

## 5. Increased risk product



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# Product brochure

## Foreign shares

### Product description

Shares are securities issued by a public limited company, and represent membership or ownership rights. Shares represent the proportion of a company's registered capital equal to the share's face value. The minimum requirement for exercising shareholder rights is that the investor hold ownership over the specific share on a specific day preceding the company event (e.g. payment of dividends), referred to as the day of the shareholder identification procedure. Through Raiffeisen Bank, you can also access shares traded on the main American, Western and Eastern European stock markets; the Bank carries out these orders through its partner banks and brokerage firms. The amount of commission due may vary significantly from one market to the other.

### When is it recommended?

- If you are looking for an investment opportunity with a yield above the risk-free rate in the long run and have a firm idea of developments in share prices.

### Product risk

1. VERY LOW	2. LOW	3. MODERATE	4. MEDIUM	5. INCREASED	6. HIGH	7. EXTREMELY
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**5. Increased-risk product:** This category includes financial instruments (such as shares or derivative funds) that characteristically carry substantial risk, featuring a price that may fluctuate significantly even in the short run, but investors are generally shielded from losing the entire value of their capital investment unless some extraordinary market event occurs. Based on historical data, the possible loss calculated for a one-year period is highly unlikely to exceed 65% of the capital invested. (To assess possible losses, the Bank determines the risk classification of a product using VaR calculation based on historical data, at a 99% confidence level, for a one-year investment horizon.)

### Key risk factors

Exchange rate risk	The individual financial instruments may be denominated in different currencies, and as a result, the value (payment) of these securities expressed in a currency may, when converted into the settlement currency, change depending on the exchange rate fluctuations between the given currencies.
Issuer risk	The issuer risk is the risk of the issuer of the securities. The value of the securities and the satisfaction of the claims related to them depend on the issuer's business operations, liquidity position and net worth. The risk arising from poor financial management is reflected primarily in the price of the issued shares.
Share price risk	The share price risk is the risk that the portfolio comprising the shares loses some of its value due to adverse stock market developments. The investor may potentially lose all of his invested money, as the product is not capital guaranteed.
Country risk	Economic, political and geographic factors fundamentally determine a country's country risk classification. Changes in a country's assessment impacts the value of the country's firms, and thus stock market movements as well.
Liquidity risk	Liquidity risk arises when a customer cannot buy/sell a product because there is no counterparty in the market who would sell/buy it to/from them. This type of risk mainly occurs during times of crisis or in the case of rare markets or products where demand and supply are difficult to match. Such risk is quite rare in case of blue-chip shares. There is a trade-off between liquidity and the quantity of a product to be sold/bought: when selling/buying smaller quantities, the investor may perceive higher liquidity, while liquidity may fall as the quantity increases.

### Scenarios\*

Example 1	Let's assume that today, you purchase 100 units of an American blue-chip share with the intention of investing your money for six months. The share price is USD 10.43, so 100 shares are added to your portfolio at USD 1,043. If six months later the shares can be sold at a price of USD 8.43, that is USD 843, you will incur a loss of USD 200 during the six months.
Example 2	Let's assume that today, you purchase 100 units of a less liquid American blue-chip share with the intention of investing your money for six months. The share price is USD 30, so 100 shares are added to your portfolio at USD 3,000. If six months later the shares can be sold at a price of USD 23, that is USD 2,300, you will incur a

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loss of USD 700 during the six months.

**\*PLEASE NOTE: The examples presented in this document do not show every possible outcome. For easier understanding the examples are simple and do not include any fees, commissions or taxes. They are insufficient to form the basis for an investment decision.**

### Practical information

- Information for customers: <https://www.raiffeisen.hu/maganszemely/megtakaritas-befektetes/befektetesi-tajekoztato>
- Product-related descriptions and interpretations: <https://www.raiffeisen.hu/treasury-utikalauz>
- Information on investment products: <https://www.raiffeisen.hu/maganszemely/megtakaritas-befektetes/befektetesi-tajekoztato>
- Product-related fees and charges: <https://www.raiffeisen.hu/hasznos/kondiciok>
- Taxation of investments: <http://www.nav.gov.hu/>
- Institutional protection: <http://www.oba.hu/> and <http://www.bva.hu/>
- Changes in the prices of financial instruments issued by Raiffeisen Bank Zrt.: <https://www.raiffeisen.hu/hasznos/arfolyamok>
- Changes in the prices of key products: <http://bet.hu/> (Hungarian stock exchange), <http://akk.hu/> (Hungarian government securities), <http://www.mnb.hu/> (exchange rates)
- In the case of shares, no EHM (standardised rate of return on securities) is calculated.

### Other information

- Depending on the nature of the given product, investments are exposed to various risks, including the possible loss of the capital invested. No reliable conclusions can be drawn from historical data or information regarding future returns, changes or performance.
- The risk of a financial instrument made up of more than one component may exceed the sum of the risks of the individual components.
- Conversion between different currencies may affect the result achievable.
- Any tax consequence related to an investment product may only be assessed on the basis of the Customer's individual conditions, and may change in the future as a function of changes in legislation.
- This document is intended for information purposes, and should not be construed as an offer to buy or sell any investment product or service or as investment or tax advice by Raiffeisen Bank Zrt. Consequently, before making an investment decision, please consider the appropriateness of the investment in light of your own goals, needs, financial position and the risks involved.