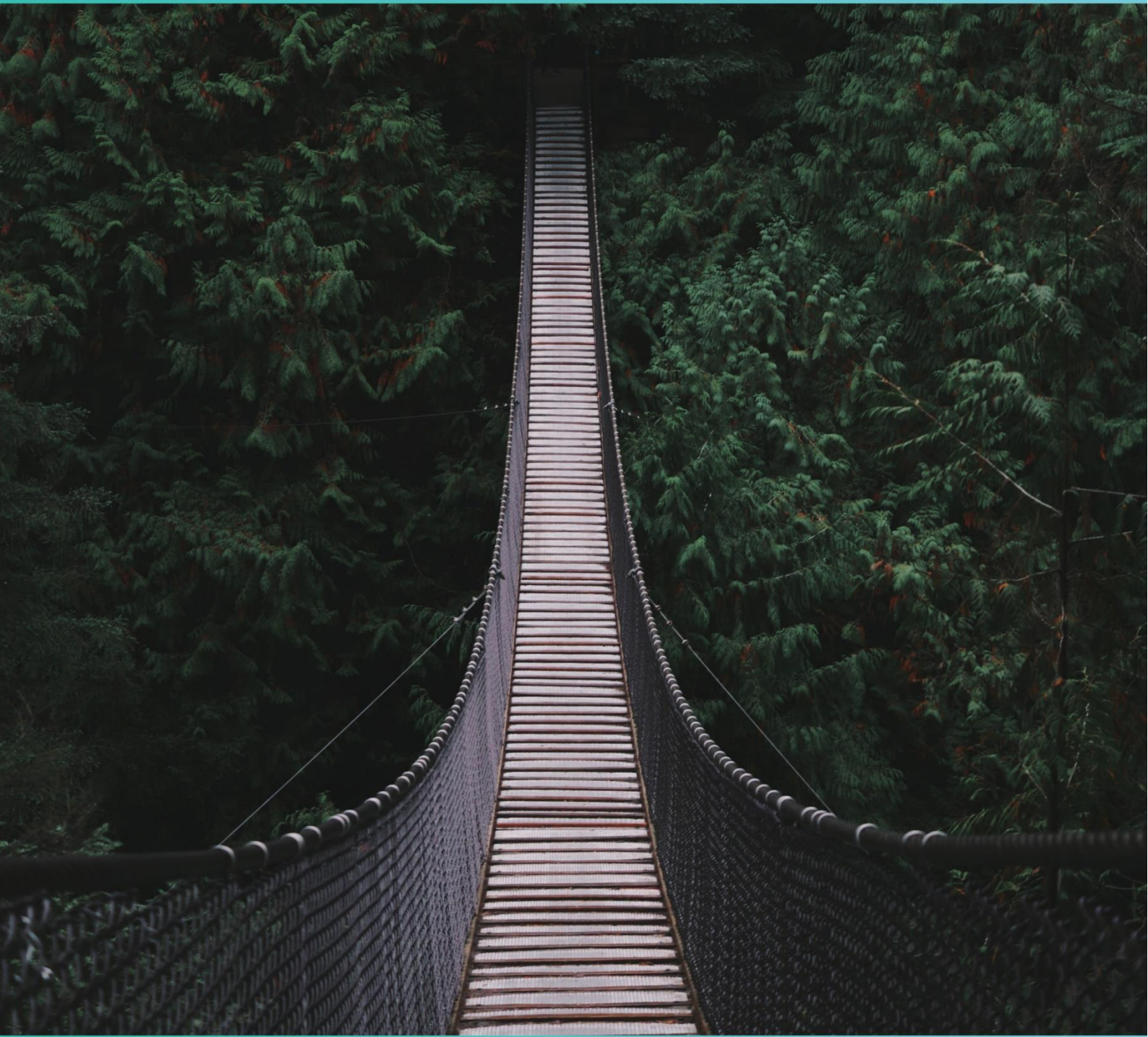


Risk Disclosure Statement



Risk Disclosure Statement

1. Introduction

XSpot Wealth (EU) Ltd (hereinafter referred to as the “XSpot” or “Company”) is a Cyprus Investment Firm licensed and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under license number 235/14 obtained on 26/05/2014. The Company is located at 68 Spyrou Kyprianou, Kato Polemedia, Office 201, 3rd Floor, 4154 Limassol, Cyprus.

2. Legal Background

In accordance with the Directive 2014/65/EU (MiFID II) of the European Parliament and of the Council of 15th of May 2014 on markets in financial instruments as well as the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017) XSpot Wealth (EU) Ltd provides this Investments Risk Disclosure Statement to its Clients.

3. Types of risks

Every form of investment that the Company may undertake on your behalf involves risk. There are different types of risks that we can refer to:

- i. Liquidity risk: caused by a number of factors, including but not limited to insolvency of the investment, adverse stock market conditions, selling restrictions placed on funds by their manager. In these circumstances Clients may not be able to sell their investment in a timely manner and the value of those investments can fall significantly.
- ii. Inflation risk: is the general increase in prices and fall in the purchasing value of money over time. Caused by several factors: taxes, import prices, employment and wages, interest rates.
- iii. Equity risk: the financial risk of investing cash in a company’s stock, which is usually riskier than investing in “risk free” investments, such as governments bonds. Risks of including in equity include share price falls, receiving no dividends or receiving dividends lower in value than expected.
- iv. Credit risk: is the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations.
- v. Volatility: is the risk of a change of price of a portfolio as a result of changes in the volatility of a risk factor.
- vi. Market risk or systemic risk is the possibility that an individual or other entity will experience losses due to factors that affect the overall performance of investments in the financial markets.

- vii. Interest rate Risk: interest rate changes can affect a bond's value.
- viii. Concentration risk: is the potential for a loss in value of an investment portfolio or a financial institution when an individual or group of exposures move together in an unfavorable direction.
- ix. Counterparty risk: is the likelihood or probability that one of those involved in a transaction might default on its contractual obligation. Counterparty risk can exist in credit, investment, and trading transactions.
- x. Reinvestment risk: the risk of loss from reinvesting principal or income at a lower interest rate.
- xi. Horizon risk: The risk that your investment horizon may be shortened because of an unforeseen event.

The above description risks provide only a summary of the main risks associated with investment services.

4. Financial Instruments Overview

Different financial instruments involve different levels of risk exposure. The Company advises Clients not to deal in a financial instrument unless they understand its nature and the extent of their exposure to risk. It is significant that Clients should be satisfied that the prospected financial instrument is suitable to them and in line with their particular circumstances and financial position.

- i. Shares are units of equity ownership interest in a corporation that exist as a financial asset providing for an equal distribution in any residual profits, if any are declared, in the form of dividends. There is a risk of lose some or all of your money when investing in shares.
- ii. Bonds are units of corporate debt issued by companies and securitized as tradeable assets. The most well-known risk in investing in the bond market is the interest rate risk (interest rates have an inverse relationship with bond prices).
- iii. Exchange Traded Fund (ETF) is a basket of securities that trade on an exchange, just like a stock. Generally considered as low-risk investments because they are low-cost and hold a basket of stocks or other securities, increasing diversification. Still, unique risks can arise from holding ETFs, including special consideration paid to taxation depending on the type of ETF.
- iv. UCITS stands for Undertaking for the collective Investment in Transferrable Securities. This refers to a regulatory framework that allows for the sale of cross-Europe mutual funds. UCITS funds are perceived as safe and well-regulated investments. Still, they are subject to financial risks and to certain operational risks that can materialize into capital loss or poor investment performance.

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- v. American Depository Receipts (ADR) is a certificate issued by a U.S. bank that represents shares in foreign stock. ADRs trade on American stock exchanges. They entail special risks inherent to all foreign investments. These include political risk, exchange rate risk and inflation risk.
 - vi. Money-Market Instruments securities that provide businesses, banks, and the government with large amounts of low-cost capital for a short time. The period is overnight, a few days, weeks, or even months, but always less than a year. The financial markets meet longer-term cash needs. Investing in money-market instruments entails certain risks. There is a probability to lose money (although small), low returns of money, high liquidity fees & redemption gates, foreign exchange exposure, environmental changes.

NEITHER THIS RISK DISCLOSURE STATEMENT NOR ANY RELEVANT OFFERING DOCUMENT WILL BE ABLE TO COMPREHENSIVELY DISCLOSE ALL POSSIBLE INVESTMENT RISKS. BEFORE COMMITTING TO ANY TYPE OF INVESTMENT SERVICE WITH XSPOT WEALTH, YOU SHOULD CONSIDER YOUR FINANCIAL SITUATION, OBJECTIVES AND NEEDS AND SEEK FULL AND INDEPENDENT FINANCIAL, LEGAL, TAX AND/OR OTHER PROFESSIONAL ADVICE AND IF SO ANY SPECIFIC OR ADDITIONAL RESTRICTION (IN CASE THERE ARE ANY) TO BE INVOLVE INTO YOUR AGREEMENT WITH XSPOT.