Product Information and Risks Booklet

Goldman Sachs Private Wealth Management

August 2024

Goldman Sachs

Contents

Introduction

This Product Information and Risks Booklet ("**Booklet**") sets out general descriptions of the nature and risks of financial instruments which Goldman Sachs ("**GS**", "**we**" or "**us**") may offer as part of our services. It is important to us that you understand this information.

Before you review this Booklet, we would like to draw your attention to the following points.

Key considerations

- **You should not deal in financial instruments unless you understand:**
  - **the nature of the instruments;**
  - **the nature of the relevant contracts (and contractual relationships) into which you are entering;**
  - **the market underlying the instruments; and**
  - **the extent of your exposure to risk.**
- **Although financial instruments can be used to manage investment risk, certain financial instruments may be unsuitable for you.**
- **As such, before you deal in a financial instrument you should be satisfied that the instrument is suitable for you in the light of your investment experience, financial position, investment objectives and other relevant circumstances. We may separately conduct a suitability assessment if we have a regulatory obligation to do so.**
- **Different financial instruments involve different levels of exposure to risk. You should be aware of the points contained in this Booklet and any other document (including prospectuses and other offering documents) or additional information we may provide to you for specific financial instruments.**

In light of these points, please carefully read the contents of this Booklet.

Types of risk covered by this Booklet

This Booklet covers the following risks that are associated with dealing in financial instruments::

- general risks that apply when dealing in all types of financial instruments and risks that relate to specific financial instruments – see Part I "Nature and Risks of Financial Instruments";
- risks of investing in emerging markets – see Part II "Emerging Markets Risk Statement";
- risks associated with investments issued by certain European banks and financial institutions – see Part III "Key Risks associated with Investments issued by UK and European Banks that are subject to the European Banking Recovery and Resolution Directive";
- sustainability risks and disclosures (relevant to clients of Goldman Sachs Bank Europe SE only) – see Part IV "Sustainable Finance Disclosures"; and
- risk summaries applicable to certain high risk investments (relevant to clients of Goldman Sachs International only) – see Part V "Risk Summaries".

Please note that the information contained in this Booklet is not intended to be exhaustive. It does not tell you everything about the nature, risks and other significant aspects of trading in financial instruments which we may offer as part of our services to you.

All capitalised terms used in this Booklet and not otherwise defined will have the meaning given to such terms in your Terms with GS.

General risks when investing in financial instruments

The following are some of the general risks that apply when investing in financial instruments, in respect of which GS may offer services.

1. Volatility of returns

The value of an investment and the amount of income you may receive from it may go down as well as up. All investments can be affected by a variety of factors, including macro-economic market conditions (e.g. the interest or exchange rate environment) general political and economic factors, and company or investment specific factors.

While risks of a particular investment may be minor, the sum of risks in an investment or a series of investments taken as a whole may have a significant impact on returns you may receive.

2. Past performance

Past performance of a financial instrument is not:

- a guide to future performance; or
- a reliable indicator of future returns for investments in that instrument.

3. Liquidity risk

An investment may be very illiquid, meaning that an investor may not be able to sell that investment at a particular price. Certain investments may be subjected to time constraints or may not be easily assigned or transferred without the consent of other market traders. Where an investment is combined or structured, the price may have to be individually negotiated and so may not be readily available. There is no certainty there will be market makers available to provide price or markets for these investments and so it may be difficult to sell them within a reasonable or desired timeframe or at a price which reflects "fair" value. The risk of illiquidity can occur in relation to certain investments in particular, such as non-readily realisable securities, investments in certain foreign markets, some structured products and alternative investments (e.g. hedge funds, private equity and commodities).

In extreme cases, market conditions or restrictions resulting from the operation of rules within certain markets may make it difficult or impossible to liquidate an illiquid investment. There is a risk that any termination or unwinding of a time-restricted investment may result in losses. There may be no secondary market available, and it may be difficult to obtain any reliable independent information about the value and risks associated with these investments.

4. Investment leverage or gearing

Leverage involves using borrowed money, either in the form of financial instruments or capital, to increase the potential return on an investment. Use of borrowing to invest increases both the volatility and the risk of an investment. The degree of leverage used can work favourably or unfavourably with a potential to disproportionately affect the returns on an investment. This increase in volatility and risk applies to an investment where the issuer or counterparty has significant borrowings, or if an investment vehicle otherwise allows an investor to gain much greater economic exposure to an asset than the value at the point of sale.

It also applies if an investor borrows money for the specific purpose of investing.

The impact of leverage can include, but is not limited to, the following:

(i) movements in the price of an investment lead to much greater volatility in the value of the leveraged position, and this may cause sudden and large falls in value;

(ii) the impact of interest costs could lead to an increase in any rate of return required to break even;

(iii) leveraged transactions involve the possibility of greater loss than transactions for which an investor is not borrowing money;

(iv) an investor may receive no return from the investment at all and may lose the entire amount of the initial capital invested, if there are significantly large falls in the value of the investment; and

(v) an investor may be requested to deposit additional assets with GS at short notice as a result of adverse movements in leveraged transactions, for example, if the investor has borrowed money and there is a deficit between the value of interest charged for any borrowed money and the value of assets held with GS.

5. Currency risk

An investment denominated in a foreign currency, or entering into a transaction involving one currency to hedge against another currency, introduces risks in relation to the relevant exchange rates. Movements in exchange rates may cause the value of an investment to fluctuate either in a favourable or unfavourable manner. These fluctuations will affect profit or loss in transactions involving a foreign currency-denominated contract where there is a need to convert from the base currency to another currency.

6. Foreign markets

Foreign markets, such as markets outside the UK and European Economic Area ("**EEA**"), will involve different risks from UK and EEA markets. In some cases, the risks will be greater in foreign markets. Foreign markets may also be subjected to different or less investor protection and redress. Before you trade, you should ask about any rules relevant to any foreign markets in which your particular transaction is being undertaken. Your local regulatory authority may be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been carried out. On request, GS will endeavour to provide an explanation of the relevant risks and protections (if any) which will operate in any foreign markets, including the extent to which we will accept liability for any default of a foreign firm through whom GS deals.

The potential for profit or loss from transactions on foreign markets or in foreign currency-denominated contracts will also be affected by currency risks (see "5. Currency risk" above) and political and economic factors and policies in the relevant foreign markets.

7. Tax treatment

The tax treatment of an investment product can be complex and income from a financial instrument can be taxed at different rates. The level and basis of taxation may alter during the term of any investment particularly if the applicable tax laws change. The tax treatment applicable to an investment product can be particular to an investor and can change over time. A foreign investment may carry a risk of double taxation if a double taxation treaty has not been signed with the investor's country of domicile. Additional withholding taxes may also apply to a foreign investment. Prospective investors should obtain professional tax advice where appropriate before investing.

8. Risk reducing orders or strategies

The placing of an order (e.g. "**stop-loss**" order, or "**stop-limit**" order) which is intended to limit losses to a certain amount may not be effective because market conditions may make it impossible to execute such an order. Strategies using combinations of positions, such as "**spread**" and "**straddle**" positions may be as risky as taking simple "long" or "short" positions.

9. Trading over-the-counter ("OTC")

Some transactions may be conducted OTC (i.e. in an off-exchange transaction). While some OTC markets are highly liquid, an OTC transaction may involve greater risk than an exchange-traded transaction because it may be difficult to liquidate an existing position, to assess the value of the position or to assess the exposure to risk. It may not always be apparent whether or not a particular investment is purchased on exchange or OTC.

10. Collateral

If you deposit collateral as security for obligations you owe to GS, the way in which it will be treated will often vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral depending on whether you are trading on a regulated market, subject to the rules of that market (and the associated clearing house), or trading on an OTC basis. Subject to applicable law and the Terms, deposited collateral may lose its identity as your property. As such, you may not get back the same assets which you deposited and you may have to accept payment in cash.

11. Commissions and charges

Before you begin to trade, you should obtain details of all commissions, fees and other charges which you will be liable to pay. If any charges are not expressed in monetary terms (e.g. as a percentage of contract value), you should obtain a clear and written explanation, including appropriate examples, to establish what these charges are likely to mean in specific monetary terms.

Details of applicable fees and charges will be provided to you separately. You may also speak to your Goldman Sachs team for further details about our fees and charges.

12. Suspensions of trading

Under certain trading conditions or the application of certain market rules, trading in a particular security or financial instrument may be suspended or stopped. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange, trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amount, because market conditions may make it impossible to execute this order at the specified price.

Most GS and other external electronic and auction trading systems are supported by computerised systems for order routing and trade checking, recording and clearing. Like all automated procedures, these systems are subject to the risk of stoppages (deliberate or otherwise) and malfunctions, which may result in your orders not being executed in accordance with your instructions or remain unexecuted.

13. Applicability of clearing house protections

On many exchanges, the performance of a transaction by GS (or a third party with whom it is dealing on your behalf) is “guaranteed” by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover you, as the client, and may not protect you if GS or another party defaults on its obligations to you.

Under various regulations regarding derivatives trading (including the European Market Infrastructure Regulation on derivatives, central counterparties and trade repositories (“**EMIR**”)), certain OTC derivative contracts are required to be centrally cleared through a clearing house.

14. Risk of insolvency by the issuer or broker

There is a risk that the issuer of your investment or instrument may become insolvent (this issuer can include GS or an affiliate of GS) or that of any other brokers involved in a particular transaction, may lead to your investment or transaction being liquidated or closed out without your consent. In these instances, it may be difficult or impossible to liquidate your investment, assess value or risk exposure or determine a fair price especially where the transaction has been entered into markets which may be less regulated or subject to different rules than those which you are familiar with. In certain circumstances, subject to applicable law and the terms of your Agreement, you may not get back the same assets which you provided as collateral and you may have to accept any available payment in cash.

On request, GS will endeavour to provide an explanation of the extent to which it will accept liability for any insolvency of, or default by, other firms involved with your transaction.

15. Regulatory risk

Under certain regulatory regimes, issuers (principally financial institutions) may be able to terminate, redeem or call a security or other financial instrument prior to its maturity. In addition, regulators in certain jurisdictions have the ability to declare financial institutions as being “non-viable” at their discretion and write down debt securities outside of insolvency as part of measures taken to resolve failing financial institutions. In these circumstances, the principal amount paid for a security or other financial instrument could potentially be written down to zero even if the issuer remains in business.

Your investment in instruments issued by an institution that is subject to a resolution regime, or investment in instruments which are exposed to these "in-scope" instruments may be written down to zero. This means you will lose the entire capital you have invested in that instrument or security. The exercise of "bail-in" and other powers under the relevant resolution regime may not constitute an event of default under the terms of your investment and you will have limited recourse to challenge the use of these measures.

Please refer to **Part III** of this Booklet for further information on the regulatory risk of dealing in investments issued by financial institutions that are subject to the UK or European recovery and resolution regimes.

16. Sustainability risks

Sustainability risks mean an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

The universe of sustainability risks is broad and may include, for example, environmental risks (such as impacts of severe weather events), social risks (such as changing consumer preferences), and governance risks (such as weak oversight). Certain financial instrument may be exposed to different sustainability risks from time to time, depending on its investment strategy, asset class and geographic focus (among other considerations). These risks can vary by sector, geography and time horizon, so as a result their relevance and materiality will vary depending on these factors.

The below are included as examples of sustainability risks which could impact the valuation of a financial instrument.

i Environmental risks

Physical Risks, including:

- The risk of physical damage to an issuer's assets that arises from weather events such as wildfires, storms or floods. Such natural phenomenon could lead to business disruption and losses.
- The risk of physical damage to an issuer's assets that arises from longer-term shifts in the climate such as increasing temperatures and rising sea levels. Valuations of residential and commercial property in vulnerable areas may be reduced as a result of changes in land use. Relocation of offices, warehouses, factories, etc. may be required to prevent further disruption and insurance **premiums** could be adversely impacted.
- Impacts to supply chains, either directly or indirectly, which could affect companies' operations, profitability, and potentially their viability, including water risks (e.g. water scarcity).

Transition Risks, including:

- The risk of public policy changes which increase the cost of doing business. Environmental regulations could demand higher operating standards which are costly to implement or could introduce new taxation laws or more punitive actions against companies who pollute or breach other environmental regulations, which may decrease company profitability.
- The risk of behavioural change in consumers following the emergence of disruptive technologies and price-competitive greener solutions which shift consumer and investor sentiment and societal preferences.

- An example of a transition risk is the shift towards a low-carbon economy, which can impair the profitability of companies in carbon-intensive businesses, including the risk of stranded assets that are no longer able to earn an economic return.

Reputational Risks, including:

- The risk of reputational damage following an event that negatively impacts the environment (e.g. water pollution, loss of biodiversity, changes in marine environment and contravention of environmental regulation) and leads to broad-based selling of investments related to the issuer. There could also be regulatory fines and related negative publicity as a result of the event which further detracts from the issuer's assets and, in extreme cases, potentially impacts the company's viability.

ii Social Risks

- The risk of lack of diversity and inclusion representation across senior management and boards which leads to a narrow corporate strategy and weaker long-term performance.
- The risk of failing to engage and retain the best people, thereby reducing a key source of competitive advantage.
- The risk of changing consumer preferences following increased awareness of social issues, such as labour practices, environmental impacts and community relations.
- The risk of reputational damage following an event that negatively impacts customers and may also lead to regulatory fines. These events could include areas such as product safety, customer welfare and data security.

iii Governance Risks

- The risk of weak senior management structure and lack of Board independence. This can lead to sub-optimal oversight, corporate strategy and risk management, which can be amplified following critical incidents or in periods of stress.
- The risk of reputational damage after failing to adhere to regulatory requirements, tax requirements or standard accounting practices, in addition to any related financial penalties.
- The risk that weak remuneration structures may contribute to inappropriate risk taking.
- The risk of poor reporting and transparency or low business ethics and conduct which could mask indicators of the above mentioned risks.

17. Stabilisation

GS may effect an investment transaction that may be subject to stabilisation, a price supporting process that may take place in the context of new issue. The process of stabilisation is undertaken in order to ensure that (i) the issue of the investment is introduced to the market in an orderly fashion, and (ii) the issue price and/or the price of associated investment is not artificially depressed because of the increase in supply caused by the new issue. Stabilisation may only take place for a limited period, and there are limits on the price at which shares, warrants and depository receipts may be stabilised (although there are no limits in respect of loan stocks and bonds).

The effect of stabilisation can make the market price of the new issue temporarily higher than it would otherwise be. The market price of an investment of the same class already in issue, and of other investments whose price affects or is affected by the price of the new issue, may also be affected.

Goldman Sachs

Price of an investment during this period should not be taken as indicative of the level of interest or market price after stabilisation.

18. Risks relating to electronic trading

Trading or routing orders through electronic systems varies widely among the different electronic systems. You should consult the rules and regulations of the exchange offering the electronic system and/or listing the contract traded or order routed to understand, among other things:

- in the case of trading systems, the system's order matching procedure, opening and closing procedures and prices, error trade policies and trading limitations or requirements; and
- in the case of all systems, qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system.

Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times, and security. In the case of internet based systems, there may be additional types of risks related to system access, varying response times and security, as well as risks related to service providers and the receipt and monitoring of electronic mail. Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority.

19. Pricing relationships

In relation to instruments such as derivatives and structured products, where the value of the instrument is dependent upon, or derived from, one or more underlying interests, pricing relationships between the underlying interest and the instrument may not exist or may deviate significantly from expectations. A change in the price of the underlying interest may not result in a proportionate change in price of the instrument. The absence of an underlying reference price may make it difficult to judge "fair value".

Nature and risks of investing in specific financial instruments

1. Equity securities

Description of instrument

When you purchase equity securities (e.g. shares, participation certificates and dividend rights certificates) you will become a member or shareholder of the company **"issuing"** the shares (the "**issuer**"). This will give you a share in the ownership of the issuer and give you certain voting rights, profit-sharing and sometime rights to buy newly issued equity securities in preference to non-shareholder.

The success or failure of the issuer will be reflected in price movements of the equity securities.

You will be entitled to receive any dividend distributed each year out of the issuer's profits made during the reference period.

Investing in equity securities puts your capital at risk. This means you could lose some or all of your original investment. You should not purchase this product unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges.

Risks relating to the instrument

i. Market risk

The price volatility of equity markets (the rate at which the price of equity securities increases or decreases) can change quickly and cannot be assumed to follow historic trends. In adverse market conditions, equity securities may be subject to increased volatility which can lead to losses. In the worst case, the issuer could fail and equity securities become worthless.

ii. Issuer default risk

Solvency of an issuer could be dependent on a range of factors like the solvency of its parent company and the issuer itself, its business sector, political and economic factors within the relevant countries. These factors may in turn affect the price of, and demand for, the equity securities in the markets.

In the event of insolvency of the issuer, your claims for recovery of your equity investment in the issuer will generally be subordinated to the claims of both preferred or secured creditors and ordinary unsecured creditors of the issuer. This means that a shareholder will normally only receive any money from a liquidator if there are any remaining proceeds of the liquidation once all of the creditors of the issuer have been paid in full. It may take a significant amount of time to obtain any money that is owed to you by a liquidator.

iii. Characteristics of individual security and issuer

An investor in equity securities will also be exposed to the specific risks associated with individual security. There is an extra risk of losing money, for instance, when shares are bought in some smaller companies, such as penny shares. There may be a significant difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them. The price may change quickly and it may go down as well as up.

Other issuer characteristics such as a heavy reliance on borrowing for raising finance, high fixed costs and reliance by an issuer on specific markets or jurisdictions for income typically indicate heightened risk for an investment in equity securities of that issuer.

iv. Trading on secondary exchanges

Certain equity securities are traded on secondary exchanges (e.g. AIM) which may have been listed with reduced regulatory oversight or disclosures. These equity securities involve a higher degree of risk as they may be more volatile and illiquid than traditional stock exchanges.

v. Non-readily realisable securities

See paragraph 3 (Liquidity risk) and paragraph 6 (Foreign markets) of the section headed “General Risks When Investing In Financial Instruments” for further details.

Risk warning for retail investors: Non-readily realisable securities

Don’t invest unless you’re prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong. Take 2 minutes to learn more.

vi. Additional risks

The risks set out in the paragraph entitled “Trading over-the-counter (“OTC”) in the section headed “General Risks When Investing In Financial Instruments” also apply to these investments.

Further information

Further information regarding the risks relating to a particular equity security, and any risks regarding the issuer of that security, can be found in the prospectus or other offering documents regarding that issuance. In addition, for some equity securities, information regarding the specific security that you are investing in may also be found in product information documents that may be provided under applicable law. Please contact your Goldman Sachs team for guidance on how to obtain these documents.

2. Debt securities

Description of instrument

Buying debt securities (such as bonds and certificates of deposit) means that you are, in effect, lending to the company or entity that issues the instrument. A purchaser of debt securities is normally entitled to receive specified periodic interest payments (referred to as a coupon), as well as repayment of the principal amount of the debt securities at the end of its term, and some can be redeemed early. Interest payments can be fixed for the duration of the term (i.e. until maturity) or variable and linked to external reference rates.

A money market instrument is a short term (usually up to 1 year) debt instrument issued as certificated or uncertificated security, for example treasury bill, certificate of deposit and commercial paper.

The purchase or sale price is the nominal or face value minus the total interest accruing over the term of the instrument.

Investing in debt securities including money market instruments puts your capital at risk. This means you could lose some or all of your original investment. You should not purchase this product unless you are prepared to sustain a total loss of the money you have invested plus any transaction charges.

The risk of capital loss for a debt security is generally limited to circumstances where the issuer is in a state of financial distress (see issuer default risk section at (iii) below) or where the debt security is sold prior to maturity. A debt security such as a bond has a nominal value. This is the sum that will be returned to an investor when the debt security matures at the end of its term. As debt securities are traded on a market, if you sell a debt security prior to maturity a capital gain or loss may be realised.

Risks relating to the instrument

i. Market risk

The value of debt investments can generally be expected to be more stable than that of equity investments (see Section 1 above (Equity securities)). However, in some circumstances, particularly when interest rate expectations are changing, the value of debt securities can be volatile. Generally, if interest rates rise, the prices of debt securities will fall, and vice versa. If you wish to sell a debt security prior to maturity and interest rates have risen since you purchased the debt security, the price will have fallen since purchase and you will incur a capital loss on the debt security.

Market conditions, both positive and negative, may affect each issuer differently, depending on the issuer, size of the debt security and its coupon payable.

With respect to money market instruments, they are generally short term and therefore more liquid than other investments. Where equity and debt markets are extremely volatile, money market instruments are considered lower risk. However, these instruments and their market price could be adversely exposed to interest and market risks during periods of volatile market movements, given the speed and quantum of transactions undertaken in these instruments. During normal market conditions, money market instruments may not achieve the same favourable returns as instruments in growth markets.

ii. Characteristics of individual security and issuer

A holder of debt securities will be exposed to the specific risks associated with individual securities held (and the financial soundness of the issuer of the debt securities), as well as the systemic risks of the debt securities markets. Generally, debt securities issued by major governments and companies tend to be lower risk investments than those issued by emerging market issuers. Other characteristics of debt securities that can increase price volatility and risk of investment are the coupon rate and the term to maturity of the debt securities. A debt security with a lower coupon rate has higher price volatility and therefore carry a higher risk of capital loss if sold prior to maturity.

Certain types of debt securities may carry additional risks which are specific to them (e.g. subordinated bonds). The specific terms and risks of such debt securities will be set out in the prospectus or offering documents and you are advised to ensure you fully understand these before investing as they may affect the amount you will receive at maturity.

iii. Issuer default risk

The risk of an issuer defaulting on an investment in its debt securities would generally only occur if the issuer is in a state of financial distress.

Solvency of an issuer could be dependent on a range of factors like the solvency of its parent company and the issuer itself, its business sector, political and economic factors within the relevant countries. These factors may in turn affect the price of, and demand for, the debt securities in the markets.

Credit ratings indicate rating agency assessments of the probability of the issuer defaulting. The lower the credit rating the higher the possibility that the issuer will default. An “Investment grade” bond carries rating of at least Baa3/BBB-/BBB-, while the rating of a high yield bond (or “junk bond”) is Ba1/BB+/BB+ and lower, as rated by Moody’s, Standard & Poor’s, and Fitch respectively.

In the event of insolvency of the issuer, a holder of debt securities is likely to be able to participate with other creditors in the allotment of the proceeds from the sale of the issuer’s assets in priority to holders of equity securities in the issuer. If an issuer has issued multiple bonds, it may have different credit ratings depending on factors such as the ranking of the bond, tenor etc. For example, in the event of insolvency of the issuer, there is an order in which the bond gets repaid; those bond issues that get paid first will typically have a higher credit rating. However, the terms of a debt security may provide that if the issuer becomes insolvent, claims for recovery of that debt investment may be subordinated to claims of holders of other debt securities or other creditors. In addition, it may take a significant amount of time to obtain any proceeds that you may be entitled to receive.

iv. Call risk

Certain debt securities can be redeemed by the issuer prior to maturity (these are referred to as “callable” debt securities). Debt securities are usually redeemed early when the issuer feels it can issue new debt securities at a lower interest rate, forcing investors to reinvest the principal sooner than expected, most likely at a lower interest rate.

v. Liquidity risk

Some debt securities are illiquid, meaning that there is not much demand for them in the secondary market. An investor may own such a debt security and have difficulty selling it, or have to sell it at a lower price than he hoped, depending on market conditions at the time of the sale. For an illiquid debt security, there may be a significant difference between the price that a buyer is willing to pay for the debt security and the price that a seller is willing to accept for the debt security. This may impact returns for an investor that is seeking to sell the illiquid debt security prior to maturity.

vi. Interest rate risk

Fixed rate debt securities will be affected by volatile movements in interest rates as prices will fall where interest rates rise. Debt securities with longer term maturity dates and lower coupon rate are more sensitive to rises in interest rates.

vii. Convertible and exchangeable debt securities

Debt securities may be convertible into equity securities or cash payments linked to the value of specific equity securities of the issuer, or exchangeable into equity securities of another entity. These securities include an embedded equity derivative which may subject the debt security to derivative risks and amplify any losses whilst continuing to be subjected to typical risks attached to debt securities. Upon conversion or exchange, you may be affected by the risks arising from equity securities (as described above). Conversions or exchanges into equity may be subjected to certain conditions (including specified time periods) which may make it difficult to realise the investment at the most profitable time.

viii. Non-readily realisable securities

Debt securities that are not traded on an exchange, or which are traded on an exchange that is not subject to the same level of regulatory scrutiny as exchanges that are regulated in the UK or the EEA, may involve additional risks. In particular, debt securities which are not regularly traded will be subject to the liquidity risk mentioned above. See paragraph (v) (Liquidity risk) above and paragraphs 3 (Liquidity risk) and 6 (Foreign markets) of the section headed “General Risks When Investing In Financial Instruments” for further details.

Risk warning for retail investors: Non-readily realisable securities

Don’t invest unless you’re prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong. Take 2 minutes to learn more.

ix. Additional risks

The risks set out in the paragraph entitled “Trading over-the-counter (“OTC”)” in the section headed “General Risks When Investing In Financial Instruments” also apply to these investments.

Further information

The features or terms of a debt security may vary between different issuances. Further information regarding the risks relating to a particular debt security, and any risks regarding the issuer of that security, can be found in the prospectus or other offering documents regarding that issuance. In addition, for some debt securities, information regarding the specific security that you are investing in may also be found in product information documents that may be provided under applicable law. Please contact your Goldman Sachs team for guidance on how to obtain such documents.

3. Collective Investment Schemes

Description of instrument

Collective investment schemes (such as investment funds, unit trusts and open-ended investment companies) invest money paid in by investors in the scheme in the types of investments that are provided for in their rules or investment plans.

Open-ended investment funds allow investors to invest or disinvest by buying or selling fund units from the fund on the basis of the value of a unit, plus or minus the relevant commissions.

Investments in collective investment schemes put your capital at risk. This means you could lose some or all of your original investment. You should not purchase this product unless you are prepared to sustain a total loss of the capital you invest in the transaction plus any commission or other transaction charges.

Closed-ended funds have a fixed number of units, shares or other interests which (once issued) may not be redeemed by investors. These units may be traded in the secondary market or redeemed on the winding up of the fund.

Risks relating to the instrument

i. Market risk and scheme characteristics

By purchasing units or shares in a collective investment scheme, you will be exposed to (i) the risks and returns associated with the financial instruments in which the scheme invests and (ii) where relevant, its concentration in a particular sector, country, region or asset class. The value of a collective investment scheme may decrease or increase and, in adverse market conditions, irrecoverable capital losses could be incurred.

Leveraged funds will be subject to the risk of interest rates rises, which could adversely impact returns or result in losses.

Foreign funds or funds with foreign underlying instruments may be affected by political changes or instability in countries where such foreign instruments are located. They may also be affected by foreign exchange rate movements.

ii. Redemption and liquidity risk

You may redeem units in open-ended funds from the fund itself when you want to sell those units. However please note that if the underlying assets in which the fund is investing are illiquid, there is a risk that the fund may suspend trading of units if it experiences higher than normal levels of redemption requests from investors. In such instances you may not be able to redeem units that you hold on demand.

In contrast, units in closed-ended funds cannot be redeemed until the winding up of the fund. You may trade the investment on a secondary market, but there is a chance that you will not be able to sell your investment at a fair price when you wish to do so.

iii. Unregulated vs regulated collective investment schemes

Risk warning for retail investors: Unregulated collective investment schemes

Don’t invest unless you’re prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong. Take 2 minutes to learn more.

An investment in an unregulated collective investment scheme is seen to be riskier than investing in a regulated investment scheme. This is because unregulated collective investment schemes are not subject to the same level of regulatory supervision and oversight.

iv. Buy-sell spread

When you purchase units in a collective investment scheme, you will typically be invited to buy at a premium to the prevailing Net Asset Value (“**NAV**”) of the scheme. When you sell or redeem units in a collective investment scheme, you may be quoted a price that is below the NAV. This reduced price generally accounts for transaction costs and may impact your returns.

v. Counterparty risks

Insolvency of any institution providing services to the scheme (e.g. a trading counterparty or custodian) may expose the scheme to financial loss or delay in redemptions. An investor remains exposed to the credit risk of underlying instruments held within the collective investment scheme.

Further information

Further information regarding the risks relating to a particular collective investment scheme can also be found in (i) the scheme’s prospectus or other offering documents and (ii) any product information documents regarding that scheme that may be provided under applicable law. Please contact your Goldman Sachs team for guidance on how to obtain these documents.

4. Exchange Traded Funds

Description of instrument

Exchange traded funds ("**ETFs**") are open-ended or closed-ended collective investment schemes or securities, traded as shares on stock exchanges. ETFs typically replicate or are designed to track the performance of certain indices, market sectors, or groups of assets such as stocks, bonds, or commodities.

Investments in ETFs put your capital at risk. This means you could lose some or all of your original investment. You should not purchase this product unless you are prepared to sustain a total loss of the capital you invest in the transaction plus any commission or other transaction charges.

ETF managers may elect to replicate the benchmark performance of ETFs without purchasing the underlying assets and they do this by entering into total return swaps.

ETF managers may also use other derivative instruments to **synthetically replicate** the economic benefit of the relevant benchmark. The derivative instruments may be issued by one or multiple issuers.

Where you purchase ETFs, you will be exposed to certain risks as outlined below.

Risks relating to the instrument

i. Market risk

The price volatility of equity markets (the rate at which the price of equity securities increases or decreases) on which an ETF is traded can change quickly and cannot be assumed to follow historic trends. In adverse market conditions, an investment in ETF may be subject to increased volatility which can lead to losses. In the worst case, an ETF could fail and an investment in that ETF can become worthless.

ii. Issuer default risk

Insolvency of the issuer of the ETF units or any institution providing services to the fund (e.g. a trading counterparty or custodian) may expose the fund to financial losses or delay in redemptions. An investor remains exposed to the credit risk of underlying instruments held within the ETF.

iii. Characteristics of underlying assets and scheme characteristics

By purchasing units or shares in an ETF, you will be exposed to (i) the risks and returns associated with the financial instruments in which the ETF invests and (iii) where relevant, its concentration in a particular sector, country, region or asset class. The value of an ETF may decrease or increase and, in adverse market conditions, irrecoverable capital losses could be incurred.

Managers of ETFs may use different strategies to achieve the goal of replicating or tracking performance of the underlying index/assets (as described above). However, there is no active management by the ETFs of underlying assets and no guarantee performance will replicate those of the underlying instruments.

An investor must therefore be prepared to bear the risk of loss and volatility associated with the underlying index/assets.

Leveraged ETFs will be subject to the risk of interest rates rises, which could adversely impact returns or result in losses.

Foreign ETFs or ETFs with foreign underlying instruments may be affected by political changes or instability in countries where such foreign instruments are located. They may also be affected by foreign exchange rate movements.

iv. Tracking errors

Tracking errors refer to the disparity in performance between an ETF and its underlying index/assets. Tracking errors can arise due to factors such as the impact of transaction fees and expenses incurred to the ETF, changes in composition of the underlying index/assets, and the ETF manager's strategy for replicating or tracking the performance of the underlying index/assets. The common replication strategies include full replication/representative sampling and synthetic replication which are discussed in more detail below.

v. Liquidity risk

Your ability to sell an investment in an ETF at a fair price on demand may be impacted by the liquidity of the underlying assets in which the ETF invests. Other factors that can impact the liquidity of an investment in an ETF include the trading volume of the ETF itself and market conditions.

vi. Unregulated vs regulated collective investment schemes

Risk warning for retail investors: Unregulated collective investment schemes

Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong. Take 2 minutes to learn more.

An investment in ETF that is unregulated collective investment scheme is seen to be riskier than an investment in ETF that is regulated collective investment scheme. This is because an investment in unregulated collective investment scheme is not subject to the same level of regulatory supervision and oversight.

vii. Trading at discount or premium

An ETF may be traded at a **discount** or premium to its Net Asset Value ("**NAV**"). This price discrepancy is caused by supply and demand factors, and may be particularly likely to emerge during periods of high market volatility and uncertainty. This phenomenon may also be observed for an ETF tracking specific markets or sectors that is subject to direct investment restrictions.

viii. Counterparty default risk involved in ETFs with different replication strategies

An ETF can use any of the following strategies:

- a full replication strategy which generally aims to invest in all constituent stocks/assets in the same weightings as its benchmark;
- a representative sampling strategy will invest in some, but not all of the relevant constituent stocks/assets;
- a synthetic replication strategy which uses swaps or other derivative instruments to gain exposure to a benchmark, such as swap-based ETFs and derivative embedded ETFs.

For ETFs that invest directly in the underlying assets rather than through synthetic instruments issued by third parties, counterparty default risk tends to be less of concern.

However, swap-based ETFs are exposed to the risk of counterparty default of the swap dealers. Swap-based ETFs may suffer losses if these dealers default or fail to honour their contractual commitments.

Similarly, derivative embedded ETFs are subject to counterparty default risk of the derivative instruments' issuers. Derivative embedded ETFs may suffer losses if these issuers default or fail to honour their contractual commitments.

For both swap-based ETFs and derivative embedded ETFs, an investor may also be exposed to risks associated with investing in derivatives, as outlined in Section 10. Over-The-Counter Derivative Transactions below.

Even where collateral is obtained by an ETF, it is subject to the collateral provider fulfilling its obligations. There is a further risk that when the right against the collateral is exercised, the market value of the collateral could be substantially less than the amount secured resulting in significant losses to the ETF.

The risks set out in the paragraph entitled "Trading over-the-counter ("OTC")" in the section headed "General Risks When Investing In Financial Instruments" also apply to these investments.

IT IS IMPORTANT THAT THE INVESTORS UNDERSTAND AND CRITICALLY ASSESS THE IMPLICATIONS ARISING DUE TO DIFFERENT ETF STRUCTURES AND CHARACTERISTICS.

Further information

Further information regarding the risks relating to a particular ETF can also be found in (i) the ETF's prospectus or other offering documents and (ii) any product information documents regarding that ETF that may be provided under applicable law. Please contact your Goldman Sachs team for guidance on how to obtain these documents.

5. Real Estate Investment Trust

Description of instrument

A Real Estate Investment Trust (a “**REIT**”) is a pooled investment vehicle, which invests primarily in income producing real estate or real estate related loans or interests. REITs are sometimes referred to as equity REITs or mortgage REITs.

An equity REIT invests primarily in properties and generate income from rental and lease properties. It also offers the potential for growth as a result of property appreciation and, in addition, from the sale of appreciated property.

Investments in REITs put your capital at risk. This means you could lose some or all of your original investment. You should not purchase this product unless you are prepared to sustain a total loss of the capital you invest plus any commission or other charges related to your investment.

A mortgage REIT invests primarily in real estate mortgages, which may secure construction, development or long-term loans, and derive income for the collection of interest payments.

A REIT is generally organised as a company and its shares are generally listed on a stock exchange.

In some jurisdictions, a REIT qualifies for beneficial tax treatment provided it invests in accordance with certain rules.

Risks relating to the instrument

i. Market risk

Like any investment in real estate, a REIT’s performance depends on many factors, such as its ability to find tenants for its properties, to renew leases, and to finance property purchases and renovations. In general, a REIT may be affected by changes in underlying real estate values, which may have an exaggerated effect to the extent a REIT concentrates its investment in certain regions or property types. For example, rental income could decline because of extended vacancies, increased competition from nearby properties, tenants’ failure to pay rent, or incompetent management. Property values could decrease because of overbuilding, environmental liabilities, uninsured damages caused by natural disasters, a general decline in the neighbourhood, losses due to casualty or condemnation, increases in property taxes, or changes in zoning laws. Ultimately, a REIT’s performance depends on the types of properties it owns and how well the REIT manages its properties.

During periods of rising interest rates, a REIT may lose some of its appeal for an investor who may be able to obtain higher yields from other income-producing investments, such as long-term bonds. Higher interest rates also mean that financing for property purchases and improvements is more costly and difficult to obtain. During periods of declining interest rates, certain mortgage REITs may hold mortgages that mortgagors elect to prepay, which can reduce the yield on instruments issued by mortgage REITs. A mortgage REIT may be affected by the ability of borrowers to repay debts to the REIT when due and an equity REIT may be affected by the ability of tenants to pay rent.

ii. Characteristics of REITs

Certain REITs have relatively small market capitalisation and their securities can be more volatile than - and at times will perform differently from - large-cap stocks. In addition, because small-cap stocks are typically less liquid than large-cap stocks, REIT stocks may sometimes experience greater share-price fluctuations than the stocks of larger companies. Further, REITs are dependent upon specialised management skills, have limited diversification, and are therefore subject to risks inherent in operating and financing a limited number of projects.

iii. Liquidity

An investment in REIT may be less liquid than other pooled investment vehicles that invest in different underlying assets and other financial instruments. This is because real estate is typically less liquid than other asset classes.

iv. Industry concentration risk

As a REIT concentrates its assets in real estate investments, industry concentration risk is high and an investor may be exposed to adverse developments affecting the real estate industry and real property values. These developments may cause a REIT to underperform relative to the overall stock market and in turn disproportionally affect investment returns.

Further information

Further information regarding the risks relating to a particular REIT can also be found in (i) the REIT's prospectus or other offering documents and (ii) any product information documents regarding that REIT that may be provided under applicable law. Please contact your Goldman Sachs team for guidance on how to obtain these documents.

6. Alternative Investments

Description of instrument

Alternative investments is the collective term for a broad category of private funds, including hedge funds and private equity / debt / real estate funds, that commonly trade in non-standard assets or using non-standard investment strategies.

Hedge funds are generally unregulated collective investment schemes that use derivatives for directional investing.

They may hold **short positions** and may use significant leverage through borrowing.

Investments in alternative investments put your capital at risk. This means you could lose some or all of your original investment. You should not purchase these products unless you are prepared to sustain a total loss of the capital you invest in the transaction plus any commission or other transaction charges.

Hedge funds may be less constrained in their choices to invest in assets (including illiquid and distressed securities), markets (including emerging markets) and trading style.

Private equity / debt / real estate funds are generally unregulated collective investment schemes that invest in various equity / debt securities that are not openly traded on a public market, may be distressed or in real estate (including properties that may need significant development or improvements). These funds generally use significant leverage through borrowing and typically have a fixed term, which may be as long as 10 or more years. Investor contributions are drawn over the term of the fund.

Risks relating to the instrument

i. Market risk and scheme characteristics

By purchasing an interest in an alternative investment fund, you will be exposed to (i) the risks and returns associated with the financial instruments or assets in which the fund invests and (ii) where relevant, its concentration in a particular sector, country, region or asset class. The value of a fund may decrease or increase and in adverse market conditions, irrecoverable capital losses could be incurred.

The lack of diversification can lead to over-exposure to poor market conditions in particular sectors.

Leveraged funds will be subject to the risk of interest rates rises, which could adversely impact returns or result in losses.

Foreign funds or funds with foreign underlying instruments may be affected by political changes or instability in countries where such foreign instruments are located. They may also be affected by foreign exchange rate movements.

ii. Legal and tax considerations

Alternative investments may involve complex tax and legal considerations and can give rise to considerable risks. An investor in alternative investments may also have limited rights with respect to his investment interest, including limited voting rights and limited participation in the management of the alternative investments.

iii. Effect of “leverage” or “gearing”

Alternative investments often engage in leverage and other speculative investment practices, which involve a high degree of risk. Such practices may increase the volatility of performance of alternative investments and the risk of investment loss, including the loss of the entire amount that is invested.

iv. Liquidity risk and valuation

An interest in alternative investments is often highly illiquid. It should be considered a long term investment as there is no public market for such interest and it is often only transferable with consent. The illiquid nature of such investment can mean that interest can be difficult to value and can make transfer (particularly within a required timeframe) difficult. Alternative investments may themselves invest in instruments that may be highly illiquid and difficult to value. Alternative investments may also not be required to provide you with periodic pricing or valuation information. This may limit your ability to redeem or transfer your investment or delay receipt of redemption proceeds. In the case of private equity funds, these typically have a long initial fixed term that can be subject to further extensions.

v. Fees

It should be noted that alternative investments may impose significant fees and charges, including management fees that are based upon a percentage of the assets under management or capital commitments regardless of performance returns.

vi. Regulation

Although often in the form of collective investment schemes, alternative investments are often not subject to the same regulatory requirements or oversight as traditional collective investment schemes.

However, the Alternative Investment Fund Managers Directive (the “AIFMD”) is a European Union legislative measure which has sought to regulate (i) managers of alternative investment funds (“AIFs”) and (ii) how AIFs are marketed/ distributed to investors throughout the EEA.

Risk warning for retail investors: Unregulated collective investment schemes

Don’t invest unless you’re prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong. Take 2 minutes to learn more.

An AIF includes hedge funds and private equity / real estate / debt funds (including fund of funds structures). AIFMD requires managers of alternative investments to, for example and among other things, make appropriate disclosures to investors and regulators make appropriate disclosures to investors and regulators.

vii. Capital calls

In the case of private equity / real estate / debt funds, the capital that you commit may be drawn down by the fund on various occasions throughout the capital commitment period. You should only invest in these types of funds if you are sure that you will be able to meet all capital calls made throughout the commitment period.

Further information

Further information regarding the risks relating to a particular alternative fund can also be found in (i) the fund's prospectus or other offering documents and (ii) any product information documents regarding that fund that may be provided under applicable law. Please contact your Goldman Sachs team for guidance on how to obtain these documents.

7. Warrants

Description of instrument

A warrant is an instrument that gives an investor the right, but not the obligation, to either buy or sell an underlying asset at specific pre-determined "**strike**" price.

Generally, the underlying assets will be shares, debentures, loan stock, government securities, indices, baskets of securities or currencies.

Investing in warrants puts your capital at risk. This means you could lose some or all of your original investment. You should not purchase this product unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges.

A warrant is issued by (i) the issuer of the relevant underlying assets (e.g. a corporate issuer) or (ii) by a financial institution.

A warrant is a type of derivative because its value is dependent upon, or derived from, one or more underlying assets.

A warrant may be available and traded on listed exchanges or traded OTC (i.e. in an off exchange transaction).

The exercise of a warrant can be "physically settled", in which case the purchaser will either acquire or deliver the underlying asset (as applicable).

Alternatively, in some cases, a warrant may be "cash settled", in which case the market value of the underlying asset at the date of exercise is compared to the strike price of the warrant, and the difference (if favourable to the warrant holder) is paid to the warrant holder. If this difference in price is zero or unfavourable to the warrant holder, then the warrant will expire worthless. A warrant may be cash settled if the underlying asset is not easily transferred or delivered, for example, a warrant over a share index.

Although a warrant operates in a similar way to an option, a warrant is different in that it is an instrument that is exercisable against the original issuer of the warrant (and your counterparty risk under a warrant is against this original issuer). Accordingly, an issuer is able to issue a wide variety of warrants with different strike prices and maturity dates, but the number of warrants issued may be limited and can affect the premium that you may pay. However, certain warrants may in fact be options (e.g. a covered warrant whereby there is a right to acquire the underlying assets exercisable against an entity other than the issuer of the warrant). In such instances, you are advised to refer to Section 8 of this Part for further information on options.

Risks related to the instrument

i. Time limited

It is essential when considering whether to purchase a warrant to understand that the right to acquire or sell the underlying assets that a warrant confers is invariably limited in time. If you fail to exercise this right within the predetermined timescale, the investment becomes worthless. In addition, in certain circumstances a warrant may lapse before its expiry date, for example, if any underlying securities are delisted. Please also note that a holder of a warrant does not have any voting, shareholding or dividend rights in respect of any underlying assets to which the warrant relates.

ii. Market risk

The price of the underlying assets may, as a result of market conditions, fall below the strike price at any point before the expiry of the warrant, and in such cases, the warrant may become worthless. The price of a warrant may also fall if there is a reduction in the time remaining to the maturity date or a decrease in the price volatility of the underlying assets. Such factors may lead to capital losses if you seek to sell the warrant prior to the maturity date.

iii. Effect of "leverage" or "gearing"

A transaction in warrant carries a high level of risk. The initial upfront premium payment is small relative to the value of the contract that gives you the right to acquire or sell the underlying assets such that the transaction is leveraged or geared. The price of a warrant can be volatile. It is therefore risky since a relatively small movement in the price of the underlying assets can result in a disproportionately large movement, unfavourable or favourable, in the price of the warrant.

iv. Liquidity risk

Warrants are typically issued in small and limited quantities. This may impact your ability to sell a warrant for a fair price on the secondary market. Your ability to sell a warrant for a fair price on the secondary market may also be influenced by the liquidity of the underlying assets.

v. Terms and conditions of warrants

You should ask the firm with which you deal about the terms and conditions of the specific warrants which you are trading and any associated obligations (e.g. the circumstances under which you may become obliged to buy or sell the underlying assets). Where a warrant is traded on a listed exchange, under certain circumstances the terms of outstanding warrants may be modified to reflect changes in the underlying instrument.

vi. Issuer default risk

Under a warrant, your right to purchase or sell the underlying assets is exercisable against the issuer of the warrant. Accordingly, you are exposed to the risk that the issuer will not perform its obligations under the warrant.

In the event of insolvency of the issuer, your claims for recovery of the right to purchase or sell the underlying assets will generally be subordinated to the claims of both preferred or secured creditors and ordinary unsecured creditors of the issuer. This means that you will normally only receive any money from a liquidator if there are any remaining proceeds of the liquidation once all of the creditors of the company have been paid in full. It may take a significant amount of time to obtain any money that you are entitled to receive.

vii. Additional risks

Furthermore, the risks set out in the paragraphs entitled "Trading over-the-counter ("OTC")" and "Suspensions of trading" in the section headed "General Risks When Investing In Financial Instruments" also apply to these investments.

Further information

The features and terms of a warrant may vary between different issuances. Further information regarding the risks relating to a particular warrant, and any risks regarding the issuer of that warrant, can be found in the prospectus or other offering documents regarding that issuance. In addition, information regarding the specific warrant that you are investing in may also be found in product information documents that may be provided under applicable law. Please contact your Goldman Sachs team for guidance on how to obtain these documents.

8. Options

Description of instrument

An option is a contract that provides the holder the right, but not the obligation, to either buy or sell an underlying asset at a specific pre-determined "strike" price. An investor may choose to buy an option to express a view on an underlying asset or to hedge an existing exposure to the relevant underlying asset.

An option is a type of derivative because its value is dependent upon, or derived from, one or more underlying assets.

An option contract may be available and traded on listed exchanges or entered into on a bilateral basis with another counterparty as an OTC derivative (see Section 10 of this Part for further details on OTC derivative transactions).

Buying an option gives the holder the right, but not the obligation, to either (i) buy a particular underlying asset at a specific price within a specified time period (in this case, an investor is purchasing a "call option") or (ii) sell a particular underlying asset at a specific price within a specified time period (in this case, an investor is purchasing a "put option"). The buyer pays a premium to a seller for this right.

An investor may also choose to write or sell an option to collect premium from buyers of such option. If the buyer of the relevant call or put option then decides to exercise the option, the option writer / seller is obliged to sell or buy the underlying asset at the strike price specified under the terms of the option.

Investing in options can lead to the loss of the initial capital invested and any additional funds deposited with the counterparty to maintain your position under the options contract. You should not purchase this product unless you are prepared to sustain losses that exceed the original money you have invested and any commission or other transaction charges.

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account any premium and all transaction costs.

The exercise of an option can be "physically settled", in which case the purchaser will either acquire or deliver the underlying asset (as applicable).

Alternatively, an option may be "cash settled", in which case the market value of the underlying asset at the date of exercise is compared to the strike price of the option, and the difference (if favourable to the option holder) is paid to the option holder. If this difference in price is zero or unfavourable to the option holder, then the option will expire worthless.

A purchaser or writer / seller of an option can also effectively close his position by entering into an offsetting option trade with exactly the same strike price and expiration date. For example, a purchaser of a call option can write or sell a call option with the same terms to offset his original position. Similarly, a writer / seller of a put option can offset his position by purchasing a put option with the same term.

Although a listed option operates in a similar way to a warrant (see Section 7 Warrants), a listed option is different in that it is a contract created and traded on the options market. Accordingly, a listed option contract tends to be more standardised than a warrant, but there are an unlimited number of options contracts available within a particular series of option and the number of options traded should not affect the price of an option. For a listed option, your counterparty risk will be different because you will be facing an exchange or clearing house as counterparty to the contract, rather than the issuer in the case of a warrant.

An investor may choose to deploy an option strategy whereby two or more options are acquired based on the same underlying asset which may differ in option types, strike price, maturity dates or types of positions or even more than one underlying asset. An exotic option may be linked to additional conditions whereby its price movement may be different. Given the potential combinations, you are advised to consider and understand the particular risks involved in each such combination. The risks set out below are those typically found in vanilla options.

Risks relating to the instrument

i. Buying call or put options

The purchaser of a call or put option may either exercise the option or allow the option to expire. As such, buying a call or put option involves less risk than writing / selling options because, if the price of the underlying asset to which the option relates moves against you, you can allow the option to lapse. If the purchased option expires worthless, the maximum loss for the purchaser is limited to the premium paid for the option, plus any commission or other transaction charges.

If you are contemplating purchasing a "deep-out-of-the-money" option, you should be aware that there is normally only a remote chance of such option becoming profitable. An option is "out-of-the-money" where the strike price is in an unfavourable position compared to the market value of the underlying asset.

Certain exchanges or options markets in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

The value of an option is a combination of (i) the price level of the underlying asset compared with the strike price ("intrinsic value") and (ii) the time remaining to maturity and volatility of the underlying price ("time value"). The value of a call option may therefore drop over time even when the value of the underlying instrument remains constant. Alternatively, the value of the call option may rise as the time value falls or market demand for the option is unfavourable. The risk is greater if the time remaining until maturity is shorter, and if the unfavourable intrinsic value is larger.

ii. Writing / selling call or put options

If you write an option, the risk involved is considerably greater than buying an option. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, regardless of how far the market price has moved away from the exercise price. You may be liable to post margin to maintain your position and although the premium received is fixed; you may sustain a loss in excess of that amount.

You will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest.

If you already own the underlying asset which you have contracted to sell (these options will be known as "**covered call options**"), the risk is reduced. If you do not own the underlying asset ("**uncovered call options**") the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and should only do so after getting full details of the applicable conditions and potential risk exposure.

iii. Traditional options

Certain London Stock Exchange firms under special exchange rules write a particular type of option called a 'traditional option'. These may involve greater risk than other options. Two way prices are not usually quoted and there is no exchange market on which to close out and balance any risk which a person may expose themselves to (an "**open position**") or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk.

iv. Binary options

A binary option is a type of option where the return is structured as "all or nothing" based on a pre-determined level of a reference price of the underlying asset (i) at a specified time or date, or (ii) during a specified range of dates or times. These can be standalone option contracts or embedded into other products. The return is fixed and payoff will occur automatically with no further action required from the investor.

A binary option is utilised as a hedge on an identified risk or to express a view on a specific and precise movement of the underlying asset. A binary option is therefore exposed to market fluctuations on the price of the underlying asset with profits capped (i.e. limited) at the specified rate at the time of entering into the investment. The trigger for any return may be dependent on small movements in price of the underlying reference asset.

An investor should note that hedging and risk management transactions activities by GS market traders may disrupt the market and give rise to potential conflict of interest issues which may affect the underlying reference asset. GS has the relevant policies and procedures in place to minimise such impact and risks.

A binary option is considered an illiquid investment as there is no secondary markets to trade it. An investor must usually wait until the option expiry date or a triggering event during the term of the option contract to get a return/loss on investment. In the event of an adverse market movement, you may lose your entire investment.

v. Effect of “leverage” or “gearing”

Transactions in options carry a high degree of risk. The initial upfront payment is small relative to the value of the option contract so that the transaction is “leveraged” or “geared”. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit. This may work against you and create significant losses in a short period of time.

If the market moves against your position or margin levels (i.e. the percentage value of available usable margin for securing a transaction) have increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated early at a loss. The collateral you provide may be sold to cover your obligations and you will also be liable for any resulting deficit. A leveraged or geared transaction therefore involves the possibility of greater loss than a transaction for which you are not borrowing money.

If the value of the assets in your Account falls, you may be required to deposit additional assets. Alternatively, GS may sell your assets to meet any liabilities owed to us as a result of entering into a margined transaction without prior notice to you, at a loss or at lower prices than under other circumstances. You will be solely liable for any shortfalls arising out of GS selling your assets in this way.

vi. Market risk

Between the date on which the option contract is entered into and the date on which the option can be exercised, the value of the transaction may vary positively or negatively as a result of changes in market factors such as the price of the underlying asset, interest rates, dividends, and volatility

vii. Terms and conditions of contracts

You should ask the firm with which you deal about the terms and conditions of the specific options which you are trading and associated obligations (e.g. expiration dates and restrictions on the time for exercise). Where an option is traded on a listed exchange, under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the relevant exchange or clearing house to reflect changes in the underlying interest. In addition, an option traded on different exchanges on the same underlying interest may have different terms.

viii. Deposited cash and property

You should familiarise yourself with the protections given to money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

ix. Trading facilities

Electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or participant firms. Such limits may vary and you should ask the firm with which you deal for details in this respect.

x. Fixed time horizon

The length of an option contract is typically fixed and therefore timing is an important component impacting performance. For instance, an investor that has entered into an option contract to obtain the option to buy an underlying asset at a specific price in 12 months will not be able to benefit, under that option contract, from any price movement of the underlying asset in 13 months as the specified date on which the option may be exercised will have passed by this point.

xi. Counterparty default risk

If you hold an uncleared OTC option and the counterparty to that option defaults or goes into bankruptcy, your return may be substantially impaired and you will be an unsecured creditor of the counterparty. This means that your claims for recovery of sums owed to you by the counterparty will generally be subordinated to the claims of both preferred or secured creditors and ordinary unsecured creditors of the counterparty. This may lead to positions being liquidated or closed out without your consent. It may be difficult or impossible to liquidate investments, assess value or risk exposure or determine a fair price. In certain circumstances, you may not get back the actual assets which you provided as collateral and you may have to accept any available payments in cash.

If you hold a listed option (or an OTC option that is cleared through a clearing house), the counterparty to that transaction will be an exchange or clearing house. The exchange or clearing house will contract with both you and the other party to the trade in order to guarantee both sides of the trade, reducing the risk of counterparty default for the parties to the trade. Please note that this type of arrangement does not completely eliminate the risk of counterparty default as you will still be exposed to the risk of the exchange or clearing house (as counterparty) defaulting.

xii. Options as an OTC derivative

If an option is entered into as an OTC derivative, the risks relevant to OTC derivatives will also be applicable as set out in Section 10 of this Part below. It may also be possible to enter into an option contract on an OTC basis that have additional features or terms that may make it more risky.

xiii. Additional risks

Furthermore, the risks set out in the paragraphs entitled “Trading over-the-counter (“OTC”)” and “Suspensions of trading” in the section headed “General Risks When Investing In Financial Instruments” also apply to these investments.

Further information

The features and terms of a listed option contract may vary. Further information regarding the specific listed option contract that you are investing in may also be found in product information documents that may be provided under applicable law. In addition, for options entered into as an OTC derivative, you should refer to the derivatives documentation relevant to your OTC derivative transaction, including any derivatives trading master agreements or individual terms for a specific transaction, for the applicable terms and conditions governing your transaction. Please contact your Goldman Sachs team for guidance on how to obtain these documents.

9. Contract for Difference ("CFD")

Description of instrument

A CFD is a contract between two parties known as a "buyer" and a "seller", under which the seller will pay to the buyer the difference between value of an underlying asset at the point the contract is opened and the value of the underlying asset at the predetermined point at which the contract is closed. So, if the value of the asset has increased by the time the contract is closed, the seller will pay the difference to the buyer; if the value of the asset has fallen then the buyer will need to pay the difference to the seller.

A CFD Is a type of derivative bec"use 'ts value is dependent upon, or derived from, one or more underlying assets.

Investing in CFDs can lead to the loss of the initial capital invested and any additional funds deposited with the counterparty to maintain your position under the CFD. You should not purchase this product unless you are prepared to sustain losses that exceed the original money you have invested and any commission or other transaction charges.

A CFD can only be "**cash settled**" as described above – a buyer will never take delivery of the underlying asset. In contrast to an option, a CFD does not generally have expiry dates. If there is no expiry date, an investor will need to enter into an opposite CFD to the original trade in order to close out the original trade.

CFDs are generally entered into between two parties as an OTC derivative, although some CFDs may be available and traded on listed exchanges.

Risks relating to the instrument

i. Effect of "leverage" or "gearing"

Transactions in CFDs carry a high degree of risk. The initial upfront payment is small relative to the value of the CFD so that the transaction is "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit. This may work against you and create significant losses in a short period of time.

If the market moves against your position or margin levels (i.e. the percentage value of available usable margin for securing a transaction) have increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated early at a loss. The collateral you provided may be sold to cover your obligations and you will also be liable for any resulting deficit. A leveraged or geared transaction therefore involves the possibility of greater loss than a transaction for which you are not borrowing money.

If the value of the assets in your Account falls, you may be required to deposit additional assets. Alternatively, GS may sell your assets to meet any liabilities owed to us as a result of entering into a margined transaction without prior notice to you, at a loss or at lower prices than under other circumstances. You will be solely liable for any shortfalls arising out of GS selling your assets in this way.

ii. Terms and conditions of contracts

You should ask the firm with which you deal about the terms and conditions of the specific CFD which you are trading and any associated obligations (e.g. the circumstances under which you may become obliged to make a payment under a CFD).

iii. Deposited cash and property

You should familiarise yourself with the protections given to money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

iv. Transactions in other jurisdictions

A transaction on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transaction. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transaction has been carried out. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

v. Trading facilities

Electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or participant firms. Such limits may vary and you should ask the firm with which you deal for details in this respect.

vi. Counterparty default risk

If you hold an OTC CFD and the counterparty to that CFD defaults or goes into bankruptcy, your return may be substantially impaired and you will be an unsecured creditor of the counterparty. This means that your claims for recovery of sums owed to you by the counterparty will generally be subordinated to the claims of both preferred or secured creditors and ordinary unsecured creditors of the counterparty. This may lead to positions being liquidated or closed out without your consent. It may be difficult or impossible to liquidate investments, assess value or risk exposure or determine a fair price. In certain circumstances, you may not get back the actual assets which you provided as collateral and you may have to accept any available payments in cash.

If you hold a listed CFD or an OTC CFD that is cleared through a clearing house, the counterparty to that transaction will be an exchange or clearing house. The exchange or clearing house will contract with both you and the other party to the trade in order to guarantee both sides of the trade, reducing the risk of counterparty default for the parties to the trade. Please note that this type of arrangement does not completely eliminate the risk of counterparty default as you will still be exposed to the risk of the exchange or clearing house (as counterparty) defaulting.

vii. CFDs as an OTC derivative

If a CFD is entered into as an OTC derivative, the risks relevant to OTC derivatives will also be applicable as set out in Section 10 of this Part below.

viii. Additional risks

Furthermore, the risks set out in the paragraphs entitled “Trading over-the-counter (“OTC”)”, “Suspensions of trading” and “Risk reducing orders or strategies” in the section headed “General Risks When Investing In Financial Instruments” also apply to these investments.

Further information

The features and terms of CFDs may vary. Further information regarding the specific CFD that you are investing in may also be found in product information documents that may be provided under applicable law. In addition, for CFDs entered into as an OTC derivative, you should refer to the derivatives documentation relevant to your OTC derivative transaction, including any derivatives trading master agreements or individual terms for a specific transaction, for the applicable terms and conditions governing your transaction. Please contact your Goldman Sachs team for guidance on how to obtain these documents.

10. Over-The-Counter Derivative Transactions

Description of instrument

A over-the-counter ("OTC") derivative is a contract with a value that is dependent upon, or derived from, one or more underlying assets. Terms and conditions of an OTC derivative transaction are generally specific to the transaction and are negotiated between two parties. This includes derivatives referred to elsewhere in this Part (such as options (Section 8) and CFDs (see Section 9). Some other derivative transactions, include:

Forward contract: a contract between two parties to buy or sell a financial instrument (e.g. shares, commodities, currencies) at a specific future date and at a specific price or level.

Swap contract: a contract between two parties to exchange cash or payment flows related to an underlying financial instrument or asset over a certain period.

Investing in OTC derivatives can lead to the loss of the initial capital invested and any additional funds deposited with the counterparty to maintain your position under the OTC derivative contract and any amount then outstanding that may be determined under the terms of the contract. You should not purchase this product unless you are prepared to sustain losses that exceed the original money you have invested and any commission or other transaction charges.

It is important to review the terms of each OTC derivative transaction that you enter into to understand how the relevant underlying asset impacts the value of your OTC derivative transaction and your obligations under the relevant derivatives contract, which may include obligations to make certain payments to your OTC derivative counterparty.

Risks relating to the instrument

i. Counterparty default risk

If you hold an OTC derivative, the counterparty to that derivative will be the firm with which you are dealing. You will therefore be taking the credit risk of your counterparty to the OTC derivative transaction. If the counterparty defaults or goes into bankruptcy, your return may be substantially impaired and you will be an unsecured creditor of the counterparty. This means that your claims for recovery of sums owed to you by the counterparty will generally be subordinated to the claims of both preferred or secured creditors and ordinary unsecured creditors of the counterparty. This may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you provided as collateral and you may have to accept any available payments in cash. This is in contrast to a listed derivative or an OTC derivative that is cleared through a clearing house, where counterparty default risk is reduced (but not eliminated) because the counterparty to both sides of the transaction is an exchange or clearing house.

ii. Pricing

The price of each OTC derivative transaction is individually negotiated between GS and each counterparty. You may have trouble establishing whether the price you have been offered for a particular OTC derivative transaction is fair. An OTC derivative may trade at a value that is different from the level inferred from interest rates, dividends and the underlying asset. The difference may be due to factors including, but not limited to, expectations of future levels of interest rates and dividends, and the volatility of the underlying asset prior to maturity. The market price of the OTC derivative transaction may be influenced by many unpredictable factors, including economic conditions, creditworthiness of GS, value of any underlying asset, and certain actions taken by GS. Consequently, it may be difficult to establish an independently verifiable fair price.

iii. Liquidity risk

While some OTC markets are highly liquid, transactions in OTC or “non-transferable” derivatives may involve greater risk than investing in exchange traded derivatives because there is no exchange market on which to close out an open position. It may be impossible (i) to liquidate an existing position, (ii) to assess the value of the position arising from an OTC transaction, (iii) to determine a fair price or (iv) to assess the exposure to risk. Bid and offer prices do not need to be quoted, and, even where they are, they will be established by dealers in the instrument.

There may not be another market trader who is willing to provide the same or a similar transaction. An OTC derivative transaction on standardised terms (e.g. credit default swaps with set payment dates and maturity dates) will be more liquid than a bespoke transaction.

iv. Market risk

There may be exposure to fluctuations in the value of the underlying financial instrument, asset, commodity, rate or index. Certain events relating to the underlying of the derivative transaction may trigger the right of the calculation agent (GS will usually act as calculation agent subject to certain obligations) to make certain adjustments to the economic terms (e.g. market disruption events, stock splits, the payment of unexpected or extraordinary dividends, currency controls). These adjustments may involve an element of discretion on the part of the calculation agent. Exposure to an underlying asset via an OTC derivative may not correspond in all cases with exposure obtained by holding the underlying directly.

For an uncovered swap transaction, there is risk which is directly related to the risk of the different instruments swapped. You should note that these risks are not offsetting in effect, should instead be viewed in aggregate and may be unlimited based on the full amounts contracted.

v. Effect of “leverage” or “gearing”

Transactions in OTC derivatives carry a high degree of risk. The initial upfront payment is small relative to the value of the OTC derivative so that the transaction is “leveraged” or “geared”. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit. This may work against you and create significant losses in a short period of time.

If the market moves against your position or margin levels (i.e. the percentage value of available usable margin for securing a transaction) have increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated early at a loss. The collateral you provided may be sold to cover your obligations and you will also be liable for any resulting deficit. A leveraged or geared transaction therefore involves the possibility of greater loss than a transaction for which you are not borrowing money.

If the value of the assets in your Account falls, you may be required to deposit additional assets. Alternatively. GS may sell your assets to meet any liabilities owed to us as a result of entering into a margined transaction without prior notice to you and at a loss or at lower prices than under other circumstances. You will be solely liable for any shortfalls arising out of GS selling your assets in this way.

vi. Terms and conditions of contracts

You should ask the firm with which you deal about the terms and conditions of the specific OTC derivative transaction which you are trading and any associated obligations (e.g. the circumstances under which you may become obliged to make a payment under the OTC derivative transaction).

vii. Early termination

The provisions of an OTC derivative transaction may allow for early termination and, in such cases, either you or your counterparty may be required to make a potentially significant termination payment depending upon whether the OTC derivative transaction is in-the-money at the time of termination.

viii. Regulatory considerations

An OTC transaction may be less regulated or subject to a separate regulatory regime to a listed derivative. Before you undertake such transaction, you should familiarise yourself with applicable rules and any contractual terms that govern your relationship with the counterparty including any master agreement and related schedules, credit support documents, addenda and exhibits.

ix. Treatment of collateral

If you deposit collateral as security with a counterparty under an OTC derivative transaction, the treatment of that collateral by the counterparty may vary from how it would be treated by a counterparty under a listed derivative transaction. Deposited collateral may no longer be considered your property once dealings are undertaken on your behalf. Even if your dealings under the OTC derivative transaction are profitable, you may not get back the same collateral that you deposited and may have to accept cash payment instead. It is therefore important that you carefully read the terms of any OTC derivative contract in order to understand how your collateral will be treated.

x. Inability to assign

An OTC derivative transaction entered into with one or more affiliates of GS cannot be assigned or otherwise transferred without our prior written consent. Therefore, in some cases, it may be impossible for you to transfer any OTC derivative transaction to a third party. The same restriction on assignment may apply where the counterparty is a firm that is not an affiliate of GS.

xi. Limited liability transactions

Before entering into any transaction OTC where you are seeking to limit liability (a “**limited liability transaction**”), you should obtain from GS or the firm with whom you are dealing a formal written statement confirming that the extent of your loss liability on each transaction will be limited to an amount agreed by you before you enter into the transaction. The amount you can lose in a limited liability transaction will be less than in other margined transactions, which have no predetermined loss limit. Nevertheless, even though the extent of loss will be subject to the agreed limit, you may sustain the loss in a relatively short time.

Further information

You should refer to the derivatives documentation relevant to your OTC derivative transaction, including any derivatives trading master agreements or individual terms for a specific transaction, for the applicable terms and conditions governing your transaction. Further information regarding a particular OTC derivative transaction may also be available in any product information documents that may be provided under applicable law. Please contact your Goldman Sachs team for guidance on how to obtain these documents.

11. Structured Products, including securitised derivatives and Structured Capital at Risk Products (SCARPS)

Description of instrument

Investments in structured products put your capital at risk. This means you could lose some or all of your original investment. You should not purchase this product unless you are prepared to sustain a total loss of the capital you invest in the transaction plus any commission or other transaction charges.

Certain structured products may offer principal protection, however this protection may be subject to the performance of the product and may not apply if performance is worse than expected.

"Structured products" is the generic phrase for products which provide economic exposure to a wide range of underlying asset classes. The level of income/capital growth derived from a structured product is usually linked to the performance of the relevant underlying asset(s). However, the potential return from your structured product may be different to that which may be achieved by directly holding the underlying assets. They usually carry a higher degree of risk because the risks associated with each component of the underlying assets may be connected and therefore amplified.

The range of structured products may include those where the return is linked to an index or indices, a basket of securities or other specified factors which relate to one or more of the following: equity or debt securities, interest rates, currency exchange rates or commodities.

Certain structured products provide capital protection such that an investor will not have economic exposure to performance of the underlying asset(s) below a certain level.

However, other structured products may put your capital at risk – these include products that are known as Structured Capital At Risk Products or "**SCARPs**". SCARPs are designed to provide you with an agreed level of income or growth over a specified investment period. The return of the capital you initially invested into a SCARP may be linked to the performance of an index tracking or representing a particular market or type of stock, a "basket" of selected stocks or other factors. If the SCARP has performed within specified limits, you will be repaid the capital you initially invested. If not, you could lose some or all of your initial capital. Investing in SCARPs can put the capital you initially invested at risk and SCARPs are not 100% protected.

Structured products can be structured in a variety of different ways and include various features or terms (e.g. participation rates and caps on maximum returns or losses), which can significantly impact your eventual payoff. Structured products can come in a variety of forms, with products being issued as debt securities or as derivatives (which are referred to as "**securitised derivatives**" and include instruments such as warrants). It is therefore important that you review the terms of each structured product in which you wish to invest.

A securitised derivative is a type of derivative because its value is dependent upon, or derived from, one or more underlying assets. It is normally exercisable against someone other than the entity issuing that investment. Alternatively, it may also give you rights under a contract for differences (see Section 9 of this Part for a description of this financial instrument) which allow for speculation on fluctuations in the value of assets of any description or an index, such as the FTSE 100 index.

A structured product may be available and traded on listed exchanges or traded OTC (i.e. in an off exchange transaction).

Risks relating to the instrument

i. Time

You should be aware that the product terms described only apply to an investor who invests at launch and who holds the product until final maturity. An investor should be aware that early redemption or secondary market purchase could result in a capital loss. You may not gain the maximum benefit of the investment and may receive a return less than the initial capital invested, even where the product terms protect or guarantee return of the nominal amount purchased. Early redemption penalties may be applicable in some circumstances.

In addition, some structured products that come in the form of a securitised derivative may have a time-limited right to purchase or sell the underlying assets of the securitised derivative (such as a warrant). As such, if you fail to exercise this right within the predetermined timescale, then the investment becomes worthless. In addition, in certain circumstances, a securitised derivative may lapse before its expiry date, for instance if the underlying securities are delisted. Please also note that a holder of a securitised derivative does not have any voting, shareholding or dividend rights in respect of the underlying securities to which the securitised derivative relates.

ii. Characteristics

Structured products may give an investor a right (whether for a fixed or indefinite term) to buy or sell one or more types of investments which are either (i) exercisable against the issuer or an entity other than the issuer, or (ii) give an investor rights under contract for proceeds payable by the counterparty as a result of fluctuations in value of underlying investments of any description (e.g. shares, an index, other financial investments). In such instances, the extent of loss due to market and price movements may be substantial and amplified by such connectivity with different components of the investments.

The initial capital you invest may be placed into a high risk investment such as a non-investment grade bond or an instrument linked to commodities or indices on commodities. An investment linked to the performance of an index does not include an allowance for any return or reinvestment of dividend income from the underlying components of the index. This is unless the index reinvests the dividends automatically, such as a total return equity index. The stated rate of growth or income in relation to an investment may depend on specified conditions being met, including the performance of the relevant index/indices, basket of selected stocks or other specified factor(s).

Risks inherent to each investment and each component within each investment should be considered separately as well as evaluated as a whole.

iii. Market risk

The value of the underlying reference asset and the fixed income element of the structured product may change over the life of the transaction in a manner which causes you to experience a loss. A structured investment is not 100% principal protected, therefore you may lose all or a portion of the principal amount that you invested.

Some structured products do include an element of principal protection, at a level which is stated at the time of the initial investment, so that on maturity of the investment you are assured of the return, at a minimum, of the stated proportion of your initial capital invested (subject always to the credit of the issuer of the product). In respect of some products which include an element of principal protection, the return of the stated proportion of your initial capital invested may depend on a pre-agreed level of performance being achieved or the product being held to maturity. If the performance is not attained or the product is not held to maturity the element of principal protection will not apply.

For structures with downside protection, it is important to note that the downside protection generally relates to the nominal principal amount paid and does not offer inflation protection (i.e. downside protection that keeps pace with the rate of inflation).

In relation to securitised derivatives where you may exercise a right to purchase or sell underlying securities, the price of the underlying security may, as a result of market conditions, fall below the exercise price at any point before the expiry of the securitised derivative. In these cases, the securitised derivative may become worthless. The price of a securitised derivative may also fall if there is a reduction in the time remaining to the maturity date or a decrease in the price volatility of the underlying assets. These factors may lead to capital losses if you seek to sell the securitised derivative prior to the maturity date.

iv. Issuer default risk

In the event of insolvency of the issuer of the structured product, your claims for recovery of (i) your investment, or (ii) any right to purchase or sell the underlying assets will generally be subordinated to the claims of both preferred or secured creditors and ordinary unsecured creditors of the issuer. This means that you will normally only receive any money from a liquidator if there are any remaining proceeds of the liquidation once all of the creditors of the company have been paid in full. It may take a significant amount of time to obtain any money that is owed to you by a liquidator. In this situation, you may lose your entire investment even if you hold the investment to maturity. You must therefore evaluate the credit risk of doing business with the issuer.

In addition, under a securitised derivative, your right to purchase or sell the underlying assets is exercisable against the issuer of the securitised derivative. Accordingly, you are exposed to the risk that the issuer will not perform its obligations under the securitised derivative.

v. Effect of “gearing” or “leverage”

These investments may involve a degree of gearing, so that a relatively small movement in the relevant index/indices, basket or other specified factor(s) results in a disproportionately large movement, unfavourable or favourable, in the amount paid out to you on maturity of the investment.

If the product has performed within specified limits, you will be repaid the capital you initially invested but if not, you could lose some or all of your initial capital. A structured product may not be 100% protected and may include leverage (i.e. borrowing or agreeing to incur potential liabilities in an attempt to boost investment returns), so its value can be subject to sudden and large falls. An investor in structured product which has either conditional or no capital protection should only invest in it if he is prepared to sustain a total or substantial loss of the money he has invested, plus any commission or other transaction charges.

Transactions in securitised derivatives also carry a high degree of risk. The initial upfront payment may be small relative to the value of the securitised derivative so that the transaction is “leveraged” or “geared”. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit. This may work against you and create significant losses in a short period of time.

vi. Liquidity risk

It is important to understand that it may be difficult to liquidate or sell an investment of this type, or to identify an independently determined fair valuation for an interest in this kind of vehicle. An issuer of structured product will allow you to sell structured product prior to its maturity date on a best efforts basis. However there is no public market for structured product and the issuer is not obligated to repurchase it. You should not deal in the investment unless you are prepared to sustain a loss of the money you have invested (a loss which may be total or may be partial as specified in the relevant terms and conditions), plus any commission or other transaction charges.

In addition, securitised derivatives are typically issued in small and limited quantities. This may impact your ability to sell a securitised derivative for a fair price on the secondary market. Your ability to sell a securitised derivative for a fair price on the secondary market may also be influenced by the liquidity of the underlying assets.

vii. Terms and conditions of contracts

You should ask the firm with which you deal about the terms and conditions of the specific structured product which you are trading and any associated obligations (e.g. the circumstances under which you may become obliged to make a payment under a structured product).

Where a structured product is traded on a listed exchange, under certain circumstances, the terms of outstanding structured product may be modified by the relevant exchange or clearing house to reflect changes in the underlying instrument.

viii. Payoff structure

A structured product may have complicated payoff structure that can make it difficult to accurately assess its value, risk and growth potential for the term of the product. Assessing the performance of a structured product can be complex. Performance can vary significantly depending on how the product is structured. A note can be structured in a wide variety of ways and factors such as participation rates and caps on maximum returns can impact your eventual payoff. It is therefore important that you review the terms of any structured product in which you wish to invest.

There is no guarantee that all of the initial capital invested by you will be returned to you on maturity of the investment. You may therefore get back a smaller amount than you originally invested.

ix. Regulatory considerations

When you invest in a structured product, you may not be protected by certain regulatory protections or compensation schemes in the event that a scheme operator acts unlawfully and causes a loss to you when managing assets.

x. Additional risks

Risk warning for retail investors: Structured products

Don’t invest unless you’re prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong. Take 2 minutes to learn more.

Furthermore, the risks set out in the paragraphs entitled “Trading over-the-counter (“OTC”)” and “Suspensions of trading” in the section headed “General risks when investing in financial instruments” also apply to these investments.

Further information

Further information regarding the risks relating to a particular structured product, and any risks regarding the issuer of that security, can also be found in (i) the prospectus or other offering documents regarding that issuance and (ii) any product information documents regarding the structured product that may be provided under applicable law. Please contact your Goldman Sachs team for guidance on how to obtain these documents.

Given the wide variety of pay-offs available through a structured product, you should also review any materials or documentation provided to you in respect of a specific structured product, including any term sheets or other terms and conditions for that specific product.

12. Securities Lending

Description of instrument

Securities lending involves the temporary transfer for securities that you own to a third party (a borrower) in return for collateral which secures the securities lending and a fee (which may be paid periodically). The lender is contractually obliged to return securities which are equivalent to the one which you lent on demand within a pre-defined settlement period. As a result of lending securities, you will cease to be the owner of them, although under a securities lending arrangement you have the right to reacquire at a future date equivalent securities (or in certain circumstances their cash value or the proceeds of redemption).

Transactions in securities lending put your capital at risk. This means you could lose some or all of your original investment. You should not enter into a securities lending transaction unless you are prepared to sustain a total loss of the capital you invest in the transaction plus any commission or other transaction charges.

Risks relating to the instrument

i. Borrower default risk

Your right to the return of equivalent securities is subject to the risk of insolvency or other non-performance by the borrower. Whilst it is common to reduce exposure to the risk of borrower default by demanding that the borrower posts collateral to secure the loan, this does not eliminate borrower default risk.

ii. Collateral risk

A securities lending transaction is typically secured by collateral that the borrower provides. There is a risk that the value of the collateral falls below the replacement cost of the securities that are being lent. In such instances, if the borrower defaults you will suffer losses equal to the difference in value between the collateral and the securities.

iii. Cash collateral reinvestment risk

Where you take cash as collateral as part of a securities lending transaction, you may wish to reinvest that cash in order to generate a return. You will be liable to the borrower for any losses suffered on reinvestment of the cash collateral.

iv. Voting rights and operational risk

Since you are not the owner of the securities during the period that they are lent out, you will not have voting rights. You will also not have the right to directly receive dividends or participate in other corporate actions in respect of the securities that you have lent out. However you will normally be entitled to a payment from the borrower which is equivalent to the dividends you would otherwise have received. The borrower will also be required to account for you for the benefit of corporate actions.

Delivery failure could occur due to non-settlement or delay in settlement of transactions. Alternatively, there may be a failure to deliver securities due to illiquid market conditions in respect to the specific security at any given time, with the security being difficult to source. This could result in an event of default and termination of the securities lending transaction. Depending on the market value of the securities at this time, this may result in a loss to a party even where the termination is as a result of an external event.

v. Tax disclaimer

Securities lending may affect your tax position and you should consult a tax adviser before proceeding. GS does not provide tax or legal advice.

Further information

Full details of the provisions governing the securities lending transaction will be contained in any securities lending agreement you enter into and the above description is subject to the terms of any such document.

Part II: Emerging Markets Risk Statement

1. Introduction

This section sets out some of the risks associated with making investments in emerging markets, you should carefully consider these risks before choosing to invest in emerging markets.

Whilst countries other than those with well-developed legal systems and securities markets have been working to develop their legal, judicial and regulatory infrastructure, there is still a high degree of legal uncertainty concerning the rights, duties and legal remedies of market participants in some of these countries.

Emerging markets can carry significantly greater risks than those typically associated with investing in more developed markets. The nature and extent of these risks will vary from country to country. Before making any investment in these markets, you should independently satisfy yourself that you understand and appreciate the significance of the relevant risks set out below, and that this investment is suitable for you and any clients for whom you are acting in a fiduciary capacity.

This statement is intended to summarise some of these risks, but does not purport to be an exhaustive list, nor should it be regarded as offering advice on the suitability of these investments for you or your clients.

2. Emerging Market Risks

2.1 Market Characteristics

The securities markets of emerging countries are in the early stages of their development. Many of them generally lack the levels of transparency, liquidity, efficiency and regulation characteristic of the more developed markets. In some of these markets, standard practices, market customs and usages have yet to evolve and be readily identifiable as such by market participants. The credit rating of local financial institutions may not be high and there is often limited trust in such institutions.

Government supervision of securities markets, investment intermediaries and of quoted companies may be considerably less well-developed than in many countries with well-established markets and, in some cases, effectively non-existent. Many regulations are unclear in their scope and effect. There may be a greater risk than in more developed countries of activities conducted in good faith on the basis of professional advice subsequently being regarded as not in compliance with fiscal, currency control, securities, corporate or other regulatory requirements. In addition, where a system of regulation is present, it may lack any adequate mechanism to enforce compliance by participants.

The valuation of both enterprises and financial instruments in some of these countries has sometimes proved problematic in the absence of efficient secondary markets. In particular, the illiquidity of the markets in general or of particular financial instruments in some of these countries may make it difficult to determine an accurate valuation for a particular instrument or whether this instrument could actually be sold at a particular price. In addition, due to historic difficulties in acquiring financial instruments in certain countries, depository receipts or derivatives relating to certain financial instruments may not be mutually interchangeable with each other or the underlying financial instruments. This might lead to these depository receipts or derivatives trading at substantial premiums or discounts to the underlying or related financial instruments.

2.2 Economic risk

Many emerging countries lack a strong infrastructure. Telecommunications generally are poor, and banks and other financial systems are not always well developed, well-regulated or well-integrated. These countries may also have considerable external debt, which could affect the proper functioning of their economies with a corresponding adverse impact on the performance of their markets. Tax regimes may be subject to the risk of a sudden imposition of arbitrary or onerous taxes, which could adversely affect foreign investors.

Businesses in these countries may have a limited history operating in market conditions. Accordingly, when compared to companies in more developed markets, such businesses may be characterised by a lack of management who are experienced in market conditions and a limited capital base with which to develop their operations.

2.3 Political risk

The political systems in the majority of emerging countries have been the subject of substantial and positive reforms. The relative infancy of some of these political systems may mean that they are more vulnerable in the face of popular dissatisfaction with reform, political or diplomatic developments, or social, ethnic or religious instability. These developments, if they were to occur, could in turn lead to a reversal of some or all of the democratic reforms, a backlash against foreign investment and, in a worst case scenario in some countries, a return to a centralised planned economy and state ownership of assets. This could involve the compulsory nationalisation or expropriation of foreign-owned assets without adequate compensation, or the restructuring of particular industry sectors in a way which could adversely affect private investors in such sectors.

2.4 Investment, foreign exchange and repatriation restrictions

Foreign investment in emerging countries is in some cases restricted. Some of these countries have non-convertible currencies and the value of investments may be affected by fluctuations in available currency rates and exchange control regulations (which could change at any time). The repatriation of investors' funds and profits may therefore be restricted or difficult and could involve significant cost. Moreover, considerable delays may occur in the transfer of funds within, and with repatriation of monies out of, these countries.

2.5 Tax risks

In some countries, the tax position is complex and subject to more frequent change than in western countries. It may not be possible to reclaim tax even where this is theoretically possible due to practical and timing issues.

2.6 Legal risks

Many emerging countries do not yet have a legal system comparable to those of more developed countries. Legal reforms may not always correspond to market developments, resulting in ambiguities and inconsistencies which increase the risk of investing in these countries. Legislation to safeguard the rights of private ownership and control as well as establishing intellectual property concepts may not yet be in place, and there is risk of conflicting rules and regulations. Laws and regulations governing investment in securities markets may not exist or may be subject to inconsistent or arbitrary interpretation or application. The independence of the judicial systems, and their susceptibility to economic, political or nationalistic influences, remains largely untested. It may be impossible to predict whether a foreign investor would obtain effective redress in the local courts in respect of a breach of local laws or regulations, or in an ownership dispute.

2.7 Settlement risk

The concepts of ownership of and procedures for the transfer of securities in emerging countries may differ radically from those in more developed markets. In some markets, for example, the term "dvp" (delivery versus payment) does not imply that securities and cash move at the same time. Registration of shares may not be subject to standardised procedures or to a centralised system, and may be effected on an ad hoc basis. The concept of nominee ownership is undeveloped and, in some cases, not recognised at all. As a result, registration can be administratively cumbersome and time consuming, leading to delays in settling trades, ownership disputes and constraints on trading. The realisation of rights of ownership, for example, the exercise of shareholders' rights, cannot be assumed. Additionally, in some markets the risk of conflicts of interest on the part of those responsible for the conduct of the registration procedures, the risk of fraud (e.g. in connection with physical certificates), a registrar refusing to effect registration without justification or a registrar deleting a registration once it has occurred (with a consequential total loss of investment) is higher in many cases than in more developed markets.

2.8 Shareholder risks

Rules in emerging countries regarding ownership and corporate governance of domestic companies may not exist or may confer little practical protection on minority shareholders. For example, there may not be rules limiting the ability of management to effect transactions with affiliates or to sell or otherwise dispose of their company's assets. Disclosure and reporting requirements are in many cases less than in more developed countries and may be non-existent or basic. Anti-dilution protection may also be very limited. Redress for violations of shareholder rights may be difficult in the absence of a system of derivative or class action litigation.

2.9 Accounting practices

Accounting, auditing and financial reporting standards in many emerging countries are not yet equivalent to those applicable in more developed countries. In some of these countries, the standards may be of virtually no assistance to an investor. The availability, quality and reliability of corporate information (including official data) is likely to be lower than that in respect of investments in more developed markets.

Part III: Key Risks associated with Investments issued by UK and European Banks that are subject to the Bank Recovery and Resolution Directive

What is the Bank Recovery and Resolution Directive (the "BRRD")?

The BRRD is a European directive that establishes a framework for the recovery and resolution of certain European banks and investment firms (the "**Resolution Regime**"). In order to avoid using public funds to "bail-out" failing institutions, the BRRD, through its implementation into the laws of the relevant EU member state and the UK, gives the UK and European regulators the power to "bail-in" certain investments issued by UK and EU institutions respectively. In-scope investments may include, but are not limited to, certain equity and debt securities issued by UK and European banks and investment firms which you may hold in your Account.

How does the BRRD impact your investments?

During the course of our relationship, you may invest in financial instruments issued by (i) UK and EEA credit institutions and large investment firms, (ii) certain UK and EEA subsidiaries of credit institutions or large investment firms, or (iii) other UK and EEA companies within financial groups ("**Regulated Entities**"). Certain financial instruments issued by Regulated Entities will be subject to the Resolution Regime under the BRRD. These investments may be made on our recommendation, on your instruction or in the exercise of our discretionary authority to manage your portfolio.

Under the Resolution Regime, UK and European regulators have tools and powers to intervene in Regulated Entities or their groups which are or are 'failing' or 'likely to fail'. The aim is for ensuring the continuity of the entity or group's critical financial and economic functions, whilst minimising the impact of the entity or group's failure on the financial system and the public by avoiding the need for a "bail-out". The powers of the UK and European regulators under the Resolution Regime may arise automatically under national legislation and therefore there may be no reference to such powers in the product documentation. In other instances, these powers are expressly referenced in relevant documentation or agreements.

Most relevant for your investments are pre-resolution and resolution measures under the BRRD. These measures can include a "bail-in" of your investments or the UK or European regulators exercising "stay" powers, under which contractual rights and obligations may be suspended, such as the payment or delivery obligations to you.

Under the relevant "bail-in" Resolution Regime, there can be modifications to the terms of debt instruments and most other liabilities of the Regulated Entity (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), and a more general "bail-in" power which allows UK or European regulators to write down to zero (or reduce the principal amount of, or the outstanding amount payable of) most unsecured debts of the Regulated Entity and/or to convert such debts into equity.

Please speak to your Goldman Sachs team if you would like to learn more about the BRRD.

Part IV: Sustainable Finance Disclosures

This section is relevant to clients of Goldman Sachs Bank Europe SE ("GSBE") including its EU branches only.

Sustainability factors

Sustainability factors mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. Therefore, sustainability factors can cover a range environmental, social and governance ("ESG") information depending on the context (including sustainability risks and sustainability preferences)[1].

Where appropriate, sustainability factors will be taken into consideration:

- in the selection process of financial instruments; and
- when making investment decisions or recommendations on the client's portfolio,

through the consideration of "sustainability risks" [2], a client's "sustainability preferences", principal adverse sustainability impacts and through investment in financial products with environmental and/or social characteristics or a sustainable investment objective under SFDR.

1. Sustainability risks

Sustainability risks mean an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. Please see Section 16 of **Part I "*Nature and Risks of Financial Instruments*"** for further information.

GS looks to implement processes to identify, monitor and manage environmental, social and other sustainability risks that we consider to be most relevant in relation to the investments we advise on.

For discretionary Accounts that hold a centrally managed strategy that is managed by our affiliate Goldman Sachs Asset Management ("GSAM") or the GS Portfolio Management Group ("PMG") based on recommendations from GSAM, we periodically engage with GSAM to understand any sustainability risks in connection with the strategy.

For internally managed GS portfolios, GS's approach for understanding sustainability risk and any potential impacts in these offerings draws on ESG content it receives from third-party product and data providers as well as product information from Goldman Sachs Asset Management and, where appropriate, Goldman Sachs Asset Management Global Stewardship Team.

Additionally, where a discretionary or non-discretionary account holds a fund that is offered through PWM's funds platform offering, we periodically engage with the relevant fund manager through our affiliates to understand any sustainability risks in connection with the fund and the impacts of such risks. Where relevant, we also direct clients to the underlying fund documentation prepared by the fund manager, which may contain information on the underlying fund's sustainability risks.

.

[1] Sustainability factors are defined in the amendment to the MiFID 2 Delegated Regulation (2017/565) (MiFID 2 Delegated Regulation) by reference to the Sustainable Finance Disclosures Regulation (2019/2088 (– "SFDR"))

[2] Article 2(22) of SFDR

Whilst sustainability risks play an important part in our investment approach, we consider sustainability risks, where relevant, alongside all other risks relevant to the portfolio, and take a holistic view on the composition of the portfolio or the holding of specific investments from a risk perspective.

2. Sustainability preferences

When making investment decisions or considering whether advice is suitable for a client, GS will consider the client's sustainability preferences (if any) in terms of:

- the proportion invested in economic activities that qualify as environmentally sustainable as defined in Article 2, point (1), of Taxonomy Regulation);
- the proportion of sustainable investments (as defined in Article 2, point (17), of SFDR);
- the consideration of principal adverse impacts.

Sustainability preferences are preferences only and will not be incorporated as investment guidelines in the portfolio. GS is required to consider clients' knowledge and experience, risk profile, financial situation and investment objectives (the "**suitability criteria**"), when assessing the suitability of products, services or transactions for clients. Sustainability preferences will be considered as part of the suitability assessment as a whole.

3. Principal adverse sustainability impacts

GS has adopted a high level, principles-based approach to broadly identifying and monitoring principal adverse impacts of investment decisions and investment advice on sustainability factors. GS considers an adverse impact on sustainability factors to be principal where it has a material, negative impact on efforts to accelerate transition to a low carbon economy and/or to advance inclusive growth. GS also considers an adverse impact to be principal where available data and client feedback indicate that it is of material concern to a significant majority of our clients.

GS's approach for understanding and monitoring principal adverse impacts in its investment advice and management services draws on ESG content it receives from Global Investment Research and other firmwide sources, as well as clients' preferences including in relation to principal adverse impacts. GS does not directly undertake traditional shareholder engagement activities and instead leverages the capabilities of its affiliates, including the GSAM's Stewardship Team.

4. Investment in SFDR financial products

Broadly, when GS advises on investments in financial products within the scope of SFDR, we consider multi-asset class portfolio that promote certain environmental and social characteristics by investing a portion of assets in centrally managed strategies and funds that either:

- incorporate revenue-based exclusionary thresholds; and/or
- promote certain ESG themes, environmental and social characteristics including, but not limited to, climate risk, governance, and employee matters.

Part V: Risk Summaries

This section is relevant to clients of Goldman Sachs International only.

1. Risk summary for non-readily realisable securities which are shares

Estimated reading time: 2 min

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.

What are the key risks?

You could lose all the money you invest

- If the business you invest in fails, you are likely to lose 100% of the money you invested. Most start-up businesses fail.

You are unlikely to be protected if something goes wrong

- If the business offering this investment is not regulated by the FCA, your investment will not be protected under the UK Financial Services Compensation Scheme (FSCS) if the business fails. Learn more about FSCS protection here.
- Where the business offering this investment is regulated by the FCA, you may benefit from FSCS protection if the business fails but note that FSCS protection does not cover poor investment performance. See the FSCS investment protection checker here.
- Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection here.

You are unlikely to get your money back quickly

- Even if the business you invest in is successful, it may take several years to get your money back. You are unlikely to be able to sell your investment early.
- The most likely way to get your money back is if the business is bought by another business or lists it shares on an exchange such as the London Stock Exchange. These events are not common.
- If you are investing in a start-up business, you should not expect to get your money back through dividends. Start-up businesses rarely pay these.

Don’t put all your eggs in one basket

- Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.

The value of your investment can be reduced

- The percentage of the business you own will decrease if the business issues more shares. This could mean that the value of your investment reduces, depending on how much the business grows. Most start-up businesses issue multiple rounds of shares.
- These new shares could have additional rights that your shares don't have, such as the right to receive a fixed dividend, which could further reduce your chances of getting a return on your investment.

If you are interested in learning more about how to protect yourself, visit the FCA's website here.

2. Risk summary for non-readily realisable securities which are debentures

Estimated reading time: 2 min

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.

What are the key risks?

You could lose all the money you invest

- If the business you invest in fails, there is a high risk that you will lose your money. Most start-up and early-stage businesses fail.
- Advertised rates of return aren't guaranteed. This is not a savings account. If the issuer doesn't pay you back as agreed, you could earn less money than expected or nothing at all. A higher advertised rate of return means a higher risk of losing your money. If it looks too good to be true, it probably is.
- These investments are occasionally held in an Individual Savings Accounts (ISA) or other tax-efficient wrapper. A tax wrapper does not reduce the risk of the investment or protect you from losses, so you can still lose all your money. It only means any potential gains from your investment will be tax free.

You are unlikely to be protected if something goes wrong

- If the business offering this investment is not regulated by the FCA, your investment will not be protected under the UK Financial Services Compensation Scheme (FSCS) if the business fails. Learn more about FSCS protection here.
- Where the business offering this investment is regulated by the FCA, you may benefit from FSCS protection if the business fails but note that FSCS protection does not cover poor investment performance. See the FSCS investment protection checker here.
- Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection here.

You are unlikely to get your money back quickly

- Many bonds last for several years, so you should be prepared to wait for your money to be returned even if the business you're investing in repays on time.
- You are unlikely to be able to cash in your investment early by selling your bond. You are usually locked in until the business has paid you back over the period agreed.

Don't put all your eggs in one basket

- Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.

If you are interested in learning more about how to protect yourself, visit the FCA's website here.

3. Risk summary for unregulated collective investment schemes

Estimated reading time: 2 min

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be very complex and high risk.

What are the key risks?

You could lose all the money you invest

- If the business offering this investment fails, there is a high risk that you will lose all your money. Businesses like this often fail as they usually use risky investment strategies.
- Advertised rates of return aren't guaranteed. This is not a savings account. If the issuer doesn't pay you back as agreed, you could earn less money than expected or nothing at all. A higher advertised rate of return means a higher risk of losing your money. If it looks too good to be true, it probably is.
- These investments are very occasionally held in an Individual Savings Accounts (ISA) or other tax-efficient wrapper. While any potential gains from your investment will be tax free, you can still lose all your money. A tax wrapper does not reduce the risk of the investment or protect you from losses.

You are unlikely to be protected if something goes wrong

- The Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover investments in unregulated collective investment schemes. You may be able to claim if you received regulated advice to invest in one, and the adviser has since failed. Try the FSCS investment protection checker here.
- Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection here.

You are unlikely to get your money back quickly

- This type of business could face cash-flow problems that delay payments to investors. It could also fail altogether and be unable to repay any of the money owed to you.
- You are unlikely to be able to cash in your investment early by selling your investment. In the rare circumstances where it is possible to sell your investment in a 'secondary market', you may not find a buyer at the price you are willing to sell.
- You may have to pay exit fees or additional charges to take any money out of your investment early or be unable to do so.

This is a complex investment

- This kind of investment has a complex structure based on other risky investments, which makes it difficult for the investor to know where their money is going.
- This makes it difficult to predict how risky the investment is, but it will most likely be high.
- You may wish to get financial advice before deciding to invest.

Don't put all your eggs in one basket

- Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.

If you are interested in learning more about how to protect yourself, visit the FCA's website here.

For further information about unregulated collective investment schemes (UCIS), visit the FCA's website here.

4. Risk summary for structured products

Estimated reading time: 2 min

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be very complex and high risk.

What are the key risks?

You could lose all the money you invest

- If the business offering this investment fails, or if the underlying on which this structure note is based underperforms, there is a high risk that you will lose some or all of your money.
- Advertised rates of return aren't guaranteed. This is not a savings account. If the issuer doesn't pay you back as agreed, you could earn less money than expected or nothing at all. A higher advertised rate of return means a higher risk of losing your money. If it looks too good to be true, it probably is.
- These investments are occasionally held in an Individual Savings Accounts (ISA) or other tax-efficient wrapper. While any potential gains from your investment will be tax free, you can still lose all your money. A tax wrapper does not reduce the risk of the investment or protect you from losses.

You are unlikely to be protected if something goes wrong

- If the business offering this investment is not regulated by the FCA, your investment will not be protected under the UK Financial Services Compensation Scheme (FSCS) if the business fails. Learn more about FSCS protection here.
- Where the business offering this investment is regulated by the FCA, you may benefit from FSCS protection if the business fails but note that FSCS protection does not cover poor investment performance. See the FSCS investment protection checker here.
- Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection here.

You are unlikely to get your money back quickly

- Many structured products last for several years, so you should be prepared to wait for your money to be returned even if the business you're investing in repays on time.
- You are unlikely to be able to cash in your investment early by selling your investment. In the circumstances where it is possible to sell your investment in a 'secondary market', you may not find a buyer at the price you are willing to sell.
- You may have to pay exit fees or additional charges to take any money out of your investment early.

This is a complex investment

- This kind of investment has a complex structure based on other risky investments, which makes it difficult for the investor to know where their money is going.
- This makes it difficult to predict how risky the investment is, but it will most likely be high.
- You may wish to get financial advice before deciding to invest.

Don't put all your eggs in one basket

- Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.

If you are interested in learning more about how to protect yourself, visit the FCA's website here.

Part VI: Glossary

Term	Meaning
bail-in	action which is the opposite of a bail-out, in which creditors are mandated to take losses (e.g. through the cancellation of debt), to prevent a financial institution from becoming insolvent
call	a right to buy a particular asset at a specific price (known as the strike price) within a specific time period
cash settlement	settlement method in which the parties do not deliver the actual underlying assets to each other. Instead, the cash difference reflecting the market position is transferred from one party to the other.
discount	where an investment is trading for lower than its intrinsic value
emerging markets	While there is no standard definition of an "emerging market", generally refers to a market where the political, legal and economic systems are either comparatively new or not very firmly established so that their financial systems and institutions are generally there is less legal certainty and stability than counterparts in developed countries.
hedge	to take an offsetting position, usually to reduce the risk of adverse price movements in an asset or investment.
leverage / gearing	use of borrowed money, either in the form of financial instruments or capital, to increase the potential return on an investment.
long position	where the investor purchases the asset or investment, with the expectation that its value will increase
non-readily realisable securities	an investment is not (i) a government security, (ii) listed, or (iii) regularly traded on an exchange
over-the-counter / OTC	off-exchange trading, usually done directly between two trading counterparties or via a broker-dealer
physical settlement	settlement method in which the parties deliver the actual underlying assets to each other
premium	may refer to either: • where an investment is trading for higher than its intrinsic value; or • the charge to buy an options contract or a warrant.

put	a right to sell a particular asset at a specific price (known as the strike price) within a specific time period
short position	where the investor sells an asset or investment, with the expectation that its value will fall in the short term, with the intention of repurchasing the asset in the near future
spread	the difference between the prices, rates or yields of a security or asset
stop-limit	an order to sell an asset or investment within a certain timeframe, where: it reaches a price (stop price) where the trade is triggered; the transaction is only carried out if the asset or investment can be bought or sold above a minimum or below a maximum price set (limit price).
stop-loss	an order to buy or sell an asset or investment once it reaches a certain price, usually to limit losses
straddle position	the purchase of a put and call option for the same underlying asset, usually to allow the holder to profit based on how much the price of the underlying asset moves, regardless of the direction of that price movement
synthetic replication	to create a financial instrument which follows the performance of another asset or investment, with certain characteristics (e.g. term) altered.