

AS Aquarium Investments IPS: Description of Financial Instruments and Related Risks

(effective from 18.05.2026, version 3.0)

1. General Provisions

1.1. The purpose of this risk disclosure is to provide the Client with information regarding the characteristics of financial instruments and the risks associated with them, as well as to warn about possible losses that may arise when receiving investment and ancillary services.

1.2. The Client should understand that any investments in financial instruments are associated with risks and do not provide any guarantees either for the return of the principal amount or for receiving any income therefrom. The listed risks related to investments are recommended to be discussed with the Client's financial or tax advisor.

1.3. Aquarium Investments, AS IPS (hereinafter – the Company) indicates that the list of risks below is not exhaustive and includes only the most significant risks; additional risks may arise for the Client during the investment process.

1.4. The Company provides this risk disclosure to the Client within the framework of an individual investment portfolio (hereinafter – the Individual Portfolio).

2. General Description of Risks

2.1. **Market Risk** – the risk that the Client acknowledges that investments are subject to general market risks and value fluctuations, and that past performance is not a guarantee of future results.

2.2. **Investment Performance Risk** – the risk that the Investment Manager does not guarantee the achievement of investment objectives or any specific level of profit.

2.3. **Liquidity Risk** – the risk that the Client understands that certain assets may be illiquid or have a limited market and therefore may not be sold quickly without incurring losses.

2.4. **Credit Risk** – the risk that the Investment Manager is not responsible for losses resulting from the insolvency of third parties, including issuers or counterparties.

2.5. **Interest Rate and Inflation Risk** – the risk that the Client acknowledges that fluctuations in interest rates and inflation may affect the real value and profitability of the portfolio.

2.6. **Currency Risk** – the risk that investments in foreign securities are subject to currency risk, which may affect the value of such investments when converted into the base currency.

2.7. **Concentration Risk** – the risk that the Client acknowledges that concentration in certain sectors, regions, or asset classes may increase portfolio risk.

2.8. **Operational Risk** – the risk that the Investment Manager will act with due diligence but is not liable for losses arising from operational errors, cyber incidents, or errors by third parties.

2.9. **Legal and Regulatory Risk** – the risk that the Client agrees that changes in legislation or tax regulations may adversely affect investments.

2.10. **Custody Risk** – the risk that the Investment Manager shall not be liable for the insolvency, negligence, or errors of custodians or brokers, if they have been selected with due diligence.

2.11. **Conflict of Interest Risk** – the risk that the Investment Manager may have relationships or interests that could give rise to conflicts of interest. Such conflicts will be disclosed, and the manager will act in the Client's best interests.

2.12. **Tax Risk** – the risk that the Investment Manager does not provide tax advice, and the Client should seek advice from an independent tax advisor regarding the tax consequences of investments.

2.13. **Force Majeure Risk** – the risk that the Investment Manager shall not be liable for delays or failure to perform obligations due to events beyond its control, including natural disasters, military actions, or government measures.

3. Risks Related to Transaction Types

3.1. Transactions in foreign financial markets involve risks that may differ from those associated with investments in Latvia. In certain cases, such risks may be higher.

3.2. Investments in derivative financial instruments involve a high degree of risk. Derivatives trading is generally conducted using leverage, which can result in greater losses or gains than unleveraged trades. Consequently, relatively small changes in the market prices of financial instruments can lead to significantly larger changes in the value of investments.

3.3. Certain derivative financial instruments are characterized by significant market price fluctuations, thereby increasing the risk of substantial losses.

3.4. Transactions outside regulated markets (over-the-counter transactions) involve relatively higher risks compared to transactions concluded on regulated markets, since trading in financial instruments outside regulated markets may be suspended, and the valuation and closing of open positions may become difficult.

4. Risks Related to Specific Financial Instruments

4.1. Simple Financial Instruments

4.1.1. Shares

A share is a security issued by a joint-stock company and serves as evidence that its holder owns a portion of the company's property or capital, entitling the holder to dividends or other forms of income.

The principal risks associated with investments in shares are market risk and political risk. Investments in shares may also be subject to: liquidity risk, especially in relation to investments in small companies; currency risk, when investing in shares outside the euro area, where changes in the investor's base currency exchange rate may affect investment profits or losses; political risk, especially with respect to investments in certain emerging markets.

4.1.2. Bonds

Bonds (or debt securities) represent the issuer's debt obligations to their holders. Bonds may be issued by states, international organizations, credit institutions, and commercial companies.

The principal risks associated with investments in bonds are country risk and credit risk. The level of income from bonds depends on the borrower's credit rating — the lower the credit rating, the higher the issuer's insolvency risk and, accordingly, the higher the expected level of return should be. A lower credit rating also means a higher risk of partial or total loss of the investment.

4.1.3. Investment Funds

An investment fund is a pool of assets established for collective investment purposes, usually without a fixed term. When making investments, it is important to diversify risks. When investing in a fund, assets are generally allocated among various asset classes, such as shares, bonds, or other assets. This reduces the impact of any single investment on the total assets.

The principal risks associated with investments in funds are concentration risk and market risk. Investment funds do not guarantee any specific level of return. Return and risk are closely related. The higher the potential return, the higher the risk of losing a significant portion of the initial investment. Financial markets are interconnected, so the performance of a fund investing in one country may be affected by the stock or bond market in another country.

4.2. Derivatives

Derivatives are bilateral contracts whose value depends on the price of another asset (stocks, bonds, currencies, interest rates, commodities, etc.). Derivatives are traded both on exchanges and in over-the-counter financial markets.

The principal risks associated with derivative financial instruments are the complex structure of the instruments and the risks associated with the fact that many derivative financial instruments use a leverage mechanism, in which the investor contributes only part of the funds to purchase the instrument and borrows the remaining amount.

4.3. Futures Contracts

Futures contracts are bilateral agreements to buy or sell a financial instrument (indexes, stocks, debt securities, currencies, interest rates, commodities) at a predetermined future date at a price fixed at the time the contract is entered into. Futures transactions can be exchange-traded or over-the-counter.

The principal risks associated with futures transactions are liquidity risk and interest rate risk. By their very nature, futures transactions involve price volatility and uncertainty.

