



# Risk Warnings

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# Risk warnings

You should be aware that all investments carry a degree of risk. The amount of risk varies with each type of investment but in the very worstcase scenario, this can mean all your investment could be lost. If your attitude to risk is such that you are not prepared to take any risks with your capital, you should consider investing in a deposit account.

## **Generic risk factors**

Risk factors may occur simultaneously, and may compound each other resulting in an unpredictable effect on the value of any investment. Set out below is an outline of generic risk factors:

### **Exchange Rate**

Where an investment is purchased in a currency other than the currency which is most relevant to the investor, there is an increased risk that the movement in exchange rates will affect the returns the customer receives from the investment. Typically, this applies to shares and other investments traded on overseas markets whose price is quoted in a foreign currency. But this can also apply to investing in a company whose main earning is generated in a foreign currency.

### **Liquidity**

This is the ability to buy and sell investments. If trading is relatively infrequent or only done in small amounts the investment is described as illiquid. Buying and selling illiquid investments can be difficult and prices can be volatile and can easily be affected by the size of the order. Furthermore, most investments traded on markets have two prices, one for buying and one for selling. Therefore, buying and selling within a short period can incur a loss purely due to this difference.

### **Early redemption risk**

Investments should be considered as a medium or long-term exercise. If you need to use your capital in the short term, you should consider deposit accounts as you may suffer losses due to the short-term market fluctuations.

### **Market risk**

The price or value of an investment will depend on fluctuations in the financial markets outside our control such as market supply and demand, investor perception and the prices of any underlying or allied investments.

It is important that you are aware that the value of any investments can fall as well as rise and that past performance is not a guide to future returns.

Information regarding pension taxation is based upon current UK tax legislation and HM Revenue & Customs practices. Future changes in legislation, and in particular any changes to the tax and how pension benefits are taken, could be made by future Governments and such changes could be retrospective.