



# Risk Disclosure

1. Introduction.....	2
2. Properties of Financial Instruments .....	2
3. Most Common Risk Concepts .....	4
4. Risk Mitigation Strategies .....	5
5. Extended and After-Hours Trading Risks.....	6
6. Day Trading Risks .....	7
7. Fractional Shares .....	7

## 1. Introduction

This Risk Disclosure document outlines the key risks associated with investing in financial instruments offered through our platform. Understanding these risks is essential to ensure your investments align with your financial goals, risk tolerance, and experience level.

Investing in financial products such as Shares, Exchange-Traded Funds (ETFs), and Mutual Funds involves inherent risks, including the potential loss of your entire investment. This document is for informational purposes only and does not constitute financial advice. All investment decisions are solely the responsibility of the investor. If you are unsure about the risks or suitability of an investment, we recommend consulting a licensed financial advisor or professional.

Our platform facilitates the trading of Shares, ETFs, and Mutual Funds, but we do not provide investment advice or portfolio management services. By engaging in transactions, you acknowledge and accept the risks outlined in this document, as well as the influence of market conditions and other factors beyond our control on your investments.

While this document highlights the most significant risks, it does not cover all possible risks associated with investing. We encourage you to review this information carefully to make informed decisions.

## 2. Properties of Financial Instruments

The financial instruments offered through our platform include **Shares, Exchange-Traded Funds (ETFs) and Mutual Funds**. Understanding the fundamental properties and characteristics of these instruments is important for making informed investment decisions. Below, we outline these properties to provide clarity about their nature and associated considerations.

### Shares

Shares represent ownership in a company, providing investors with proportional rights to the company's profits and assets. Investors typically purchase shares to benefit from potential capital appreciation, dividend payments, or both. However, shares are subject to market volatility, company-specific risks, and external economic factors. Shareholders may also face total loss of their investment if a company becomes insolvent.

#### Key considerations for shares:

- **Voting Rights:** Shareholders often have the right to vote on corporate matters, such as electing board members and approving major corporate actions.

- **Dividends:** Not all companies pay dividends. Dividends, when distributed, depend on company profitability and board approval.
- **Price Fluctuations:** Share prices can vary significantly based on market sentiment, earnings performance, and macroeconomic conditions.

### Exchange-Traded Funds (ETFs)

ETFs are investment funds that trade on stock exchanges and typically aim to track the performance of an index, sector, or asset class. ETFs combine features of mutual funds and stocks, offering investors diversification and ease of trading.

#### Key considerations for ETFs:

- **Diversification:** ETFs often hold multiple securities, reducing exposure to individual company risks. However, sector-specific ETFs may still face concentration risks.
- **Liquidity:** ETFs can be bought and sold during market hours at prevailing market prices, but liquidity varies depending on the ETF's underlying assets.
- **Tracking Errors:** ETFs may not perfectly replicate the performance of their target index due to management fees, transaction costs, and other factors.

### Mutual Funds

Mutual funds are collective investment schemes that pool money from multiple investors to create a diversified portfolio of securities. These funds are managed by professional fund managers and are designed to meet specific investment objectives.

#### Key considerations for mutual funds:

- **UCITS Compliance:** The mutual funds offered on our platform adhere to the **Undertakings for Collective Investment in Transferable Securities (UCITS)** framework. This ensures high levels of investor protection, standardized practices, and transparency across the EU.
- **Fund Categories:**
  - **Equity Funds:** Focused on stocks, providing growth potential but with higher associated risks.
  - **Bond Funds:** Invest in fixed-income securities, such as government or corporate bonds, offering lower risk but limited growth potential.
  - **Mixed Funds:** Combine investments in stocks and bonds to balance growth and income objectives.
  - **Index Funds:** Track specific indices, such as the OMX Copenhagen 25, offering low-cost and broad-market diversification.

- **Liquidity:** Mutual funds are generally bought or redeemed at the end of the trading day, with transactions based on their net asset value (NAV).
- **Fees and Expenses:** Mutual funds often include management fees, sales charges, and other expenses. These costs should be carefully considered when making investment decisions.

### 3. Most Common Risk Concepts

Investing in financial instruments involves inherent risks that may affect the value of your investments. Understanding these risks is important to ensure your investment decisions align with your financial objectives and risk tolerance. Below, we outline the key risks associated with Shares, Exchange-Traded Funds (ETFs), and Mutual Funds.

**Market Risk** - The value of investments can fluctuate due to changes in market conditions, such as economic developments, interest rate changes, or geopolitical events. These fluctuations can lead to losses for investors.

**Liquidity Risk** - Liquidity risk refers to the possibility of not being able to sell an asset quickly or at a reasonable price due to limited market activity. Investments with lower trading volumes may be harder to sell without impacting their price.

**Price Volatility Risk** - Prices of Shares, ETFs, and Mutual Funds can experience significant short-term fluctuations due to market conditions, company performance, or investor sentiment. This volatility may result in temporary losses, even for long-term investors.

**Company-Specific Risk** - The performance of individual companies can significantly impact the value of Shares and ETFs that include those companies. Factors such as poor management, unfavourable earnings, or legal issues can lead to a decline in value.

**Sector-Specific Risk** - Investments concentrated in specific sectors, such as technology or healthcare, may be more vulnerable to sector-wide challenges, including regulatory changes, technological disruptions, or shifts in consumer demand.

**Sustainability Risk (ESG)** - Environmental, Social, and Governance (ESG) factors can influence investment performance. Companies facing ESG-related challenges, such as climate change regulations or labour disputes, may experience reduced profitability and value.

**Credit Risk** - Credit risk applies primarily to fixed-income investments, such as bond funds. It refers to the possibility that an issuer may fail to meet its payment obligations, leading to losses for investors.

**Legal Risk** - Legal risk arises from changes in laws or regulations that may impact the value or availability of certain investments. For example, tax reforms or stricter financial regulations could affect returns or investment strategies.

**Currency Risk** - For investments denominated in foreign currencies, exchange rate fluctuations may impact the value of the investment. This risk is particularly relevant for ETFs or Mutual Funds with global exposure.

#### 4. Risk Mitigation Strategies

While investing in financial instruments inherently involves risks, there are strategies investors can adopt to help manage and mitigate potential losses. These strategies can improve decision-making and align investment practices with individual financial goals and risk tolerance.

**Diversification** - Investing in a variety of financial instruments, sectors, and geographic regions can reduce the impact of poor performance in any single area. Diversification helps balance risk by spreading investments across different assets and industries.

**Setting Financial Goals** - Establishing clear financial goals and understanding your risk tolerance are essential for making informed investment decisions. Align your investment strategy with these goals to avoid overexposure to high-risk opportunities.

**Limit and Stop-Loss Orders** - Utilizing limit and stop-loss orders can help manage price risk. A limit order ensures that a trade is executed only at a specific price or better, while a stop-loss order automatically sells a position to prevent further losses once it reaches a certain price.

**Long-Term Perspective** - Adopting a long-term investment strategy can reduce the impact of short-term market volatility. A long-term approach allows investors to focus on overall financial growth rather than reacting to temporary market fluctuations.

**Regular Monitoring** - Regularly reviewing and monitoring your investments is advisable to ensure they align with your financial objectives. Market conditions and personal circumstances can change, and adjustments may be necessary to maintain your desired risk exposure.

**Avoid Borrowed Funds** - Invest only with funds you can afford to lose and avoid trading with borrowed money or credit. This minimizes financial strain and limits potential losses to available resources.

**Seek Professional Advice** - If you are uncertain about your investment strategy or the risks involved, consult with a licensed financial advisor or professional. They can provide tailored guidance based on your financial situation and objectives.

## 5. Extended and After-Hours Trading Risks

Extended and after-hours trading allows investors to buy or sell Shares outside regular market hours. While this offers greater flexibility, it comes with unique risks and challenges that should be carefully considered before engaging in such trades.

**Lower Liquidity** - Market activity during extended hours is often significantly lower compared to regular trading sessions. This can result in difficulty executing trades promptly or at desired prices, potentially leading to partial or no executions.

**Higher Volatility** - Prices during extended trading hours can experience greater fluctuations due to lower trading volumes and heightened sensitivity to news or events. This volatility may result in unfavourable prices or unexpected losses.

**Changing Prices** - Prices during extended trading hours may differ significantly from those in regular sessions. Overnight news or other developments can lead to disparities between extended-hours prices and those at market open.

**News Announcements** - Corporate earnings, economic data, or geopolitical events often occur outside regular market hours. Such announcements can have a substantial impact on share prices during extended hours, sometimes amplifying market movements.

**Wider Bid-Ask Spreads** - The difference between bid (buy) and ask (sell) prices is typically wider during extended hours due to lower market activity. This can increase transaction costs and reduce the likelihood of executing trades at favourable prices.

**Execution Risks** - Trades during extended hours may be executed through specialized venues that might not provide the same level of transparency or efficiency as regular exchanges. This could lead to delays or missed opportunities.

**Recommendations** - To help mitigate the risks associated with extended and after-hours trading, investors are encouraged to:

- **Use Limit Orders:** Limit orders allow you to specify acceptable prices for your trades, reducing the risk of unfavourable executions.
- **Monitor Market Conditions:** Stay informed about news announcements and market developments that could impact trading during extended hours.
- **Understand Liquidity Constraints:** Be aware that lower trading volumes may affect your ability to execute trades at desired prices.

## 6. Day Trading Risks

Day trading involves executing multiple buy and sell transactions within the same trading day, often aiming to capitalize on short-term price movements. While it offers opportunities for profit, day trading carries significant risks and may not be suitable for all investors.

**High Volatility** - Day trading relies on taking advantage of rapid price changes, which can occur due to market news, trading volume, or shifts in investor sentiment. This volatility increases the likelihood of sudden and significant losses.

**Financial Losses** - Day trading is inherently speculative and comes with a high probability of financial losses. Investors should be prepared for the possibility of losing part or all of the funds allocated for trading.

**Frequent Trading Costs** - The high frequency of trades associated with day trading leads to substantial cumulative costs from commissions and fees. These costs can erode profits or exacerbate losses over time.

**Emotional Stress** - Day trading demands constant monitoring of the markets and rapid decision-making. This level of engagement can lead to emotional stress, impairing judgment and resulting in impulsive or poorly thought-out trades.

**Suitability** - Day trading requires a thorough understanding of market dynamics, trading techniques, and risk management. It is not recommended for investors with low risk tolerance, limited resources, or insufficient experience. Investors should engage in day trading only if they fully understand the associated risks and are financially prepared for potential losses.

## 7. Fractional Shares Disclosure

This disclosure outlines the unique features, limitations, and risks associated with trading in and holding fractional Shares.

**Capacity** - The client will always be the beneficial owner of any fractional Shares in their account and all fractional Shares owned by a client are segregated in our books and records in the same manner and to the same extent as whole shares owned by such client.

**Transfer of Fractional Shares** - While clients maintain complete day-to-day control of any fractional Shares in their account, fractional shares are not transferable to another broker. If a client wants to transfer the holdings in an account to another brokerage firm, the fractional Share holdings cannot be transferred and will need to be liquidated before transfer, which may have tax consequences and will result in commission charges. To effect a request for a transfer, our third-party execution partner will purchase the fractional Shares from the client's account, and we will charge commissions on these closing trades, and then transfer the remaining whole Share quantities.

**Insolvency** - In the unlikely event we become insolvent, clients will still hold their fractional interest. However, if the appointed insolvency practitioner (or administrator/liquidator) cannot transfer fractional entitlements to another broker (or custodian) they may need to liquidate (sell) the fractional interest and return the monetary value to the client instead.

**Available Order Types** - We only accept certain types of orders for fractional Shares (e.g., market orders, limit orders, stop orders, stop limit orders, etc.). In the event that a client chooses to place a non-marketable limit order with a fractional Share component, the fractional component may not execute until the order becomes marketable (and therefore may not execute at all), even if the fractional Share component of the order might have executed earlier if submitted for a whole Share quantity.

**Voting Rights** - Clients will not have voting rights for any of the fractional Shares held in their account, will not be able to make voluntary elections on any corporate action (including, without limitation, any tender offers or rights offerings) with respect to such fractional Shares, and we cannot provide clients any other shareholder documentation for any holdings of less than one Share. Clients will, however, receive payments of dividends, or in some cases in connection with stock dividends, either dividend shares or value commensurate to the dividend Shares, and will otherwise participate normally in any stock splits, mergers or other mandatory corporate actions.

**Four-Decimal Place Recording** - We record the quantity of fractional Shares traded or otherwise held in a brokerage account down to four decimal places.