

Appropriateness Assessment- Complex Instruments

Investors are required to provide information regarding their knowledge and experience in complex instruments to enable us to make an assessment as to whether the product is appropriate for them.

Warrants and other complex instruments are derivative products for which special risks apply. Jarvis Investment Management provides an execution only service. Investors must rely on their own judgment and assessment of the instruments. This must include investment merits and risks and where relevant, investors must also be able to accept the risk of the investment for the specified duration.

Client Name:

Share Dealing Account Number(s):

Please state the highest level of education attained

ie. O-levels / A-levels / Degree etc:

What is / was your occupation or, if retired,
your former occupation?:

What is a Complex Financial Instrument?

A complex financial instrument could be anything that is not defined as non-complex.

Non-complex financial instruments are (but are not exclusively limited to):

- Shares listed on a recognised stock exchange
- Units/shares in a UCITS qualifying Collective Investment Scheme
- Bonds
- Money market instruments

A complex financial instrument is one that requires a greater experience and knowledge of investments to fully understand the risks involved, for example by including very speculative contracts like financial derivatives, by being valued infrequently or by not being 'readily realisable' (potentially difficult to sell when you want to). Examples include (but are not exclusively limited to):

- Some types of exchange traded product
- Warrants
- Non-readily realisable investments
- Complex bonds

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In order that we can be certain that those investing in complex instruments have the required knowledge and expertise, you are asked to answer the questions below. Please note the following:

- In the case of joint accounts, each named account holder must complete a separate form.
- Your answers will be scored and we will notify you if you have 'passed' or 'failed.'

Please circle your answers below and sure you answer **ALL** questions

| | Question | Answer 1 | Answer 2 | Answer 3 |
|---|--|----------|----------|------------|
| 1 | I understand that complex instruments by nature may have a high degree of leverage which will magnify any potential profits or losses and could lead to me losing significantly more money than originally invested? | Yes | No | Don't Know |
| 2 | I understand that the opportunity to sell a complex instrument may be limited in comparison to trading shares on a main market? | Yes | No | Don't Know |
| 3 | I understand that information will not always be publicly available for complex instruments? | Yes | No | Don't Know |
| 4 | I understand that complex instruments can be derivative based and I will not necessarily hold any underlying asset? | Yes | No | Don't Know |
| 5 | I understand the risk profile of complex instruments and how they fit with my investment objectives and attitude to risk? | Yes | No | Don't Know |

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| | | | | | |
|----|--|------|-------------|------|-----|
| 6 | How many times a year do you trade in shares, bonds, fixed interest stocks, index-linked debt, complex bonds or funds? | None | 5 or less | 6-20 | 21+ |
| 7 | How many times a year do you trade in warrants, convertibles, nil paid rights or preference shares? | None | 5 or less | 6-20 | 21+ |
| 8 | How many times a year do you trade in non-readily realisable investments, exchange traded products or other 'complex' instruments? | None | 5 or less | 6-20 | 21+ |
| 9 | How many years' experience do you have trading in shares, bonds, fixed interest stocks, index-linked debt, complex bonds or funds? | None | Less than 1 | 1-4 | 5+ |
| 10 | How many years' experience do you have trading in warrants, convertibles, nil paid rights or preference shares? | None | Less than 1 | 1-4 | 5+ |
| 11 | How many years' experience do you have trading in non-readily realisable investments, exchange traded products or other 'complex' instruments? | None | Less than 1 | 1-4 | 5+ |

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| | | | | |
|----|--|------|----------|--------------|
| 12 | Have you traded in complex instruments in a professional capacity in the last 5 years? | Yes | No | Don't Know |
| 13 | What qualifications do you have that are relevant to the dealing envisioned? | None | Academic | Professional |

Declaration

I have read and understood the Complex Instrument sheet. I acknowledge that this sheet is in place for my protection. I understand the risks involved in dealing in complex instruments, and declare that I have sufficient knowledge about the product and am able to assess the merits and declare that the product is appropriate in relation to my investment needs and abilities. I also confirm that complex instruments are suitable given my investment objectives and attitude to risk (tick)

Signed

Date

Please sign and return this form to us at:

78 Mount Ephraim
Tunbridge Wells
KENT TN4 8BS

Or email a scanned copy to: invest@jarvisim.co.uk

Appropriateness Assessment- Complex Instruments

Understanding Complex Instruments

Buying investment products such as shares, investment trusts and exchange-traded funds (ETFs) is a simple and quick process in the majority of cases, however if a more 'complex' product is what you are looking to purchase, we need to confirm that you understand the product you are looking to purchase.

A 'complex' product is a financial instrument that may be difficult to understand because of its structure or features. Often, they will have different risks associated with them compared to what you would find when investing in equities. Because of this, they may not be suitable for all investors.

Investing in complex instruments can involve additional risks, these may not always be obvious or easy to understand. Some of the risks associated with complex instruments may include;

Market risk- this is the risk of losses due to movements in market prices. Complex instruments may invest in many underlying markets, therefore leaving you exposed to more market risks.

Leverage risk- some complex instruments will use leverage, which are financial strategies to multiply potential gains or losses, like using derivatives. The use of leverage can potentially result in higher losses.

Liquidity risk- some complex products may be illiquid, which means it may be difficult to sell the instruments quickly or easily.

A couple of examples of instruments which may be deemed complex are listed below;

Index-Linked Debt- an index-linked bond is a bond in which payment of interest income on the principle is related to a specific price index, usually the Consumer Price Index.

Subscription Shares- Newly issues securities that an investor has agreed or stated their intent to buy prior to the issue date. When investors use rights, they expect to own the designated number of shares to which they have subscribed once the offering is complete.

Exchange Traded Funds- One type of complex ETF is a leveraged ETF. While a typical exchange-traded fund (ETF) aims to track the returns of a sector, market or index, a leveraged ETF aims to match and then amplify those returns. Basically, they use complex financial techniques to try and increase the potential return of the investment. Bear in mind, this means the potential losses of the investment are also amplified. That's what makes leveraged ETFs more volatile, riskier and complex.