

# RISK NOTIFICATION FORM FOR INVESTMENT FUNDS

## I. IMPORTANT NOTICE

As a result of trading in investment fund units (shares), you may not only gain profit but you have also the risk of loss. Therefore, before deciding to trade, you should understand the risks that you may be exposed in the market, and decide upon considering your financial status and limits.

For this purpose, you should read and understand this *Risk Notification Form for Investment Funds* pursuant to Article 25 of the Communiqué No. III-39.1 on Principles Governing the Establishment and Activities of Investment Firms

## II. WARNING

Before starting to trade, please make sure that the investment firm with whom you are intending to work has relevant trade brokerage certificates and Borsa Istanbul Membership Certificate. You may learn certified investment firms from the websites of [www.spk.gov.tr](http://www.spk.gov.tr), [www.borsaistanbul.com](http://www.borsaistanbul.com) and [www.tspb.org.tr](http://www.tspb.org.tr) or via other communication means.

## III. GENERAL INFORMATION

Investment fund refers to an asset with no legal entity, established under bylaws by portfolio management companies, in order to manage portfolio or portfolios consisting of assets and transactions specified by the Capital Markets Board, according to fiduciary ownership principle, with the money or other assets collected from investors in exchange for fund units (shares), under the capital market legislation. This Risk Notification Form for Investment

Funds intends to explain the fundamental risks involved in investment funds other than exchange traded funds, real estate funds and venture capital funds.

Before trading in investment fund units (shares), you are recommended to determine the umbrella fund and the investment fund underneath that suit to your needs, and determine the risks associated with the founder, fund manager, investment fund and the market, carry out the research and examination you may deem necessary, and make your investment decisions accordingly.

### i. Information Documents related to Investment Funds

Under the relevant capital market legislation, there are three information documents related to funds, being the umbrella fund bylaws, fund prospectus, and investor information form. Preparation of the investor information form is not mandatory for some fund types. Before making an investment decision, you are recommended to carefully assess the said documents, and obtain professional assistance if you need to.

### Umbrella Fund Bylaws

Umbrella fund is an investment fund covering all the funds which issue share under one single bylaw. Each investment fund formed under the same umbrella fund is established in accordance with the principles set forth in the umbrella fund bylaw and the relevant capital market legislation.

## Investment Fund Prospectus

1. A separate prospectus is prepared for the issuance of the units (shares) of each investment fund under the umbrella fund.
2. Investment fund prospectus is a document setting forth the basic information on the investment fund as specified in the capital market legislation, such as the information pertaining to the founder, fund manager, portfolio custodian, fund structure, fund limitations, conditions for participating in and leaving the fund, principles on expenses allowed from the fund's assets, and liquidation of the fund.

## Investor Information Form

1. A separate investor information form is prepared for the issuance of the shares of each investment fund under the umbrella fund.
2. Investor information form refers to a summary form showing the structure, investment strategy and risks of the investment fund.
3. Preparation of investor information form is not mandatory for some fund types.

## ii. Limitations on Mutual Fund Portfolio

While the capital market legislation stipulates limitations with regard to the assets to be included in the portfolio and the issuers of such assets, hedge funds may invest according to their investment strategies and limits stated in the fund's information documents, without being subject to such limitations. For example, in case a hedge fund is a party to an agreement outside the exchange, counterparty to such agreement shall not be required to have a rating score according to the relevant capital market legislation.

## IV. SECONDARY MARKET INFORMATION

Investment fund trades take place both in the primary and secondary markets. Secondary market transactions may take place in the form of returning the fund shares to the fund.

## V. RISK NOTIFICATION

Some of the risks associated with the investment funds are set forth in the following, in addition to those specified in the *Capital Market Activities Framework Agreement General Terms and Conditions* ("Framework Agreement") which is executed or will be executed between you and the investment firm and the *Investment Services and Activities General Risk Notification Form* attached thereto:

1. The account to be opened at the investment firm and any transactions executed in such account are subject to all legislation and orders issued by the Capital Markets Board, Borsa Istanbul, central securities depositories, central registry agencies, clearance and custody houses and similar regulations. Applicable legislation, regulation, and practices may be amended from time to time; therefore, it is important that you follow the changes that may occur in the legislation, regulation and practices.
2. Transactions in the shares of investment funds are subject to risks at various levels and kinds. As a result, you may lose your full investments in the investment fund units, and you may miss out the expected profits.
3. The fact that issuance of investment funds units was permitted or that the investment fund units are being traded on Turkish Electronic Fund Trading Platform ("TEFAS") cannot be construed as a guarantee provided by the Capital Markets Board

or Istanbul Takas ve Saklama Bankası A.Ş. ("Takasbank") for such units.

**4.** Assets in the investment fund portfolio may be subject to counterparty risk due to the purchase of the capital instruments outside the exchange, and market risk due to changes in the price, currency, interest rate and other developments in the market, and liquidity risk due to supply/demand balance in the market, legal risks due to the legislation, decisions of competent authorities, changes in the tax practises and legal practices, currency risk, and other special types of risks. If the value of the fund's portfolio is adversely affected from the risks involved in the assets in the investment fund portfolio, the value of the fund shares may also decrease.

**5.** Investment funds involving high risk may yield higher returns; however, you should be aware that if you invest in such fund units, the risk that you assume would be higher. Before making an investment decision, you are recommended to carefully consider the risk factors involved in the investment funds that you want to trade, and obtain professional assistance if you need to.

**6.** Investment fund unit trades involve counterparty risk. Accordingly, before entering into any transaction, you should consider the possibility that the investment fund that you intend to trade may become unable to fulfil its financial liabilities.

**7.** You should be aware that transactions on investment fund units are subject to the rules regarding the purchase and return of the units to the fund as stated in the information documents of the relevant investment fund, and fund entry and/or exit commission may be applied as per such rules, and there may be liquidity risk due to insuf-

ficient liquidity of the fund portfolio and other reasons.

**8.** Transactions on some investment fund units can be executed in foreign currency, under the terms stated in the capital market legislation. It should be considered that, the transactions on investment fund units executed in foreign currency, involve currency risk in addition to the risks listed above, and there may be loss of value in Turkish Lira due to fluctuations in exchange rates. It should also be noted that governments may restrict foreign capital and currency movements, and impose additional and/or new taxes, and the transactions may not be executed timely.

**9.** You should be aware that the past performance of investment funds may not guarantee future performance of the investment fund.

**10.** Information documents of investment funds (umbrella fund bylaw, fund prospectus and investor information form) contain important information that may affect your investment decisions, and you are recommended to carefully assess the fund's information documents before making investment decisions, and obtain professional assistance if you deem necessary.

**11.** Information documents may be amended from time to time. While you are recommended to follow any amendment in the information documents, you should be aware that that any amendment in accordance with the capital market legislation may not be submitted to the approval of the Capital Markets Board, and may be exempt from the announcement obligation.

**12.** You should consider that hedge funds involve higher risk, as they are not subject to the limitations applicable to other investment funds under the capital market legislation.

**13.** It should be noted that any information or recommendations provided by the investment firm for transactions to be conducted in markets, may be insufficient or may require verification.

**14.** It should be taken into consideration that any technical and basic analysis carried out by authorized personnel of the investment firm with regard to trading in capital market instruments, may vary from person to person, and that any forecasts made during such analyses may not come true.

on how the commissions, fees, charges and taxes will be applied to you, you will be provided with a written explanation containing understandable examples, upon your request.

I have read and understood *the Risk Notification Form* for Investment Funds above before starting to trade in investment fund shares and I have taken hand-delivery of a copy of this *Risk Notification Form for Investment Funds*.

## VI. OTHER RISKS

*Risk Notification Form for Investment Funds* intends to inform you in general on the risks involved in the market and the products traded in the market subject to the form, and may not cover all risks arising from investment fund trades and the risks that may arise in practice. Therefore, before deciding to invest, you are recommended to make necessary research on the investment fund that you intend to trade in, and its founder, fund manager, fund's purpose, investment strategy, risks, and fund information documents (umbrella fund bylaw, fund prospectus and investor information form), and obtain professional assistance.

## VII. COMMISSIONS, FEES AND TAXES

Before entering into transaction, you should be aware that your transactions will be subject to the commissions, fees and charges payable to TEFAS, clearance and custody houses, and investment firms, and taxes at rates specified in the relevant legislation. Before entering into transaction, you may obtain information on the commissions, fees and charges related to your transactions, by reviewing the Commission and Expense Tariff appended to the Framework Agreement. If you have any question

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**INVESTOR**

**Please write “I have read, acknowledged, and received” with your handwriting, and sign in the box below.**

**Name, Surname / Title:**

**Date:**

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