

Risk Disclosure

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Introduction

This document provides you with information about the nature and risk of certain investment types. It does not explain all the risks or how the risks relate to your personal circumstances. If you have any doubt about whether or not our products are appropriate for you, you should seek professional advice before trading.

We provide the opportunity for investment and dealing in the following products:

- a. Securities: This includes shares, fractional shares and ETFs, to the extent the ETF is issued by a corporate entity.
- b. Interests in managed investment schemes (excluding IDPS): This includes interests in listed property or infrastructure trusts and ETFs which are structured as managed investment schemes.

Even though our offerings are suitable for both retail and wholesale clients, be aware that by investing in or dealing in any of the above, you are risking your capital and you may not get back as much as you originally invested.

All words and phrases highlighted and not defined in this Risk Disclosure shall have the same meaning as defined in our Invest Terms (as applicable).

1. Risk Warnings Related to Securities (Equities)

1.1. General risk warnings

Shares represent a part of ownership in a company. As such, the owner of a share participates in the performance of the company. If the company does well, the shares are likely to rise in price, but if the company does poorly, the share price is likely to fall.

Holders of ordinary shares are the last to be paid in the event of a company becoming insolvent. However, ordinary shareholders also have the potential for returns in the form of dividends or share price appreciation, provided the company does well and is perceived to be continuing to do well. In extreme cases, a company can become insolvent, and you may lose all the value of your investment.

Share prices are based on supply and demand forces which in many cases depend on perceptions of the companies' future prospects by the market. If in general, market sentiment is pessimistic about a company and its future prospects, the share price will likely fall, and therefore, if you sell at that point or if the price does not recover, you get back less than you invested.

The value of your investments and the level of any income from them can go down as well as up. You may not get back the full amount you have invested. You should also remember that past performance of shares is not an indication of how those Investments might perform in the future.

Certain investments may not be readily realisable. You may have difficulty selling these investments at a reasonable price, and in some circumstances, it may be difficult to sell them at any price.

Foreign markets will involve different risks from Australian markets, and in some cases, the risks will be greater. The potential for profit or loss from transactions on foreign markets will be affected by fluctuations in foreign exchange rates.

1.2. Dividend payment not guaranteed

Some shares pay a dividend, either annually, semi-annually, or quarterly. A dividend is an amount of money determined by the company's Board of Directors, which is a distribution of the company's profits. Established, profitable companies tend to pay dividends and have a

good record of providing a steady stream of dividend payments. Periods of economic difficulty may, however, interrupt such dividend payment for even the most established shares. Younger, less established companies that are building a business tend to retain their profits for re-investment. These are called “growth” companies as their business strategy is to grow their business rapidly.

1.3. Dealing/Administrative costs

Costs and charges levied by ourselves or third parties will reduce potential profit you can make or increase the level of loss. Before you begin to trade, you should understand all commissions and other charges for which you will be liable.

1.4. Market gapping

This is a sudden shift in the price of an instrument or its underlying asset from one level to another. It can happen at any time, but occurs most frequently when the market closes at one level but reopens at another. This can cause unexpected losses.

1.5. Non-readily realisable Investments

We may arrange or enter into transactions in non-readily realisable investments. These are investments in which the market is limited or could become so. You may have difficulty selling such an investment at a reasonable price and, in some circumstances. It may be difficult to sell it at any price. Before you invest, you should carefully consider whether these investments are suitable for you.

1.6. Past performance

You should be aware that the price of the financial instruments that you are dealing with depends on fluctuations in the financial markets outside of our control and that past performance is no indicator of future performance.

1.7. Dealing in securities which may be subject to stabilisation

We, and/or our representatives, may from time to time carry out transactions on your behalf in securities subject to stabilisation. Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it.

1.8. Liquidity risk

Shares are available in companies of different sizes, industrial sectors, geographical locations, and on different stock markets. Liquidity is an important risk factor when investing in individual equities and is generally driven by the market capitalisation (total value of issued shares) of the company and current market conditions. Liquidity levels can change rapidly and lack of liquidity often restricts trading in equities with smaller market capitalisations (known as mid-cap and small-cap).

Under certain circumstances, it may not be possible to close a part of or a whole position at the current price or at all. We may in our sole discretion cease offering Shares at any time based on lack of market data, halts or suspensions or errors or illiquidity or volatility in the relevant market, or our own risk or profit parameters, technical errors, communication problems, market or political or economic or governmental events, force majeure, or for other reasons.

1.9. Information on international investments

Information on international investments is not as readily available to the Australian public as for Australian companies and the financial pages of the national press give little coverage of the subject. Different time zones also mean that you will not always be able to get a real-time price for overseas stocks during the Australian trading day. When investing in international markets, currency fluctuations need to be taken into account. A gain or loss made on the performance of a stock can easily be offset by a movement in the currency exchange rate. Liquidity considerations are similar to Australian shares.

1.10. Price volatility

The price of individual shares can fluctuate considerably and can appreciate or decline rapidly. Shares can also remain in decline over long time periods. Share prices rise and fall according to the health of the company and general economic and market conditions. Individual share price rises and falls can be significant. Stock market investments tend to be more volatile than investments in most bonds.

1.11. Penny shares

Shares purchased on the Alternative Investment Market (AIM) (especially those known as 'penny shares') carry a higher degree of risk of losing money than other shares. This is

because the requirements for companies that are listed on AIM are less stringent than those for companies with a full market listing. There is also usually a wider spread between the buying price and the selling price of these shares and if they have to be sold immediately, you may get back less than you paid for them due to a lack of liquidity. The price of these shares may change quickly and they may go down as well as up. It may also be difficult to obtain reliable information about their value or the extent of the risks to which they are exposed.

1.12. Settlement

With respect to Shares, in many marketplaces settlement takes place by the counterparties simultaneously matching shares traded with cash being given.

1.13. Execution only – You trade entirely at your own risk

Our service is "execution only", meaning we will only carry out your trading instructions. We do not provide you any advice or recommendation regarding the suitability of any investments with us, and nothing we send or tell you should be interpreted as such. We do not provide investment, tax, or trading advice. Our service is "execution-only", meaning we will not advise you on any transaction, nor will we monitor your trading decisions to determine if they are appropriate for you or to help you avoid losses. You should obtain your own financial, legal, taxation and other professional advice as to whether trading in securities is appropriate for you. We may provide you with factual information in relation to our products, their potential risks, or about the financial markets in general; in doing so we will not assess your individual circumstances.

1.14. Market risk

Trading with Shares carries the risk of sudden market fluctuation. Prices can go up as well as down.

1.15. Volatility risk

Markets for Shares can be highly volatile. The prices of Shares may fluctuate rapidly and over wide ranges. They will be influenced by, among other things, the market price, the earnings and performance of the company or companies, the performance of the economy as a whole, the changing supply and demand relationships, indices, governmental, commercial and trade programs and policies, interest rates, national and international

political and economic events and the prevailing psychological characteristics of the relevant marketplace.

1.16. Currency risk

Where you are trading a product denominated in a currency different from that in which you hold your Account, fluctuations in the exchange rate affect your profit and loss.

When you deal in Shares that are denominated in a currency other than the base currency or currency in which you have deposited in your Account, all profits and losses in relation to that share are calculated using the currency in which the share is denominated.

1.17. Regulatory and taxation changes

Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have an adverse effect on the value of your Shares, the tax you pay on them, and the total return on the products.

1.18. Risk of disruption

We rely on computer software, hardware and telecommunications infrastructure and networking to provide its services to Clients, and without these systems, we cannot provide the services. These computer-based systems and services such as those used by us are inherently vulnerable to disruption, delay or failure, which may cause you to lose access to our trading platform or may mean we are unable to provide Shares quotations or trading, or may negatively affect any or all aspects of our services. Under our Invest Terms, you accept our systems and services and our liability to you is limited.

1.19. Segregated accounts

In accordance with ASIC Rules, all our client funds are held in segregated accounts. While we monitor the creditworthiness of our banks closely and select them on the basis of robustness and solidity, using only major international banks or Australian Deposit-Taking Institutions (ADI), this does not mean that they are risk-free. We can provide you with details of which banks we use, on request.

2. Exchange Traded Funds

Before investing in an Exchange Traded Fund (ETF), you should consider the investment objectives, risks, charges, and expenses of the investment company carefully.

Inverse and leveraged ETFs are complicated instruments and are generally only suitable for experienced investors and traders who monitor their trading regularly and understand the nature of the product. Before trading these types of instruments, we suggest that you make yourself aware of the risks involved with them. We will also seek your confirmation that you understand these risks before you place a trade in one.

As these products are designed to meet their stated objectives on a daily basis, they may not be suitable for long-term investments. Please make sure you are aware of these risks before you trade these products.

3. Risks related to Interest Sharing on Uninvested Money

3.1. When you hold Uninvested Money with T212, we may deposit your Uninvested Money with Australian-regulated financial institutions on your behalf, and you may be eligible to receive interest from T212 on Uninvested Money, as per the applicable Invest Terms.

3.2. When we deposit your Uninvested Money with an Australian-regulated financial institution, while your Uninvested Money will continue to receive protections as client money (as per section 1.19 above), that can still expose you to certain risks:

- a. **Inflation:** Inflation risk occurs when the rate of inflation exceeds the interest rate earned, which can result in your money losing value over time. In case of inflation, the interest you may be eligible to receive from T212 may not follow the pace of rising costs.
- b. **Credit risk:** If the financial institution in which your Uninvested Money is deposited becomes insolvent, you may lose (a part of) your money. To manage this risk, T212 carefully selects financial institutions and regularly monitors their creditworthiness.

4. Risk Warnings related to Fractional Shares

Fractional shares cannot be traded on public exchanges and are illiquid and unrecognised outside our trading platform. You can only liquidate them when they are sold through us and they cannot be transferred to another broker unless they are sold.

We will comply in all respects with “best execution” on all orders executed through Trading 212 in line with its regulatory requirements. This means that execution will be based on a

price no worse than the prevailing bid/offer on the reference exchange as of the time of your order for all full share and fractional share components of a transaction. Any Order greater than one share that includes a fractional share component will be executed in a mixed capacity. T212 will act in either a principal or riskless principal capacity with respect to the fractional share components of the transaction. If you enter an order solely for a fractional share, T212 will execute your trade over-the-counter, matching it internally based on a price no worse than the prevailing bid/offer on the reference exchange as of the time of your order. Orders entered outside of regular trading hours cannot be executed.

T212 rounds all fractional holdings to eight decimal places. For all notional-based orders, your transaction will never exceed the order amount. Rounding may also affect your ability to be credited for cash dividends, stock dividends and stock splits. For example, if you own 0.00000001 shares of stock that pays a one-cent dividend per share, we will not credit your cash balance a fraction of a cent. In carrying out rounding, we will use reasonable endeavours to get as close as possible to your order. However, we shall not be liable for any loss or damage suffered or incurred by you arising out of or in connection with such rounding, save to the extent directly attributable to our negligence, fraud, wilful default, breach of contract or breach of ASIC Rules.

On a best-effort basis we will facilitate voting rights on a pro-rata basis. However, we cannot guarantee this right. We do not restrict in any way any rights you would otherwise have over the securities and funds in your Trading 212 account, including any fractional shareholdings.

There are potential conflicts of interest in connection with fractional transactions and you have consented to this transaction by agreeing to the Invest Terms. You may revoke your consent to such a transaction at any time by written notice to us.

Fractional shares are not transferable. If you close your Account or transfer your Account to another firm, the fractional shares held in your Account shall be liquidated. Similarly, Fractional shares cannot be put into certificate form and mailed. Liquidations of fractional shares may result in additional charges.

5. Risk Warnings related to Investment Pies

By using the Investment Pies technical tool, you will be able to generate your own Pies manually to conduct transactions with financial instruments. You will have the ability to select which financial instruments to invest in, what proportion to be invested in which Slice,

as well as deciding how much and when to invest. The Pie can be edited or deleted at any point, and all its settings can be amended.

Please note that when using Investment Pies or AutoInvest, any returns are not guaranteed and are an illustration of what the investment results might be. Past performance is not a reliable indicator of future performances. This is historical data that does not constitute financial advice, and Trading 212 cannot be held liable for the performance of a Pie.

The Pie Copying tool does not amount to any form of discretionary investment management, such as a managed investment scheme or a miscellaneous financial product. No Pies will be created based on any personal or other criteria and Trading 212 does not endorse or recommend to you the copying of some Pies over others. You retain full control in the decision-making and responsibility over the process and can change any pre-filled data. Pies are not displayed or filtered in accordance with information inputted by you, and you are required to evaluate and self-select any Pies before copying them.

6. Risks associated with 24/5 Trading

There are certain risks associated with trading outside Regular Trading Hours. You must familiarise yourself with these risks and determine whether 24/5 Trading is compatible with your own investment strategy and objectives. You are responsible for informing yourself about the hours of the relevant markets upon which you trade and for determining your own investment strategy. Our 24/5 Trading feature does not constitute a recommendation or affirmation that 24/5 Trading will be successful or meet your investment needs.

Some risks associated with 24/5 Trading are as follows:

6.1. Lower liquidity

In 24/5 Trading the amount of orders on the market are usually lower in comparison to Regular Market Hours, because fewer traders are buying and selling stocks. As a result, your orders may take more time to fill, may get filled partially, or in some cases not get filled at all.

6.2. Higher price volatility

Due to the lower volume of trades, prices during 24/5 Trading may become significantly more volatile in comparison to Regular Market Hours. As a result, your orders may get filled

at a less favourable price compared to the price you would get during the regular trading session.

6.3. Wider spreads

A spread is the difference between a stock's buy and sell price. In an environment of lower liquidity and higher volatility, as in 24/5 Trading, spreads may become wider than usual and thus lead to less favourable conditions for buying and selling stocks.

6.4. News announcements

Often companies and other institutions release important information outside the Regular Market Hours, such as earnings, buyback of shares, etc. Combined with higher volatility and lower liquidity, this may cause significant price spikes in some stocks during 24/5 Trading and increase risk.

6.5. Unlinked markets

Prices displayed on our Trading Platform during 24/5 Trading are not market-based, as the 24/5 trading system is not interconnected with other such systems and may reflect different prices than other concurrently operating 24/5 trading systems dealing in the same stocks or securities. This may result in you receiving unfavourable prices in one 24/5 trading system in comparison to another.

6.6. Changing prices

The prices of stocks traded during 24/5 Trading may not reflect the prices either at the end of Regular Market Hours, or the regular session opening on the following day. As a result, you may receive less favourable prices during 24/5 Trading.

Please bear in mind that the risks of lower liquidity, higher price volatility and wider spreads during Overnight Trading are higher, compared to Extended Hours Trading.