Risk Disclosures Equities

Equities and equity like instruments – Key Risks & Features

Investing in equities provides an investor with an exposure to an issuer company and may provide a return either through the dividends paid from the issuers' profits, or increase in the share price of the issuer. Equities are a high risk investment where the investor participates fully in the issuers' economic risk. **The value of equities may fluctuate and income is not guaranteed. Your investment may not increase in value, and you may lose some or all of your investment.**

Risk / Feature	Commentary
Market Risk	• The value of shares may fluctuate significantly in a short period of time exposing investors to a high level of risk. Income from your investment is not guaranteed and you could get back less than you invest. If the issuer fails then investments in its equity can become worthless and you may lose up to 100% of your investment; • Market risk in equity markets can materialise due to macroeconomic or issuer specific factors, and may impact a single issuer, issuers within an industry, or the market as a whole; • The value of equity shares and the dividends they distribute are determined by the financial performance of the company issuing the equity shares, but they can also be influenced by the performance of similar companies in the same sector, takeover activity, social or governmental issues in the home country of the corporation, and by financial analysis recommending investors to undertake a specific course of action (e.g. buy, sell, hold).

Volatility Risk	• In adverse market conditions the value of equities may be affected by increased volatility and quick changes to value; • The volatility of equity markets cannot be assumed to follow historic trends; • Certain shares can be very volatile, especially those of smaller companies listed on junior stock markets (such as AIM); • A small change in the company's financial performance can have a big impact on its value and smaller companies tend to have less resources to overcome financial difficulties.
Liquidity Risk	• Certain shares can be illiquid which can lead to a big difference between the buying price and selling price, and it may be difficult to dispose of shares. This may be especially the case for smaller companies listed on junior stock markets (e.g. AIM); • If you need to sell illiquid shares at short notice, you may get back significantly less than you invested.
Credit Risk	• Whilst the credit strength of the company in which you buy shares may impact the share price and the expected dividend payments, you are not exposed to any direct credit risk against IEL as a result of investing in equities; • In the event of insolvency of the issuer, recovery of equity investment will be superseded by claims by creditors of the issuer.
FX Risk	• Equities may trade in different currencies and, as such, you may be exposed to fluctuations in FX rates if you invest in equities priced in foreign currencies; • Potential profit or loss of an issuer which derives its revenues in foreign currency from transactions on foreign markets may be affected by fluctuations in currency exchange rates.
Concentration Risk	• Holding large, concentrated positions in a narrow pool (e.g. sector) of equities may carry a concentration risk and expose you to potential loss of capital in an event of a downturn of a specific industry sector or stock.

Conflicts Risk	• Investec may take and /or hold positions that conflict with those of our clients, more details around the treatment and execution of client orders can be found in the Order Execution policy which can be found on the website. • Conflicts arising from Investec's business model are managed through internal controls and processes and is detailed in the Conflicts of Interest Policy.
Margin Risk	• Margin Risk is not applicable to equities
Contingent Liabilities	• Contingent Liabilities are not applicable to equities
Exit Costs	• Early exit fees are not applicable to equities
Leverage	• Leverage is not applicable to equities
Interest Rate Risk	• Interest Rate risk does not have a direct impact on equity price but may impact the profit and loss of the issuer company if they are affected by changes in interest rates.
Additional risks associated with this instrument	• Some off-exchange transactions may involve a higher risk than investing in on-exchange securities because it may more difficult to assess the exposure to risk and the value of the position.
Transparency	• Equity markets are very transparent with primary issuance of equity having to comply with stringent disclosure rules and near-live prices being accessible from a number of public sources; • Certain emerging markets securities may have lower levels of transparency due to varying levels of regulatory requirements.