CLIENT INFORMATION ON RISKS BY TRADING IN FINANCIAL INSTRUMENTS

Nordic Trustee Services AS ("NTS")

The client is informed:

- that investments in financial instruments are at the client's own risk
  to carefully study relevant information on the financial instrument in question and its properties and risks before trading in financial instruments
- to immediately scrutinise contract notes and submit any complaints regarding any errors
- to regularly monitor changes in the value of holdings of financial instruments
- to react by selling holdings if required to reduce its e risk of losses
- to carefully study NTS' general business terms and conditions

1 THE RISK RELATING TO INVESTMENT IN FINANCIAL INSTRUMENTS

1.1 In general, regarding risk

The price of a financial instrument will fluctuate, and the value of the investment may increase or decrease compared to the price when the investment was made. Some financial instruments also provide a return in form of a dividend or an interest. The total return of the investment is the sum of the dividend/interest and change in the price of the instrument. Investor are seeking a total return that is positive, but there is also a risk that the total return will be negative, i.e. that the investor will make a loss on the investment. The risk of loss varies between different instruments.

The chance of making a profit on an investment is linked to the risk of loss. The longer the investor intends to keep the investment, the greater the chance of making a profit or loss. There are various ways of investing in financial instruments to reduce the risk. It gives normally less risk to spread the investment in several different financial instruments rather than a single one or only a few financial instruments. Trading in foreign financial instruments also involves a currency risk.

The client is personally responsible for the investment risk and must therefore become acquainted with the terms and conditions, prospectuses, etc, governing trading in such instruments and with the instruments' individual risks and characteristics. The client must also regularly monitor its investments in such instruments., . Information on prices and thus the change in the value of the client's investments may be obtained from different media sources or financial advisors. The client should be prepared to react swiftly by i.a. selling investments that are developing negatively or by providing additional collateral for investments financed through loans where the collateral value has fallen.

1.2 Various risk concepts

There are many different types of risk and other factors the client should be aware when investing in financial instruments and investors should continue to carry out risk assessments during the entire investment period,.

Below are some of the most important types of risk:

Market risk: the risk that the market, or certain parts of the market, in which the client has invested declines (for example, the Norwegian stock market).

Credit risk: the risk that the issuer or a contracting party will become unable to pay.

Price volatility risk: the risk that major fluctuations in the price of a financial instrument will have a negative effect on the investment.

Price risk: the risk that the price of a financial instrument will drop.

Tax risk: the risk that tax rules and/or tax rates are vague or may be changed.

Currency risk: the risk that a foreign currency to which the investment is linked falls in value (for example, certain fund units in a mutual fund which has invested in US securities listed in USD).

Leverage/gearing effect risk: the structure of a derivative instrument which means there is a risk that a change in the price of the underlying asset will have a major negative effect on the price of the derivative instrument.

Legal risk: the risk that relevant laws and terms are vague or may be amended.

Company-specific risk: the risk that a company performs worse than expected or that it is affected by a negative incident so that the value financial instruments are linked to the company drops.

Industry-specific risk: the risk that a specific industry performs worse than expected or is affected by a negative incident so that the financial instruments which are linked to the companies in the industry in question may fall in value.

Liquidity risk: the risk that the client cannot sell a financial instrument at a time when the client wishes to do so because the turnover in, and interest in buying, the financial instrument is low.

Interest-rate risk: the risk that the financial instrument in which the client invests falls in value due to changes in the market interest rate.

2 RISK IN INTEREST-BEARING FINANCIAL INSTRUMENTS (BONDS)

2.1 General

An interest-bearing financial instrument is a debt instrument where the issuer shall repay the dept and pay interest (if any) according to the terms of the instrument. There are various types of interest-bearing instruments depending on the issuer of the instrument, the security provided for the loan by the issuer, the term until the maturity date, and how interest is paid.

The interest is normally paid as a fixed or floating rate. For fixed-interest loans, the interest is normally stipulated for one year at a time. For floating-interest loans, the interest is normally stipulated four times a year for three months at a time based on a reference rate (for instance NIBOR). On certain types of loans, no interest is payable and only the nominal amount is repaid on the loan’s maturity date (zero coupons).

The risk of an interest-bearing instrument consists in part of the changes in general market interest rates, and in part that the issuer may be unable to repay the loan. Secured loans are thus less risky than loans without security. However, in purely general terms, it can be stated that the risk of loss associated with interest-bearing instruments may be deemed lower than it is for shares.

Market interest rates are affected by analyses and assessments conducted by central banks and other major institutional market players for a number of economic factors, such as inflation, the state of the economy, national interest rate changes etc. If the market interest rate increases, the price of already issued interest-bearing financial instruments will fall if they provide a fixed interest rate. This is because new bonds are issued bearing rates of interest that follow the current market rate of interest and thereby provide a higher rate of interest than the already issued instruments. Conversely, the price of already issued instruments increases when the market interest rate declines.

2.2 Trading in interest-bearing financial instruments (bonds)

Several bonds are listed on a stock exchange or other marketplace, however trading in these financial instruments, often takes place on an over-the-counter basis.

Trading in bonds normally takes place different from trading in shares, as, the interest are regarded as a quoting or price-driven market, unlike the stock market which is an order driven market.

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