

Risk information regarding hedge funds

Hedge funds include all types of investment funds, investment companies and partnerships for the purpose of managing assets provided collectively by a number of investors. As a rule, hedge funds are highly profit-oriented and they sometimes accept very high risks for that reason. In order to achieve their investment objective, hedge funds may buy any given investment or financial instrument, some with considerable leverage, sell with or without cover (short sales), borrow and lend, take loans, encumber assets or transfer ownership of assets for collateral purposes, etc...

Every hedge fund has a specific risk pattern, which derives from the interaction of the risks inherent in the individual investment and financial instruments. Because of the virtually unlimited possibilities of using and combining such instruments, this risk information cannot provide a complete description of all the risks that may arise in any particular case. Consequently, the client should obtain detailed information on the specific risks inherent in the hedge funds he/she is interested in before entering into such transactions, for instance on the basis of the relevant legal documentation.

The use of derivative financial instruments and loans may produce immense leverage effects within hedge funds. Thus even small market value fluctuations of one or several financial instruments may result in the client losing the total value of the investment made.

Detailed information on hedge funds, their investment strategies and their management may sometimes be difficult or impossible to obtain. Consequently, the client may often be unable to obtain precise information about their business activities or strategies, or the type, extent and changes in the risks entered into.

Hedge funds are often domiciled in countries with minimal or no legal and supervisory regulations and are often not traded on any exchange. If they are incorporated in offshore jurisdictions, there may be also legal risks involved in enforcing any claims. The client must also be aware that the participations, units or shares of hedge funds may be deposited with banks in off-shore countries.

Some hedge funds make distributions at irregular intervals and sometimes in large proportions.

The transferability of participations, units or shares in hedge funds may be very restricted. Subscriptions and redemptions may often be made only at given intervals, for instance monthly, quarterly or annually and in some cases due to heavy administrative aspects can take more than the trading period to settle. Some hedge funds prescribe fixed holding periods of up to several years. The client must be aware that the terms of transferability or holding periods of individual participations, units or shares in hedge funds may change quickly and frequently and that the liquidation of hedge funds may in some cases take several years.

Swissquote Bank is entitled unconditionally and without responsibility to refuse orders for Hedge Funds and associated products.

Declaration

I declare that I have read and understood the above risk information regarding hedge funds and that I have sufficient knowledge for trading hedge funds. **I am aware that an investment in hedge funds carries substantial risks and that any order to buy shares/units of hedge funds may result in the total loss of the investment made.**

First name/Name

Place/Date

Signature