

Risk Warning

To help you understand the risks involved when investing in shares, please read the following risk summary. Please diversify your investments.

The need for diversification when you invest

Diversification involves spreading your money across different types of investments with different risks to reduce your overall risk. However, it will not lessen all types of risk. Diversification is an essential part of investing. Investors should only invest a proportion of their available investment funds and should balance this with safer, more liquid investments.

Risks when investing in equity

Investing in shares (also known as equity) does not involve a regular return on your investment unlike mini-bonds which offer interest paid regularly. Please bear in mind the following particular risks for equity investments:

- **Loss of investment**

The majority of start-up businesses fail or do not scale as planned and therefore investing in these businesses may involve significant risk. It is likely that you may lose all, or part, of your investment. You should only invest an amount that you are willing to lose and should build a diversified portfolio to spread risk and increase the chance of an overall return on your investment capital. If a business you invest in fails, the company will not pay you back your investment.

- **Rarity of dividends**

Dividends are payments made by a business to its shareholders from the company's profits. This means that you are unlikely to see a return on your investment until you are able to sell your shares. Profits are typically re-invested into the business to fuel growth and build shareholder value.

- **Dilution**

Any investment in shares made may be subject to dilution in the future. Dilution occurs when a company issues more shares. Dilution affects every existing shareholder who does not buy any of the new shares being issued. As a result an existing shareholder's proportionate shareholding of the company is reduced, or 'diluted'-this has an effect on a number of things, including voting, dividends and value.