RISK DISCLOSURE STATEMENT

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1. Introduction

This Risk Disclosure Statement ("Statement") is issued by DPRG IM Ltd (Registration Number: HE433850) (the "Company"), a Cyprus Investment Firm authorised and regulated by the Cyprus Securities and Exchange Commission ("CySEC") under License Number 454/25, pursuant to the Investment Services and Activities and Regulated Markets Law 87(I)/2017 (the "Law"), as amended from time to time.

The purpose of this Statement is to provide Clients with a general description of the nature and risks associated with investing in financial instruments and engaging in the investment services offered by the Company.

The Company provides investment services exclusively to Professional Clients and, where appropriate, to Eligible Counterparties, in accordance with the Law and MiFID II.

This Statement is therefore primarily addressed to Professional Clients.

The provision of this document does not constitute personalised investment advice or a recommendation to engage in any investment activity. Clients should carefully assess their own investment objectives, financial resources, experience, and risk appetite before making investment decisions.

The Company has implemented procedures and internal controls in accordance with the applicable regulatory framework, including MiFID II, the General Data Protection Regulation (EU) 2016/679 ("GDPR"), the Digital Operational Resilience Act (Regulation (EU) 2022/2554 – "DORA"), and relevant CySEC Directives and Circulars.

However, it is important to note that engaging in investment activities inherently involves financial and operational risks, and the Company cannot eliminate such risks.

Clients must ensure that they fully understand the nature of each investment and the associated risks and seek independent professional advice where necessary.

2. Definitions

For the purposes of this Statement:

- Financial Instruments shall have the meaning assigned in Part III of the Law and include, among others, transferable securities, units in collective investment undertakings, options, futures, swaps, forward rate agreements, and other derivatives.

- Professional Client shall mean a client meeting the criteria defined under Section I of the Third Appendix of the Law and MiFID II.

- Eligible Counterparty shall mean a client defined under Section II of the Third Appendix of the Law and MiFID II, eligible to be treated as such for the purposes of certain investment services.

- Retail Client shall mean a client who is not a Professional Client or an Eligible Counterparty.

- MiFID II refers to Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments.

- DORA refers to Regulation (EU) 2022/2554 on Digital Operational Resilience for the financial sector.

- Client refers to any person to whom the Company provides investment services or ancillary services.

3. Scope of Application

This Risk Disclosure Statement outlines key risk factors associated with the investment services and financial instruments offered by the Company and forms part of the information that the Company must provide to its Clients under Article 24 of MiFID II and relevant CySEC regulations.

It does not constitute an exhaustive list of all possible risks and should not be construed as investment advice or a recommendation to transact.

Clients are strongly advised to seek independent legal, financial, or tax advice as appropriate prior to engaging in any investment activity.

This Statement forms part of the Company's general duty to act honestly, fairly, and professionally in accordance with the best interests of its Clients.

4. General Risk Warning

Investing in financial instruments and engaging in investment services provided by the Company involves significant risks, including the possibility of losing all or part of the capital invested.

Clients should not enter into investment transactions unless they understand the nature of the contracts they are entering into, and the extent of their exposure to risk.

Investment products and services are subject to the following general risks:

- Loss of Capital: There is no guarantee of preserving the capital initially invested.
- Market Volatility: Asset prices may fluctuate significantly due to market dynamics.
- No Guaranteed Returns: Investment products do not offer guaranteed returns. Past performance is not indicative of future results.
- Leverage Risks: Leveraged positions can result in losses exceeding the initial investment amount.
- Liquidity Constraints: Some products may be difficult to sell under certain market conditions.

External factors such as macroeconomic indicators, political events, monetary policy changes, and unforeseen crises may substantially affect the value and performance of investments.

Clients should invest only if they are able and willing to bear potential financial losses, and if such investments align with their investment profile and risk appetite.

The Company undertakes best efforts to ensure fair, professional, and regulatory-compliant operations but cannot eliminate systemic risks or ensure the performance of investments.

5. Risks Associated with Investment Services and Financial Instruments

Below is a detailed, non-exhaustive overview of the key categories of risks:

5.1 Market Risk

Market risk is the risk of losses arising from movements in market prices, whether relating to equities, bonds, currencies, commodities, or other asset classes.

Factors contributing to market risk include:

- Changes in interest rates
- Political events
- Economic reports and indicators
- Natural disasters
- Technological or industrial developments

Clients should be aware that volatility can be extreme, especially in emerging markets or smaller capitalisation securities.

5.2 Credit Risk

Credit risk is the risk that a counterparty (e.g., an issuer of bonds or other debt instruments) will be unable to fulfill its obligations, either due to insolvency or financial deterioration.

Consequences of credit events:

- Loss of principal or income
- Downgrades by credit rating agencies
- Market price deterioration of the relevant security

Fixed-income instruments such as corporate bonds and structured notes are particularly susceptible to credit risk.

5.3 Liquidity Risk

Liquidity risk refers to the risk of being unable to liquidate a position in a timely manner at a reasonable price.

Liquidity constraints may arise due to:

- Limited trading volumes
- Economic or political instability
- Closure or suspension of trading on exchanges

Clients may incur significant losses or delays in accessing funds when liquidity evaporates.

5.4 Interest Rate Risk

Interest rate risk primarily affects fixed-income securities and refers to the inverse relationship between interest rates and bond prices.

- Rising interest rates generally lead to falling bond prices.
- Bonds with longer maturities are more sensitive to interest rate fluctuations.

Clients holding bonds or bond funds should carefully monitor changes in interest rate environments.

5.5 Currency Risk

Investments denominated in foreign currencies are subject to exchange rate fluctuations.

- Appreciation of the base currency may result in investment losses when converting back from the foreign currency.
- Hedging strategies may be employed but cannot eliminate all currency risks.

5.6 Inflation Risk

Inflation reduces the purchasing power of money and can diminish the real return of investments.

- Fixed-income investments are particularly vulnerable, as their nominal returns may not adjust in line with inflation rates.

Clients seeking real value preservation should carefully assess inflation risks in long-term investment strategies.

5.7 Concentration Risk

Concentration risk arises when a portfolio is overly exposed to a single issuer, sector, asset class, or geographic area.

- Diversification is critical in mitigating concentration risk.
- High correlation among investments may increase risk exposure even in a diversified portfolio.

5.8 Counterparty Risk

Counterparty risk refers to the likelihood that a counterparty to a transaction could default before the final settlement of the transaction's cash flows.

- Over-the-counter (OTC) derivatives carry heightened counterparty risk compared to exchange-traded instruments.

Clients should understand the creditworthiness and operational soundness of counterparties.

5.9 Custodian Risk

Custodian risk relates to the potential for loss of assets due to failure, insolvency, negligence, or fraud by the appointed custodian or sub-custodian.

While the Company employs due diligence in selecting reputable custodians, no assurance can be given that losses will not occur.

5.10 Operational and ICT Risk

Operational risk includes the risk of losses arising from inadequate or failed internal processes, personnel, systems, or external events.

Specific threats include:

- Cyber-attacks and cybersecurity breaches

- System failures and outages
- Business continuity disruptions

The Company implements measures under the Digital Operational Resilience Act (DORA) to manage ICT and cybersecurity risks, but residual operational risk remains.

5.11 Legal and Regulatory Risk

Changes in legislation, regulatory practices, tax frameworks, or licensing conditions may affect the profitability, viability, or legality of certain investments.

- Legal restrictions may limit market access, trading activities, or investment structures.

Clients should monitor legal developments in relevant jurisdictions and seek professional advice where necessary.

6. Specific Risks Related to Financial Instruments

This section outlines the risks specific to different types of financial instruments offered by the Company.

Clients should ensure that they understand the unique features, risk profiles, and liquidity considerations of each product before making any investment decision.

6.1 Equities (Shares)

Equities represent ownership interests in a company and entitle the holder to a share of profits, usually in the form of dividends.

Risks associated with equities include:

- Market Volatility: Share prices can fluctuate significantly due to company-specific, sector-specific, or market-wide events.
- Dividend Risk: Companies are not obligated to pay dividends, and dividend payments can be reduced or suspended.

- Dilution Risk: Issuance of new shares by a company can dilute the ownership and value of existing shares.
- Corporate Governance Risk: Mismanagement, fraud, or failure to adhere to best practices can impact share value.

Equities are subject to high volatility and are generally considered medium-to-high risk investments.

6.2 Bonds and Fixed Income Securities

Bonds are debt instruments that pay periodic interest and return principal at maturity.

Risks associated with bonds include:

- Credit Risk: Risk that the issuer will default on interest or principal repayments.
- Interest Rate Risk: Bond prices typically move inversely to changes in interest rates.
- Reinvestment Risk: Risk that cash flows from a bond will be reinvested at lower interest rates in a declining rate environment.
- Liquidity Risk: Certain bonds, especially those issued by smaller or less established entities, may be difficult to trade.

Clients investing in bonds should consider the issuer's credit rating, bond maturity, and prevailing interest rate trends.

6.3 Investment Funds (UCITS and AIFs)

Investment funds pool money from multiple investors to invest in a diversified portfolio of assets.

Risks associated with investment funds include:

- Market Risk: The value of fund investments fluctuates with underlying markets.

- Management Risk: Poor investment decisions by the fund manager can lead to underperformance.
- Liquidity Risk: Some funds may restrict redemption rights or impose exit fees during stressed market conditions.
- Structural Risk: Complexity in certain fund structures (particularly Alternative Investment Funds - AIFs) may increase operational risks.

Clients should carefully review the fund’s prospectus and understand its investment strategy and risk profile.

6.4 Derivatives (Options, Futures, Swaps)

Derivatives are financial instruments whose value is derived from the value of an underlying asset.

Risks associated with derivatives include:

- Leverage Risk: Small changes in the price of the underlying asset can lead to substantial gains or losses.
- Counterparty Risk: OTC derivatives expose clients to the risk that the counterparty will default.
- Complexity Risk: Derivatives can involve complex payoff structures, requiring a strong understanding of market variables.
- Liquidity Risk: Some derivatives may be difficult to unwind under certain market conditions.

Clients should only engage in derivative transactions if they fully understand the associated leverage, margin requirements, and potential for loss.

6.5 Structured Products

Structured products are pre-packaged investment strategies based on derivatives and other financial instruments.

Risks associated with structured products include:

- Complexity: Structured products often involve multiple components that can make risk assessment difficult.
- Issuer Credit Risk: Return depends on the solvency of the issuing bank or institution.
- Liquidity Risk: Structured products are generally illiquid and may not be redeemable before maturity.
- Market Risk: Value may fluctuate due to the performance of underlying assets, interest rates, or other market variables.

Clients should seek detailed product documentation and assess their risk tolerance before investing in structured products.

6.6 Money Market Instruments

Money market instruments include short-term debt securities such as Treasury bills, certificates of deposit, and commercial paper.

Risks associated with money market instruments include:

- Credit Risk: Issuer default may result in loss of principal.
- Interest Rate Risk: Returns are sensitive to changes in prevailing interest rates.
- Liquidity Risk: Under stressed conditions, even traditionally liquid instruments may become difficult to trade.

Although generally lower risk compared to other asset classes, money market instruments are not risk-free.

7. Use of Leverage and Margin

Leverage involves borrowing funds to increase the size of a position beyond what would be possible with available capital alone.

Risks associated with leverage include:

- Magnified Losses: Leverage amplifies both gains and losses. A small adverse movement in the underlying asset can result in significant losses exceeding the initial investment.

- Margin Calls: Clients using margin may be required to deposit additional funds at short notice to maintain positions.

- Forced Liquidation: If margin requirements are not met, positions may be closed automatically at a loss without prior notice.

Clients should carefully assess whether trading on leverage is appropriate in view of their financial situation and investment objectives.

The Company requires Clients to maintain sufficient margin levels and may apply risk controls to limit leverage exposure.

8. Operational Resilience and ICT Risks (DORA)

In accordance with Regulation (EU) 2022/2554 on Digital Operational Resilience (DORA), the Company has adopted governance frameworks, ICT risk management policies, and incident response plans to enhance operational resilience.

Key risks include:

- Cybersecurity Threats: Risks from hacking, phishing attacks, ransomware, and system breaches.

- System Failures: Hardware or software malfunctions may disrupt investment operations.

- Third-Party ICT Service Providers: Dependency on external ICT providers introduces additional risk.

- Data Breaches and Privacy Violations: Unauthorized access to client data may result in regulatory penalties and reputational damage.

Despite robust measures, no ICT system can be guaranteed to be entirely free of risk. Clients acknowledge the residual operational and cybersecurity risks associated with digital investment services.

9. No Guarantee of Returns

Investments in financial instruments involve risks, including the risk of loss of capital.

The Company does not and cannot guarantee:

- Preservation of capital
- Achievement of investment objectives
- Any specific level of performance or return

Market conditions, economic factors, and other variables beyond the Company's control affect the value and performance of investments.

Clients must accept the risk that the value of their investments may decline.

10. Past Performance Disclaimer

Historical performance data, projections, and simulated returns presented by the Company are not reliable indicators of future performance.

- Past results do not predict future outcomes.
- No assurance is given that any investment strategy or objective will be achieved.
- Fluctuations in market prices can cause substantial changes in returns over time.

Clients should not base investment decisions solely on historical data or hypothetical projections.

11. Conflicts of Interest

While the Company has adopted a Conflicts of Interest Policy designed to identify, prevent, and manage conflicts, situations may arise where the interests of the Company, its employees, or other clients may conflict with the interests of a Client.

Potential conflicts of interest include:

- Allocation of investment opportunities among different clients

- Relationships with counterparties and service providers
- Receipt of fees or commissions from third parties

The Company is committed to ensuring that conflicts are managed fairly and in the best interests of Clients.

Further information is available upon request through the Company's Conflicts of Interest Policy.

12. Professional Clients' Responsibilities

Professional Clients are expected to possess sufficient knowledge, experience, and understanding of investment risks.

Client responsibilities include:

- Carefully reviewing all documentation provided by the Company
- Conducting independent research and analysis
- Seeking independent legal, tax, or financial advice where necessary
- Informing the Company of any significant changes to their financial situation, investment objectives, or risk appetite
- Maintaining sufficient liquidity and margin where applicable

Professional Clients are presumed to have the ability to assess and manage the risks associated with their investment activities.

13. Acknowledgment

By engaging the investment services of DPRG IM Ltd, the Client acknowledges and accepts that:

- They have read, understood, and accepted the risks disclosed in this Risk Disclosure Statement.
- They fully understand the nature, scope, and extent of the risks involved in investment activities.

- They are capable of bearing the financial and other consequences associated with such risks.
- They have considered their own investment objectives, financial situation, experience, and risk tolerance before proceeding with any investment.

Clients further acknowledge that they have been provided with sufficient time and opportunity to consider this Risk Disclosure Statement and to seek independent legal, financial, or tax advice where necessary.

14. Version Control

This Risk Disclosure Statement has been reviewed and approved by the Company's Board of Directors and is subject to regular review to ensure continued compliance with applicable legal and regulatory requirements, including the General Data Protection Regulation (EU) 2016/679 ("GDPR"), the Investment Services and Activities and Regulated Markets Law 87(I)/2017, MiFID II, and the Digital Operational Resilience Act (DORA).

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