RISK DISCLOSURE

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1. Introduction

1.1. APLFX (PTY) LTD (hereinafter “the Company”, “us”, “our” “we”) is incorporated in South Africa and registered under the Companies and Intellectual Property Commission (http://www.cipc.co.za/) with a registration number 2021/804619/07. The Company is authorised and regulated by the Financial Sector Conduct Authority (“FSCA”) with authorisation number 52045, to provide intermediary services in connection with derivative products, operating under the Financial Advisory and Intermediary Services Act (“FAIS Act”).

1.2. The Company is acting as a Financial Service Provider and in accordance with the FAIS Act, is required to have in place and disclose to its Clients this Complaints Resolution Process (the “Process”).

1.3. This document is a disclosure by APLFX (PTY) LTD (“Company”), which provides the services to the Client under the terms and conditions of the Client Agreement, of the potential risks involved in trading on financial markets. The Client should first and foremost be aware of the potential losses associated with this activity. However, due to the wide range of possible scenarios, this document cannot disclose all risks inherent in trading on financial markets.

1.4. This Risk Disclosure statement (hereinafter the “Statement”) has been prepared in high ethical and professional standards and always in accordance with all the applicable regulation. This statement aims to provide you all the information about the risks associated when you are dealing with financial products.

1.5. This statement does not intend to disclose or discuss all the risks and other significant aspects of any transaction, so you undertake and warrant to consult with your legal and/or tax and/or financial adviser prior to entering into any particular transaction.

1.6. When making decision to operate at various securities markets, the Client must bear in mind that investment in securities and other financial assets may carry a risk of non-gaining expected income and occurrence of loss of all of the funds invested (or any part thereof), or even more.

1.7. You should be aware that there are significant risks in investing in the capital markets. The extent of a risk assumed by the Client at investment in financial assets, securities according to subsequent Investment Strategy shall be assessed by possible adverse changes in many parameters, not all of which may be forecasted.

ALL CLIENTS AND PROSPECTIVE CLIENTS ARE STRONGLY ADVISED TO READ CAREFULLY THE RISK DISCLOSURES AND WARNINGS CONTAINED IN THIS DOCUMENT.

2. Products Description

2.1. A CFD is an agreement between a ‘buyer’ and a ‘seller’ to exchange the difference between the current price of an underlying asset (currencies, commodities, indices, shares etc.) and its price when the contract is closed.

2.2. CFDs are leveraged products. They offer exposure to the markets while requiring you to only put down a small margin (‘deposit’) of the total value of the trade. They allow investors to take

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advantage of prices moving up (by taking 'long positions') or prices moving down (by taking 'short positions') on underlying assets.

2.3. When the contract is closed you will receive or pay the difference between the closing value and the opening value of the CFD and/or the underlying asset(s). If the difference is positive, the Company pays you. If the difference is negative, you must pay the Company.

2.4. Notwithstanding the above, the product supplier provides you with a negative balance protection, per trading account, ensuring that you will not enter into a negative balance and be required to recover such losses and/or pay the product supplier the difference.

2.5. CFDs might seem similar to mainstream investments such as shares but they are different as you never actually buy or own the asset underlying the CFD. Although CFDs and derivative products in general can be utilized for the management of investment risk, they are unsuitable and not appropriate for many clients as they carry a high degree of risk. CFDs and other financial derivatives are leveraged products and involve a high level of risk. It is possible to lose all your capital.

2.6. Before trading in these financial products, you should ensure that you fully understand all the risks involved and the extent of your exposure. Seek independent advice if necessary. If you do not understand how these financial products work then you should not trade them.

3. Risks

High financial leverage in the trading of currency, commodities and other financial assets, is created based on collateral of a low sum relative to the total transaction. The results of trading with high financial leverage are that a small change in market prices, within a short period of time, may cause substantial gain or loss, proportional to the size of the collateral, up to the total loss of the collateral sum in a very short period of time.

The fluctuation of the rates in the currency markets, commodities and financial derivatives are often sharp without the ability to forecast the size or direction of the change or the time frame in which it occurs.

Many instruments are traded within wide ranges of intraday price movements so the Client must carefully consider the fact that there is not only high probability of profit, but also of loss.

3.1. Market and price risk

The value of a financial instrument may fluctuate dramatically due to different market factors including:

I. the price or level of any underlying reference asset

II. level of interest rates

III. credit quality of the issuer and guarantor (where applicable)

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IV. foreign exchange rates

V. volatility

VI. liquidity

Such financial instrument may depreciate in value as quickly as it may appreciate and can also become valueless. Investing in such a financial instrument is as likely to incur losses as it is to make profit. Past performance should not be used as an indicator of future performance. It is the risk of the Fund/Portfolio to lose value due to a decline in securities prices, which may sometimes happen rapidly or unpredictably.

The Client shall acknowledge that under abnormal market conditions, the execution time for client instructions may increase.

3.2. Technical risks

You are warned of the following technical risks:

I. The Client and not the Company shall be responsible for the risks of financial losses caused by failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems

II. The Company has no responsibility if unauthorized third persons gain access to Client information, including electronic addresses, electronic communication and personal data, access data when this is due to the Client's negligence or when the above are transmitted between the Company and the Client or any other party, using the internet or other network communication facilities, telephone, or any other electronic means or post.

III. The Client acknowledges that the internet may be subject to events which may affect his access to the Company's system(s), including but not limited to interruptions or transmission blackouts, software and hardware failure, internet disconnection, public electricity network failures or hacker attacks. Unless otherwise specified at the Agreement, the Company is not responsible for any damages or losses resulting from such events which are beyond its control or for any other losses, costs, liabilities, or expenses (including, without limitation, loss of profit) which may result from the Client's inability to access the Company's Systems or delay or failure in sending orders or Transactions.

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3.3. *Political risks*

Constitute a possibility of occurrence of losses or reduction in the amount of profits resulting from the governmental policy. Thus, a political risk is connected with possible changes in policies of the government, other governmental bodies, and changes in priority lines of the government activities.

Any changes in the political situation may exert influence on the possibility of repatriation of capital, dividends received, and profits gained, and on the whole, on rights of investment and ownership of investments.

3.4. *Legal risks*

The applicable legislation is subject to frequent and substantial changes, that may have an adverse effect on capability of the Company and the Client to carry out activities connected with effectuation of Investment Strategy, agreed with the Client, to fulfil provisions set forth in the Agreement entered into.

Legal practice often gives rise to questions concerning applicability of these or those legislative regulatory legal acts, instructions, decisions and letters issued by various regulatory bodies, as a result of which there is a risk of imposition of penalties or other claims with regard to activities carried out by the Company and the Client in spite of measures taken for observance of effective norms and rules, which may affect financial performance and damage activities carried out by the Company and performance of subsequent Portfolio of the Client.

Changes in currency control regulations, licensing requirements, tax legislation, laws regulating capital and securities markets; formation of the judicial practice substantially changing the existing state of affairs may adversely affect activities carried out by the Company and the Client including, in some cases, such changes may result in losses, inexpediency to carry out activities connected with financial instruments

3.5. *Liquidity risk*

Liquidity Risk is associated with the occurrence of losses on selling and/or buying of assets due to changes in valuation of their investment qualities by market participants and slowdown the possibility to sell and/or buy them at the required price.

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3.6. *Currency risk*

Currency risk us a risk of possible adverse change in one currency against another one, resulting to a decreased value of a currency and therefore a loss of income might occur and in some circumstances all of the investment capital to be lost.

3.7. *Risk of OTC products*

CFDs and Forex contracts are not regulated by a recognized or designated investment exchange and are known as “Over-the-Counter” (OTC) transactions as they will not be executed on a recognized or designated investment exchange. Accordingly, when you trade in CFDs, Forex or any other derivative product with the product supplier, you enter into off-exchange ("OTC") derivative transactions, by placing your orders through the product supplier’s trading platform.

All positions entered into with the product supplier must be closed with the product supplier and cannot be closed with any other entity. In this case, you are exposed to the risk of the product supplier’s default. Counterparty risk is the risk that the counterparty defaults and is unable to meet its financial obligations. There is no clearing house for CFDs.

OTC transactions may involve greater risk than investing in on-exchange contracts because there is no exchange market in which to close out an open position.

It may be impossible to liquidate an existing position, to assess the value of the position arising from in OTC transaction or to assess the exposure to risk.

4. Stop Out (Margin close-out) rule

The product supplier applies a margin close out (i.e., stop-out) rule on a per account basis. This means that in a situation where the equity in your trading account (including unrealized profit/losses) reaches or drops below the margin level required to maintain your open positions, the product supplier will start automatically closing your open positions on CFDs (starting from the least profitable positions and until the margin level requirement is met) in order to prevent further losses in your trading account. Please also refer to Terms and Conditions (i.e., Client Agreement) and other relevant disclosures.

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5. Complex Instruments Warning

5.1. Complex Instruments are derivative products which entail significant risks. This notice is provided to you in compliance with the FAIS Act. You should not deal with complex instruments unless you understand their nature and risks involved as well as your personal exposure to such risks. You should be satisfied that the product is appropriate for you in the light of your circumstances, objectives and financial standing.

5.2. Although complex instruments can be utilized for the management of investment risk, some of these products are unsuitable for many investors. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments you should first make yourself acquainted with the risks associated with the investments. Independent financial advice is necessary if you are unsure whether such complex instruments are appropriate for you.

6. Trading Platform

6.1. The Client shall acknowledge that only one request or instruction is allowed in the queue. Once the Client has sent a request or instruction, any other request or instruction sent by the Client will be ignored. In the "Order" window, the "Order is locked" message will appear.

6.2. The Client shall acknowledge that the only reliable source of quoting information is the server for Clients with live accounts. The quote base in the client terminal shall not be considered a reliable source of quoting information, as in the case of a bad connection between the client terminal and the server, some of the quotes simply may not reach the client terminal.

6.3. The Client shall acknowledge that when the Client closes the window to place/modify/delete an order, as well as the window to open/close a position, the instruction or request which has been sent to the server will not be cancelled.

6.4. The Client shall assume the risk of executing unplanned transactions in the case that the Client sends another instruction before receiving the result from the instruction sent previously.

6.5. The Client shall acknowledge that if an order has already been executed but the Client sends an instruction to modify the level of a pending order and the levels of Stop Loss and/or Take Profit orders at the same time, the only instruction that will be executed is the instruction to modify the Stop Loss and/or Take Profit levels on the position opened on that order.

7. Force majeure

7.1. The Client shall assume all risks of financial loss caused by a force majeure.

8. Statutory prohibitions and restrictions

8.1. The Client shall assume all financial and other risks when completing operations (or actions connected with these operations) on financial markets that are statutorily prohibited or restricted by the legislation of the country in which the Client is resident.

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9. Limitation of responsibility

9.1. The Company shall not bear any responsibility for losses or damage caused by changes in laws, legislative instruments, rules for their interpretation or inconsistent or voluntary application of laws or legislative instruments by any regulatory body. Neither the Company nor its Associates bear any responsibility if they act in accordance with usual commercial practice.

9.2. Neither the Company, nor its Associates shall bear any responsibility for losses or damage caused by wrong identification or non-identification of forged documents and for the avoidance of doubt, the Company is not obliged to verify signatures of Authorized Representatives. Neither the Company nor its Associates shall bear any responsibility for losses or damage caused by legal incapacity of the Client or its Authorized Persons.

9.3. The Company shall not bear any responsibility for losses or damage caused by your investment decisions and your trading activity.

10. Acknowledgements

You hereby acknowledge and declare that you have read, understood and thus accept without any reservation all the information included herein including the following:

- The value of the financial instrument (CFD or any other derivative product) may decrease and you may receive less money than originally invested or the value of the financial instrument may present high fluctuations. It is possible that the invested capital may become of no value;
- Forex, CFDs or any other financial derivative product are highly speculative and are suitable only for those Customers who (a) understand and are willing to assume the economic, legal and other risks involved, and (b) are financially able to assume losses significantly in excess of margin or deposits.
- Information on past performance of a financial instrument does not guarantee the present and/or future performance. The use of historic data does not constitute a binding or safe forecast as to the corresponding future return of the financial instruments to which such data refers;
- Some financial instruments may not become immediately liquid due to various reasons such as reduced demand and the product supplier may not be in a position to sell them or easily obtain information on the value of such financial instruments or the extent of any related or inherent risk concerning such financial instruments;
- When a financial instrument is negotiated in a currency other than the currency of your country of residence, any changes in an exchange rate may have a negative effect on the financial instrument's value, price and performance;
- A financial instrument in foreign markets may entail risks different from the usual risks in the markets in your country of residence. The prospect of profit or loss from transactions in foreign markets is also influenced by the exchange rate fluctuations;
- Various situations, developments or events may arise over a weekend when the currency markets generally close for trading, that may cause the currency markets to open at a significantly different price

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from where they closed on Friday afternoon. You will not be able to use the product supplier's trading platform to place or change orders over the weekend and at other times when the markets are generally closed. There is a substantial risk that stop-loss orders left to protect open positions held over the weekend will be executed at levels significantly worse than their specified price.

- In case of any quoting error (including responses to Client requests, typing errors, etc), the Company is not liable for any resulting errors in account balances and reserves the right to make necessary corrections or adjustments to the relevant account.
- Where the Company provides generic market recommendations, such generic recommendations do not constitute a personal recommendation or investment advice and have not considered any of your personal circumstances or your investment objectives, nor is it an offer to buy or sell, or the solicitation of an offer to buy or sell. Each decision, by the Client, to enter into a CFD or Forex contract with the product supplier and each decision as to whether a transaction is appropriate or proper for you, is an independent decision made solely by yourself.

11. Costs and Charges

11.1. Costs of trading may be complex to calculate and may outweigh the gross profit from a trade. Clients should know of all costs and charges as these may influence their account profitability.

11.2. Any positions that are held overnight, an applicable swap charge will apply. The swap values are clearly stated on the product supplier's website and accepted during the online registration process. For further information on who our product supplier is, can be found in paragraph 10 if this policy.

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