

# UNUM GROUP RISK DISCLOSURE

## YOUR PROFIT PARTNER

The Unum Group includes parent companies, subsidiaries, and sister companies inter alia: Unum Capital (Pty) Ltd Reg no. 1999/008361/07 (FSP 564); Unum Trade (Pty) Ltd Reg no. 2021/459193/07 (FSP 52193); Unum Prime (Pty) Ltd Reg no. 2020 / 679752 (ODP 081); Unum Wealth (Pty) Ltd Reg no. 2015/253501/07 (FSP 48804); Koinz (Pty) Ltd Reg no. 2022/235484/07 (CASP 53477)

**Unit 1, Village Corner, 57 via Latina Crescent, Irene, South Africa.**

## RISK DISCLOSURE STATEMENT

### 1. INTRODUCTION

The risks inherent in investments in specific Financial Products may be greater than those of traditional financial assets. Before trading and/or investing in any Financial Product, you should ensure that you fully understand and can afford to undertake the risks involved. The Investor acknowledges that they understand, are aware of, and accept the risks involved in the Financial Products and in dealing therein.

The risks and characteristics contained in this statement and outlined immediately hereunder represent some of the more general risks and characteristics and should not be seen as exhaustive. As more risks and characteristics are identified that were not initially mentioned in this schedule, such risks and characteristics will, as they become prevalent, be included herein.

In light of your financial situation, objectives, knowledge and experience in financial markets, you confirm that the Financial Product(s) selected are suitable to achieve your investment needs and objectives and if necessary, you have taken the appropriate advice prior to trading and/or investing.

All information and/or risks disclosed in this Risk Disclosure Statement are general information only and do not consider your personal objectives, financial situation, knowledge and experience in the Financial Markets; they are not intended to address the specific circumstances of any client and should not be viewed as Advice. If you require advice, speak with an Authorised Representative. Clients or potential Clients must ensure that any trading and/or investments they undertake in relation to the Financial Products described in this Risk Disclosure Statement are appropriate, considering the aforementioned.

### 2. GENERAL RISK DISCLOSURES

#### 1. Appropriateness

The prospective or existing Client should consider whether the Financial Product is appropriate, taking into account their financial situation, objectives, knowledge and experience

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## 2. Capital risk

The potential loss of part, or all of an investment, applies to all Financial Products that are not guaranteed to return the original capital.

## 3. Economic risks

Due to changes and adverse movements in economic conditions, this may affect the performance and value of your Financial Product.

## 4. Political Risk

Investment returns may suffer due to political changes or instability in the country. Changes in government, legislative bodies, or foreign policy decisions may affect the value of your Financial Product.

## 5. Tax Risk

A withholding tax may be applied depending on your tax status or the countries and institutions involved in your transactions. Tax laws and policies may change, impacting the value of your Financial Product or returns. As a Client, you are responsible for obtaining your own taxation advice.

## 6. Regulatory Risk

Legal and regulatory changes during the investment term could negatively affect your Financial Product.

## 7. Technology, Software or Platform Risk

Any prospective or existing website, platform, system interfaces, software, and/or content, including third-party provider systems, are provided on an “as is” and “as available” basis. There is an inherent risk that the software could contain weaknesses, vulnerabilities, or bugs that could cause a loss, and there is no warranty that the process for creating a transaction is error-free.

## 8. Cyber Security Risk

Hackers or malicious groups may attempt to compromise systems, including

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but not limited to malware attacks, Phishing, third-party breaches, denial-of-service attacks, consensus-based attacks, or data breaches, potentially affecting your Financial Product.

#### **9. Liquidity Risk**

Certain Financial Products may become illiquid, making it difficult to exit an investment quickly. Market conditions may also limit liquidity, leading to higher transaction costs or losses.

#### **10. Confidentiality**

The Financial Service Provider will ensure that Client information is continuously protected from unauthorised access and will only process it for its intended purpose, in accordance with applicable data protection laws. A data breach may, however, result in a Financial Product loss.

#### **11. Investment Performance**

There is no guarantee that the Financial Products' past performance or the underlying assets' past performance will guarantee future performance.

#### **12. Segregated Accounts**

Although Client funds are segregated from the Financial Service Providers' funds in accordance with regulations of the FSCA and FMA, this does not completely eliminate the element of risk.

#### **13. Conflicts of Interest**

Financial Products may be managed with conflicted managers. The Client should enquire if adequate controls are in place to ensure that any conflicts/potential conflicts of interest are disclosed and addressed.

#### **14. Operational Risk**

For over-the-counter Financial Products, the lack of a central system for trade settlement, processing, and clearing may hinder or delay the execution and settlement of your trades.

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### 3. INSTRUMENT, STRATEGY OR ASSET CLASS SPECIFIC RISKS

#### 1. Market Volatility

Adverse market conditions may increase due to macro-economic factors, which could impact the value of the Financial Product, leading to low or negative returns.

#### 2. Credit Risk

The possibility that one counterparty to the Financial Product may default on its obligations, resulting in losses for the other counterparty.

#### 3. Lack of diversification and Concentration risk

Risk may arise from the Client holding significant exposure or concentration in a single instrument, strategy or asset class, which may increase the probability of a significant loss, and doesn't allow the Client the benefit of diversification.

#### 4. Exit Costs

Should a Client request an early exit from a Financial Product with a fixed maturity date or a specified notice period, there may be additional costs or a discounted exit value.

#### 5. Maturity Risk

The longer the duration of a Financial Product, the greater the uncertainty regarding future market conditions, increasing exposure to various risks over time.

#### 6. Reinvestment Risk

The risk that the return received from a Financial Product may need to be reinvested at a lower price, leading to reduced overall returns.

#### 7. Fees might be high.

There may be fees associated with investing in the Financial Product, and these fees might be significantly higher than the fees charged on traditional

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investments. Investments should be made only where the potential returns justify the higher fees. The deduction of charges and expenses means that the Client may not get back the amount initially invested.

#### **8. Model performance**

Past performance might be theoretical in nature, with historical information based on back-tested models, paper track records, and theoretical past performance, which may not include all costs. Clients should place a lower significance on these.

#### **9. Valuation Risk**

There may be challenges in determining the accurate value of a Financial Product, especially in illiquid, opaque or complex markets.

#### **10. Return / Risk trade-off**

The higher investment returns the Investor wishes to receive, typically, the higher risks they must be willing to take to achieve this.

#### **11. Price dislocation / Fat tail risk**

Higher-risk Financial Products may be subject to sudden and large fluctuations in price or value.

#### **12. Exchange rates could turn against the Investment.**

With foreign currency-denominated Financial Products, fluctuations in international currency exchange rates will expose the offshore Financial Product to possible currency risk, and the movement of exchange rates may affect, unfavourably as well as favourably, any gain or loss on the investment or the investment itself.

#### **13. Withdrawals may not be easy**

Depending on the specific Financial Product, withdrawal requests may only be processed on predetermined dates, such as monthly or quarterly. Access to your funds may be delayed, and withdrawal timeframes can vary based on market conditions, Financial Product structure, or regulatory requirements.

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#### **14. Withdrawals may be delayed**

Payment of withdrawals may be delayed, in the interest of all investors, in extraordinary circumstances. These circumstances may include periods when trading is suspended in the underlying market, which will prevent accurate valuation of the Financial Product. When the suspension of trading relates to only certain assets held by the Financial Product, these assets may be side-pocketed. This process allows normal liquidity on the assets that can be valued, but will delay liquidity on the affected portion of the Financial Product.

#### **15. Excessive withdrawals**

If the Financial Product is faced with excessive withdrawals, the affected withdrawals may be ring-fenced, which is the separation and delayed sale of the assets reflecting the interest of the liquidity-seeking Client. This ensures that the sale of a large portion of the Financial Product will not force a sale of the underlying investments in a manner that may have a negative impact on remaining investors in the Financial Product.

**Date: 12 December 2025**

**Version: 1.2.**

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