

Risk Factors

All investments carry risk. Prior to investing in one of our structured products you need to make sure you fully understand the risks you are taking and accept the level of risk offered by the plan.

Having read over the product brochure and these risks, if there are any areas that you are still unsure about, please consult with your financial adviser who will be able to help you.

COUNTERPARTY RISK

Your money is being used as a form of loan, via Reyker as promoter and custodian, to the counterparty bank in exchange for the returns offered by structured products. The bank is legally committed to honour the terms of the plan. It is possible that the counterparty may go bankrupt or default on their payment. If this does occur you may lose some or all of your investment. You may not be able to claim back this investment through the Financial Services Compensation Scheme.

MARKET RISK

Underlying asset performance may be volatile and subject to unpredictable changes over the investment term. The value of your investment is affected by movements in the price of this asset and a fall may result in you not receiving any growth payment, and / or the loss of some or all of your capital. Your investment does not directly invest in the underlying asset therefore you are not eligible for dividends or voting rights.

EARLY REDEMPTION RISK

You should be prepared to hold any plan until maturity. It may be possible for you to sell this investment back to the counterparty early; however, they are not obliged to buy it and may stop such purchases at any time without notice. Reyker has no control over this: we act as your settlement agent. If you sell the investment early you may not get back what you initially invested.

MARKET DISRUPTION EVENTS

It is possible that a market disruption event might occur, such as trading disruption, changes to an index, changes to index providers or changes in tax legislation. In these circumstances, the counterparty has the right to determine whether any adjustments to the terms of a plan are required. These adjustments may include, but are not limited to: adjustments to the opening or final level of the index, postponing observation dates and substitution of an index. The counterparty is required to act in good faith when making these adjustments.





REINVESTMENT RISK

To invest in a structured product you need to loan your capital to the counterparty for a set length of time. During this period a rise or fall in interest rates may present other investment opportunities with a greater yield. You may be able to sell this product back to the counterparty if this situation does occur, however, the price the counterparty offer you may be less than you originally paid.

INFLATION RISK

The value of your initial capital and any returns you may receive are not linked to inflation. If inflation is high over the term of the product, your purchasing power may decrease and so the real return could be low or negative. Over the last 3 years inflation (based on the consumer price index) has been historically low, between 0-3%. Currently inflation is at 0.2% and the monetary policy committee's forecast is for it to rise to the target 2% in around 2 years (source: www.bankofengland.co.uk).

TAXATION RISK

Tax legislation may change during the life of the investment. The tax treatment described in the brochure depends on the individual circumstances of each client and is subject to change. Reyker does not provide tax advice and you should seek independent tax advice if in doubt. Further information about tax in the UK is available from the government website: www.gov.uk.