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GUY BUTLER LIMITED
Designated Investments Risk Statement

The statement below does not outline every possible risk in every product. You should not deal in any of the products listed below unless you have an understanding of the product, how it is traded and the exposures and risks involved. You should also satisfy yourself that the product is suitable for you taking into consideration your financial position, investment objectives and risk appetite. Not all the products listed below are suitable for all investors.
If you do not fully understand these factors then please obtain independent financial advice or contact us for further information.

1. Equities

Equities or shares are instruments representing a shareholding in a company. The shareholder benefits from ownership rights determined by national law and the company's articles of association. Equities are usually traded on recognised investment exchanges (such as stock markets) but can also be traded 'Over the Counter' (OTC) and through a Multilateral Trading Facility (MTF).
Risks involved in equity transactions may include:
i) Market risk: Share prices are subject to supply and demand and consequently prices will rise and fall.
ii) Company risk: A shareholder is a part-owner of a company. Profits and losses may increase or decrease the value of shares. Company failure would negatively affect the value of the shareholding and in extreme cases may mean a total loss of the investment.
iii) Dividend risk: Dividend payments may be made according to the profitability and policy of the company. Dividends are usually taken into consideration when calculating the investment yield, however it should be noted that dividends may be reduced or not made at all.

2. Warrants

A warrant is a time-restricted right to subscribe for shares and other securities which is exercisable against the issuer of the underlying security. Trading in warrants can be volatile. A relatively small movement in the price of the underlying security results in a disproportionate movement in the price of a warrant. It is essential to understand that the right to subscribe is restricted in time which means that if the purchaser fails to exercise this right within the limited time period then the investment becomes worthless. A covered warrant is a right to acquire shares or other securities which is exercisable against a party other than the issuer of the underlying security.

3. Fixed Income Securities (Bonds)

Bonds are negotiable instruments in government or corporate debt. Bonds are issued for various periods and usually paid at maturity. Interest payments may vary and for example may be fixed for the total term until maturity or varied according to benchmark reference rates such as LIBOR.
Risks involved include:
i) Credit risk: The value of the bond is determined by the quality of the credit and the likelihood of default. Therefore exposures to governments such as UK Gilts are likely to incur less credit risk than instruments issued by small companies with poor credit ratings.
ii) Insolvency risk: The issuer may become insolvent resulting in its inability to pay interest when required or redeem the bond at maturity.
iii) Interest Rate risk: Movements in interest rates are due to economic factors and are not always predictable. Fixed income securities carry the risk that bond prices will fall if interest rates rise. The lower the rate of interest the higher the exposure to rising interest rates.
iv) Liquidity Risk: There can be no assurance that a liquid secondary market for any bond will develop or, if it does develop, that it will continue. In an illiquid market, an investor might not be able to sell his bonds at any time at fair market prices. The possibility to sell bonds might additionally be restricted by country specific reasons.
v) Additional risks are attached to certain other types of securities for example, floating rate notes (FRNs), foreign currency, convertible, indexed, subordinated and zero bonds. You should not purchase such securities unless you are certain that you fully understand all the associated risks.

4. Emerging Markets

Investing in non fully-developed markets (emerging markets) is generally characterised as being riskier than investing in mature markets in developed countries. Therefore investments in emerging markets are only suitable for sophisticated professional investors who understand and are able to bear the risks involved.
Emerging markets may be highly illiquid and may be influenced by a number of factors including, but not restricted to, uncertain political, legal, economic, accounting, tax, exchange control and investment restriction requirements.