Key Risk Document

This document should be read in conjunction with the counterparty bank's Key Information Document (KID) that Reyker is making available to you and your advisers via our website. If you have any questions on risk, our brochure, our terms and conditions of business or the KID, please contact our investment team at investments@reyker.com.

Our Key Risks Document gives guidance on what we consider to be the main risks investors and advisers should evaluate for structured investments, which we call "plans." All investments carry some risk and structured investments are no different. We rely on you and your regulated financial adviser to make responsible, not reckless, decisions.

Your FCA regulated financial adviser is responsible for helping to ensure that you understand relevant risks before investing, and for ensuring that the investment is suitable for you in the context of your wider portfolio and circumstances. The key risks below relate just to the structured investment that you are considering. You and your adviser should consider the effect on your diversified portfolio of making this investment. This includes, for example, how much you should invest in this product and what exposure you may already have with the counterparty bank.

Counterparty risk

Your money is being used by the counterparty bank as a form of long term loan from you to them, placed via Reyker as promoter and investment custodian. It is not an interest-bearing deposit, but a different type of structure that delivers returns if certain conditions, described in our brochure, are met. The bank is legally committed to honour the terms of the plan, however if they go bankrupt, in a worst case you might lose all of your invested capital and potential yield. Before investing, you and your regulated financial adviser must satisfy yourselves that you are content with the long-term future of the counterparty bank. If the counterparty bank were to go bankrupt, you would not be able to claim any money from any investor compensation scheme.

Market risk

Any potential return, whether income or growth, offered by a structured investment is dependent on the performance of an underlying asset or multiple underlying assets, which may be represented by indices. Underlying asset performance may be volatile - so may vary a lot in value from day to day - and subject to unpredictable changes over the investment term. Any movement in the underlying assets may impact the value of your investment, and this movement may be down or up. Negative performance in the underlying assets may see the investment value fall significantly, and it may result in you not receiving a return. A prolonged negative market may see you lose some, or all of your invested capital. Your investment does not directly invest in the underlying assets and therefore you will not be eligible for dividends or voting rights. You will also not benefit from any potential price appreciation in the underlying assets. As such, any return that you may receive from our structured investment plans may be worse, or of course better, than holding the underlying assets directly. This potential trade-off is something you and your regulated financial adviser must discuss and be content with.

Liquidity risk

Our plans are designed to be held until maturity. If your circumstances change and you need to sell your investment early, there is a risk that you will not be able to conduct this transaction. While Reyker offers a weekly service to liquidate your investment early, we cannot guarantee that we will always be able to do it, as it is usually dependent on the counterparty bank being willing and able to do the transaction. They do not guarantee this service. Investors should also note that if Reyker is able to facilitate the transaction and market conditions have worsened from the date when we made the investment for you, you may have to sell at a loss, which in weak market conditions could be significant. Any future potential income or growth that may have been expected from the investment will be foregone if you sell early.

Market disruption risk
It is possible that a market disruption event might occur, such as a sever trading disruption (for example if a major bank collapses), changes to an index, changes to index providers or changes in tax legislation. In these circumstances, the counterparty bank has the right to determine whether any adjustments to the terms of structured investment plans are required. These adjustments may include, but are not limited to: adjustments to the starting or final level of the underlying assets, postponing observation dates and substitution of underlying assets. The bank must act in good faith when making adjustments.

Note also that if the underlying assets are stocks, the effects of mergers, takeovers, spin-offs and bankruptcies could affect the characteristics and possible outcome of the investment. If you do not understand these events and the potential impact on the structured investment, please talk to your adviser. Your adviser can also consult with our investment team at any time.

Reinvestment risk
All structured investments have fixed terms of investment. During this period, a rise or fall in interest rates, or changes in market sentiment, volatility, correlation or performance may present investment opportunities with a greater yield. The opposite may also be true. As such, if you have invested in one of our kick out investments and a kick out event has occurred, or if an investment has matured, it is possible that you will not be able to reinvest your potential proceeds at the same rate of return. Conversely, you may choose a kick out product specifically because you hope it will release your funds early, but in doing so you accept that this might not happen.

Inflation risk
The value of your initial invested capital and any potential returns that you may receive are not linked to inflation. If inflation is high over the term of the investment, your purchasing power may decrease and so the real return could be low or negative. This applies to most investments however - for example UK Government Bonds are not inflation proofed. The latest year on year inflation in the UK is published once a month by the UK Office for National Statistics (www.ons.gov.uk).

Taxation risk
Tax legislation may change during the life of the investment. The tax treatment described in the brochure depends on individual circumstances of each client and is subject to change. If you need assistance on tax advice, please talk to us and we will see how we can help. Further information about tax in the United Kingdom is available from the government website (www.gov.uk)