

## RISK DISCLOSURE: emerging markets

1. You should be aware that there may be potential risks posed by volatile political, legal and commercial conditions in emerging markets which may affect the value of or result in the loss of investments.
2. The absence of developed securities markets as well as potentially underdeveloped banking and telecommunications systems in such countries may give rise to greater custody, settlement, clearing and registration risks. Foreign investment in issuers in emerging markets may be restricted - sometimes such restrictions may not be published and investors may not be readily made aware of them. In such circumstances, there may be restrictions on repatriation of capital or an investment may have to be scaled down to comply with local foreign ownership restrictions.
3. Emerging markets may lack a fully developed legal system and the body of commercial law and practice normally expected to be found in countries with more sophisticated financial markets. Local laws affecting foreign investments continue to evolve in substance and interpretation, however this development might not always be positive for foreign investments as interpretation of the law sometimes might be arbitrary. Laws and regulations affecting foreign investments might change quickly and unpredictably. Additional legal uncertainties arise from various local, regional and national laws and there is a lack of judicial or legislative guidance or interpretation on unclear or conflicting laws. Additionally, government authorities have a broad discretion on the implementation of the laws. Effectively, this means that there is no guarantee that investors can operate in a stable legal or regulatory environment. Having to comply with conflicting and/or arbitrary laws might have an adverse effect on the investments.
4. In addition, the rights of minority shareholders investing in equities have been given less protection than in more developed countries. There may also be no centralised system for recognising documents of title. Inability to prove or defend their title could adversely affect the investors. The rules in emerging markets with respect to regulating ownership, control and corporate governance may be seen as inadequate and may confer less protection for investors as compared to more developed economies and financial instrument may or may not be held in omnibus accounts and/or through intermediaries. There may be no or few restrictions for the company's management to terminate existing business operations, sell assets or in other ways materially impact the value of a company. Anti-dilution protection is also limited. Redress for violation of shareholder rights may not be as readily available as in developed countries.
5. The quality and reliability of official data published by governments and their agencies in emerging markets might not be equivalent to that available in developed markets.
6. Trading in securities on emerging markets may be halted or be subject to trading suspensions caused by extraordinary market volatility or other market disruption or force majeure events. There can be no assurance that the requirements of the market, necessary to maintain the listing of any securities will continue to be met or will remain unchanged.