# RISK DISCLOSURE STATEMENT

## Contents

## INTRODUCTION

Prodigit Investments Limited (the "Company"), whose registered office is at 4 Photi Pitta, LABS TOWER, Nicosia, Cyprus, is authorized and regulated by the Cyprus Securities and Exchange Commission under license 200/13.

The following document represents the Risk Disclosure the Company is required to disclose to clients dealing with financial products. It is noted that this document cannot and does not disclose or explain all of the risks and other significant aspects involved in trading CFDs.

*In the following pages, the word "you" refers to the Customer, "your Portfolio" refers to the Customer's Portfolio and "on your behalf" means on behalf of the Customer and/or the Customer's Portfolio as defined in clause 1 of the Investment Management Agreement.*

## GENERAL PORTFOLIO RISK WARNING

The service which the Company will provide of discretionary investment management is inherently risky for you, the Customer. A significant risk is that the market price of an investment purchased or sold on your behalf may move adversely leading to a significant loss on your Portfolio. Any and all of the investments the Company may undertake on your behalf pursuant to this agreement have the risk of adverse price moments. This and other risks associated with specific investment types are set out more fully below.

## DERIVATIVES RISK WARNING NOTICE

This notice does not disclose all of the risks and other significant aspects of derivatives products such as futures, options, and contracts for differences. You should not deal in derivatives unless you understand the nature of the contract you are entering into and the extent of your exposure to risk. You should also be satisfied that the contract is suitable for you in the light of your circumstances and financial position. Certain strategies, such as a "spread" position or a "straddle", may be as risky as a simple "long" or "short" position.

Whilst derivative instruments can be utilised for the management of investment risk, some investments are unsuitable for many investors. Different instruments involve different levels of exposure to risk, and in deciding whether to trade in such instruments you should be aware of the following points.

### Contracts for differences ("CFDs")

Futures and options contracts can also be referred to as a Contract for Differences. These can be options and futures on the FT-SE 100 index or any other index or individual stock, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for differences carries the same risk as investing in a future or an option and you should be aware of these as set out in paragraphs (1) and (2) respectively. Transactions in contracts for differences may also have a contingent liability (leverage) and you should be aware of the implications of this as set out below.

A CFD is a derivative instrument priced with reference at an underlying asset price. CFDs are traded over-the-counter and no exchange or other external execution venue will be involved in the transaction. CFDs involve greater risk than investing in on-exchange products, as market liquidity cannot be guaranteed and it may be more difficult to liquidate an existing position. The prices and other conditions are set by us in accordance with our obligation to provide best execution as included in our Order Execution Policy and in accordance with our Order Execution Policy and in accordance with our Terms & Conditions. CFDs are high risk and complex financial products, generally used for speculative purposes, which are not suitable for all investors. CFDs are not suitable for "buy and hold" trading.

CFDs are only suitable for those clients who:

- understand and are willing to assume the economic, legal and other risks involved;
- are experienced and knowledgeable about trading in CFDs and in the underlying assets; and
- are financially able to assume losses significantly in excess of the margin.

When trading CFDs with us, the orders will not be executed on a recognized or designated investment exchange and will be executed OTC. All positions entered into with us must be closed with us and cannot be closed with any other entity. OTC transactions may involve greater risk than investing in on-exchange transactions because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an OTC transaction or to assess the exposure to risk. There is no central clearing and no guarantee by any other party of our payment obligations to you, so you are exposed to credit risk with the Company. You must look only to the Company for performance of all transactions in your account and for return of any margin.

The client understands that CFDs can only be settled in cash and the difference between the buying and selling price partly determines the result of the investment.

You have no rights or obligations in respect of the underlying instruments or assets relating to your CFD. The client should understand that CFDs can have different underlying assets, including, equity, indices and commodities. For example, in case of an equity CFD you will not receive any voting right.

CFDs are not suitable for long-term investments. Holding a CFD open for a long period leads to an increase in the associated costs. It may be more beneficial for the client to buy the underlying asset instead.

## Off exchange transactions

It may not always be apparent whether or not a particular derivative is on or off-exchange.

Whilst some off-exchange markets are highly liquid, transactions in off-exchange or "non transferable" derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

## Foreign markets

Different foreign markets will involve different risks. In some cases the risks will be greater than the risks in markets with which you are familiar. On request, the Company must provide an explanation of the relevant risks and protections, (if any), which will operate in any relevant foreign markets, including the extent to which it will accept liability for any default of a foreign broker through whom it deals. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

## Contingent liability transactions

Contingent liability transactions which are margined require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If you trade in futures or contracts for differences or write options you may sustain a total loss of the margin you deposit with the Company to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be liable for any resulting deficit in your account. *Your loss may, by many times, exceed your total investment or value of your Portfolio.*

Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract. Contingent liability transactions which are not traded on or under the rules of a recognized or designated investment exchange may expose you to substantially greater risks.

The “margin” requirement for a contingent liability investment (such as a derivative) is generally set each day by the exchange on which the investment trades. The margin requirement is the value of unencumbered cash or other assets (“collateral”) which is deemed necessary for the Customer to have on deposit with the Company in order to safely maintain the open position in the investment. The formulas used to calculate margin requirements are particular to each exchange and investment type. However, they generally include the cash cost of closing the position at current market prices plus a further amount to reflect the risk of losses due to adverse movements in market prices. The latter component will take into account factors such as the normal volatility in the price of the investment, the time remaining until its expiry, etc.

You should ascertain from the Company the procedures for calculating margin, offsetting positions and mandatory closing of positions.

## Commissions

Before you begin to trade, you should obtain details of all commissions and other charges for which you will be liable. If any charges are not expressed in money terms (but, for example, as a percentage of contract value), you should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

## Suspensions of trading

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

## Clearing house protections

On many exchanges, the performance of a transaction (or the third party with whom he is dealing on your behalf) is "guaranteed" by the exchange or its clearing house. However, this guarantee is unlikely in most circumstances to cover you, the customer, and may not protect you if we or another party defaults on its obligations to you. On request, the Company must explain any protection provided to you under the clearing guarantee applicable to any on-exchange derivatives in which you are dealing. There is no clearing house for traditional options, nor normally for off-exchange instruments which are not traded under the rules of a recognised or designated investment exchange.

# FOREIGN EXCHANGE TRANSACTION AND CURRENCY FLUCTUATION RISK WARNING

The Company or its representatives may from time-to-time effect on your behalf transactions in the foreign exchange markets the effect of which will be to expose your Portfolio to the risk of adverse movements in currency exchange rates.

## Investments in foreign currencies

From time to time, The Company may instruct your Portfolio to make investments in securities, hold money, or become overdrawn in currencies which are denominated in currencies other than the Base Currency of your Portfolio. As a result, your Portfolio may be exposed to negative effects on its valuation when the value of assets or liabilities in other currencies is translated to the Base Currency.

## Foreign Exchange speculation

From time to time if permitted by you, The Company may speculate on currency fluctuations for your Portfolio utilizing both spot cash transactions and/or foreign exchange forward contracts not traded on any recognized investment exchange. Such transactions are deemed to be speculative where they do not relate to the management of cash required to purchase investments for your Portfolio or arising from the realisation of such investments and where they substantially exceed in size any likely currency exposure arising out of investment purchases and sales. Such transactions and forward contracts may have the effect of gearing the exposure of your Portfolio to currency fluctuations either positive or negative.

# ALGORITHMIC TRADING RISKS

## Market Risk

Algorithmic trading strategies are subject to market risks. Market conditions can change rapidly, leading to gains or losses. Past performance is not indicative of future results.

## Execution Risk

Execution of trades by algorithms is reliant on market conditions, liquidity, and order execution. Delays, slippage, or partial fills may occur, potentially impacting trading results.

## Systemic and Technology Risks

Algorithmic trading relies on sophisticated software and technology. System failures, disruptions, or cybersecurity threats could lead to significant losses or inability to execute trades.

## Risk of Over-Exposure

Algorithmic strategies may involve leverage or over-exposure to certain positions, amplifying both gains and losses. You should carefully consider your risk tolerance.

## Volatility and Market Stress

High volatility or market stress events can lead to sudden and extreme price movements that may not be adequately managed by algorithms.

### Diversification and Concentration Risk
Algorithmic strategies may concentrate investments in specific asset classes or sectors, potentially reducing diversification and increasing risk.

### Operational Risk
Operational errors, system downtime, or errors in data inputs could impact trading results. The Company has implemented risk controls but cannot eliminate operational risk entirely.

### Regulatory and Legal Risks
Algorithmic trading is subject to legal and regulatory requirements. Changes in regulations or compliance issues may affect trading strategies.

### Performance Not Guaranteed
There is no guarantee that algorithmic trading strategies will achieve specific performance objectives, and losses may occur.

### Liquidity Risk
Certain asset classes may experience low liquidity, making it difficult to execute or exit positions at desired prices.

### Third-Party Risks
The use of third-party data, infrastructure, and technology providers introduces third-party risks that may impact trading.

### Model and Strategy Risk
The performance of algorithmic models is based on historical data and assumptions, which may not be representative of future market conditions.

### Counterparty Risk
Algorithmic trading strategies may involve transactions with various counterparties. Counterparty defaults can lead to financial losses.

## OTHER RISKS

### Commissions
Before you begin to trade, you should obtain details of all commissions and other charges for which you will be liable. If any charges are not expressed in money terms (but, for example, as a percentage of contract value), you should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

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### Insolvency

The Company's insolvency or default, or that of any other brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payment in cash.

### Algorithmic Trading

Algorithmic Trading entails the risk of algorithm failure and miscalculated parameters. System errors might occur. You should be aware of the risks that may result from any failure, malfunction or disruption of any transmission, communication system, computer facility or trading software, whether belonging to the Company or to any other external party, which could mean that your orders may be delayed or fail.

### Client Money

All Client Money shall be held by us in a designated client money bank account; and are subject to a right of off-set for your liabilities towards us. The designated client money is segregated from the assets of the Company and is deemed client money for the purposes of the CySEC rules. We may place your funds in our designated client money account in a different currency to your base currency. Such client money will be at least equal in value to your base currency and will be in compliance with CySEC Legislation. No interest will be paid in respect of client money.

## UPDATES

The Company has the right to amend the current Risk Disclosure Statement as per its discretion and at any time it considers is suitable and appropriate. In such an event the Company will notify the client accordingly. The Company shall review and amend the current policy at least on an annual basis. The Policy is available for review by clients upon request and it is uploaded to the Company's website.

## ACKNOWLEDGEMENT

By engaging in algorithmic trading portfolio management with the Company, you acknowledge and accept these risks. You should carefully evaluate your investment objectives and risk tolerance before proceeding. We encourage you to consult with financial advisors or legal experts to better understand the implications of algorithmic trading.

Prodigit Investments Ltd is committed to implementing risk controls and best practices to mitigate the above-mentioned risks. However, please be aware that no risk management process can eliminate risk entirely.

Algorithmic trading in CFDs in currency pairs is suitable for experienced investors who are aware of the risks involved.

By entering into an investment management agreement with the Company, you acknowledge your understanding and acceptance of these risks.

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