In case a message is not received or read within seven (7) calendar days the message gets automatically deleted.
- The Client is solely responsible for the privacy of any information contained within the communication received by the Company.
- The Client accepts that any loss that arises as a result of unauthorized access of a third party to the client's trading account is not the responsibility of the Company.

- Telephone conversations may be recorded, and you will accept such recordings as conclusive and binding evidence of the instructions.

4. General Investment Risks in securities transactions

The general risks which should also be taken into account are described briefly below.

Credit risk

Credit risk originates from the fact that the counterparties may be unwilling or unable to fulfill their contractual obligations, like for example the inability of the counterparty (i.e. issuer of a security) to a transaction to timely fulfill its contracted financial obligations like dividend payments, interest payments, repayment of principal etc.

The extent of credit risk borne depends on how large the cashflow or cashflows at risk are, the probability of being deprived of them and the amount we are likely to receive, if any, if our counterparty does not perform.

Inflation Risk

Inflation is the general increase in the prices of goods and services calculated as the percentage change in a price index. Inflation risk is the possibility that the inflation will rise above the expected rate. Inflation erodes the purchasing power of the currency and/or investment, since positive rate of inflation indicates that prices on average are increasing. For example, 3.0% inflation means that prices rose by 3.0%, on average.

As the rate of inflation increases the purchase power decreases. The purchasing power of the invested capital declines if the rate of inflation is higher than the return generated by the securities.

Some of the effects of inflation are:

- Reduction of purchasing power
- Disruptions to stock and bond markets, which may cause volatility
- Devaluation of income on interest-bearing securities
- Squeezing of the profit margins of certain types of stocks

Market risk

Market risk also referred as “systematic risk” or “non-diversifiable risk” reflects the extent to which the return of the security varies in response to, or in association with, variations in the overall market returns. Market risks are uncertain events that affect the entire securities market and the entire economy. It is the risk inherent in an investment related to movements in the overall market that cannot be diversified away. If the market value of an investment declines, assets are reduced. Credit risk, exchange risk, country risk and interest-rate risk in particular have an impact in the form of price fluctuations. All investments are exposed to this risk.

Unsystematic Risk

Unsystematic Risk also referred as “specific risk” or “diversifiable risk” or “residual risk” is the company or industry specific risk that is inherent in each investment. It is the risk of price change due to the unique circumstances of a specific security, as opposed to the overall market, such as financial results, losses caused by labor problems (i.e. strike), weather conditions, poor management decisions etc. This type of risk can be reduced by assembling a portfolio with significant diversification so that a single event affects only a limited number of the assets.

Country risk

Country risk also called “political risk” is the specific risk that an international investor bears because of the political or economic conditions of the country he/she invested. Thus for investors, country risk can simply be defined as the risk of losing money due to changes that occur in a country’s government or regulatory environment. For example, financial factors such as currency controls, the imposition or removal of taxes, the imposition or removal of exchange controls or exchange rate management systems, the repudiation or moratorium of government or central bank debt, the confiscation of assets including nationalisation, the imposition or removal of trade quotas or tariffs or both, the passage of legislation making previously acceptable business practices or ownership structures now illegal or subject to censure are some examples of country risk.

Liquidity risk

Liquidity risk arises from situations in which an investor interested in trading a security cannot do it because nobody in the market wants to trade that security. It is the inability to find buyers on the terms desired. It is the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Non-highly traded securities bear higher liquidity risk (trading related liquidity risk) since there is a risk of having difficulty in liquidating an investment position without taking a significant discount from current market value. The liquidity risk is usually reflected in a wide bid-ask spread and large price movements and can take the following three forms:

- Bid-ask spread: how much a trader can lose by selling an asset and buying it back right away
- Market depth: how many units traders can sell or buy at the current bid or ask price without moving the price
- Market resiliency: how long it takes for prices that have fallen to bounce back.

Exchange risk

Exchange risk also known as “currency risk” is associated with international transactions and is the risk of loss (or gain) from unforeseen changes in exchange rates (the prices at which currencies trade for each other). It is the risk that an investor will have to close out a long or short position in a foreign currency at a loss due to an adverse movement in exchange rates. It can also be described as the uncertainty of returns to an investor who purchases securities denominated in a currency different from his/her domestic currency.

The exchange risk associated with foreign denominated financial instruments is a key element in foreign investment.

Interest-rate risk

Fluctuations in interest-rate levels on the money and capital markets have a direct impact on the prices of fixed-interest securities. Rising interest rates usually have a negative impact on the market prices of equities and bonds. By contrast, falling interest rates have a positive impact on prices of equities and bonds. Therefore interest rates are a key component in many market prices and an important economic barometer.

Leverage Risk

Leverage indicates the risk undertaken by an investor which is greater than the invested capital. One of the main characteristics of leverage is that the relatively insignificant fluctuations of the underlying assets' prices can lead to multiple profits or losses. A leverage investment can be extremely risky as the investor may lose more than he/she originally invested. Internet Trading Risks There are risks associated with utilizing an Internet-based deal execution trading system including, but not limited to, hardware malfunction, software failure, and Internet connection problems. Because we do not control signal power, reception or routing via Internet, the configuration of your equipment or the reliability of its connection, we shall not be responsible and liable for communication failures, distortions or delays you may experience while trading via the Internet. In addition, we are not responsible for the breach of any Internet security with respect to your Account. We have no liability or duty of indemnification related to unusable data, lost or corrupt Customer transactions or data, by whatever means, in whatever form, resulting in part or in whole from third-party software or networking goods or services or from internet related problems or from actions or events outside of our control.

The Company has no responsibility for any loss that arises as a result of a system failure, including but not limited to:

- Hardware or software failure, malfunction or misuse either on the client's side or the Company's or both
- Poor internet connection either on the client's side or the Company's or both
- Incorrect settings in the Client terminal
- Delayed updates of the Client terminal

During placing Client's orders via trading systems, the following risks may occur:

- during periods of high internet traffic, there can be delays in accessing Client's account data due to system capacity limitations
- the system response time can be adversely affected by increased market volatility conditions
- power failures, programming failures or heavy trading volume
- during the high market volatility, systems problems result in an inability to place buy or sell orders
- malfunction of equipment, software glitches, disruptions in telecommunications and power supply, other technical issues, as a result of which it may become not possible to place an Order at a certain point in time or an Order may not be executed (in part or in full) or executed not in accordance with the Client's instructions

- quotes delays, system performance reduction; and other factors depending on computer system and internet provider operation that are beyond the control of the Company
- accidental mistakes of the Client when placing Orders online (the Client places an Order that does not reflect its actual intentions), including by the reason of Client's insufficient knowledge of how to operate the Online Trading System and / or the lack of hands-on experience, etc.
- the Client shall also be aware of the risks associated with unauthorized access of third parties to his/her Account and any actions taken by the unauthorized person using the Client's key and / Password, or other confidential information.

5. Past Performance

Past performance does not constitute an indication of future results. If you should choose to mirror or follow a specific strategy listed on the trading platform code base or the CRM system indemnifies the Company and holds it harmless against any and all liability, damage, losses, claims including consequential loss, sustained or incurred by the client arising out of or in connection with the implementation of this strategy. You should note that the value of your investment can decrease (as well as increase) as the market price of the underlying asset may fluctuate downwards (or upwards).