

Risks Disclosure for Portfolio Management services provided through Robo-Advisor by Revolut Securities

Description of investment transaction

Robo-Advisor is a digital solution which Revolut Securities Singapore Pte. Ltd. ("**Revolut Securities**", "**we**", "**us**" or "**our**") uses to manage tailored investment portfolios based on individual circumstances, including client goals, financial situation, and risk tolerance. It assesses client profiles accordingly and manages the model portfolio asset allocation throughout the product's lifecycle. It is a client-facing tool; however, human oversight is in place to ensure client interests are protected. It diversifies investments across stocks, bonds, and other assets through exchange-traded funds ("**ETFs**" and singularly, an "**ETF**"), and the specific asset allocation depends on the client profile. The ETF selection process is based on factors like cost efficiency, liquidity, historical performance, and risk ratings. Each portfolio usually consists of 5-8 ETFs.

Terms used but not defined herein have the same meaning as given to them in our [Robo-Advisor Terms and Conditions](#).

Direct costs and associated expenses of transaction

You may incur costs when making transactions related to financial instruments. For more details, please refer to our [Fee disclosure](#) on our website. For your consideration, you should be aware of the most common costs:

- **Direct costs:** Revolut charges an annual management fee, charged monthly.
- **Associated costs:** Bid-ask spreads from transactions. When a market order to purchase is submitted, the order is executed at the 'ask', or the best price a market participant is willing to sell at. When a market order to sell is submitted, the order is executed at the 'bid', or the best price a market participant is willing to buy at. The difference between the bid and the ask is known as the 'spread', and when rebalancing, customers incur transactional costs by selling at the bid, and buying at the ask. The underlying securities in the Robo-Advisor portfolios may incur fees which are deducted from the net asset value ("**NAV**") of the securities. The most common fee is an ETF expense ratio, which is a fee charged by the ETF provider charges for managing the ETF. Revolut does not receive any compensation from these costs.

Please note that no commissions are charged for transaction execution.

Execution venue and settlement procedure

Normally, transactions in ETFs are conducted on trading venues. Relevant execution venues might halt or suspend trading in respect of ETFs.

Settlement takes place on your securities account with us.

You acknowledge and agree that Revolut has full discretion in choosing when to execute investments, and may engage in block trading of ETFs by collating your orders with other customers.

Risks inherent in portfolio management service performed by a Robo-Advisor

As our portfolios consist of various ETFs and given that these funds are traded on the stock exchanges, the portfolios are sensitive towards all principal risks of financial markets and you should therefore be acquainted with all the common risks described in the following paragraphs. Diversification does not always prevent losses.

Market Risk

As with any investment, clients are exposed to market risk or volatility of the specific ETFs and underlying securities that the portfolio tracks. Significant price fluctuations in the US stock market can directly impact the value of the client's portfolio.

Liquidity Risk

In the event of low trading volume or large bid-ask spreads for the underlying ETFs, clients may face difficulties in buying or selling units in the portfolio. This liquidity risk can lead to higher transaction costs and delays in executing trades.

Currency Risk

Since the ETFs are US-listed, clients are exposed to currency risk if they wish to receive their returns in Singapore Dollars. The portfolio's value can be affected by fluctuations in the exchange rate between the US Dollar and Singapore Dollar.

Technical Issues

As a digital solution, the Robo-Advisor may encounter technical problems or glitches that could affect your investment experience or lead to potential losses.

Tax Implications

Dividends received from the US-listed ETFs are subject to a 30% withholding tax, reducing the net returns for clients.

Limitations of the algorithms

Our portfolio construction process employs proprietary algorithms, which include portfolio optimization, rebalancing, and return simulations. These algorithms represent

an enhanced application of Modern Portfolio Theory. While we utilize external data and information for our underlying calculations and assumptions, we make no representations or warranties regarding the accuracy, completeness, or reliability of such information. You acknowledge and agree that any investment decisions made using these algorithms are at your own risk.

We assess your financial objectives, investment knowledge, risk tolerance and investment outlay to recommend you an appropriate portfolio. During circumstances such as Extreme market events, we may need to override or halt the algorithm to protect your interests. Please refer to our [Robo-Advisor Terms and Conditions](#) for more information on how we will deal with Extreme market events.

We do not take into account your personal financial situation (such as your assets, liabilities, cash flow, income, employment status, financial commitments, current investment portfolio, tax obligations), particular needs, foreign currency impact on your overall wealth, impact of extreme market conditions, and geopolitical risks. You may consider engaging a financial advisor for personalised portfolio management services.

By understanding these key risks and their potential impact, clients can make informed decisions about investing through the Robo-Advisory product and ensure it aligns with their risk tolerance and financial goals.

Functioning and performance in different market conditions

For illustrative purposes, we have prepared the below table which shows how the ETF unit is expected to perform in different market conditions.

Market conditions	Scenario	Price
ETF market capitalization*	Positive	Up
	Negative	Down
Market expectations regarding the future development of the relevant company / industry / economy where the ETF has exposure*	Positive	Up
	Negative	Down
Market expectations regarding the performance of the ETF*	Positive	Up
	Negative	Down
Political and psychological factors*	Positive	Up
	Negative	Down

**Assuming that other market conditions remain the same and the market is not in any kind of distress. If multiple market events happen, the ETF might either increase or decrease in value.*

Overseas-listed Investment Product

Revolut Securities offers customers the ability to trade overseas-listed investment products on its investment platform - such products may include but are not limited to US exchange listed securities. You are advised to duly note the risks involved and read this risk warning statement carefully before trading in such overseas-listed investment products. If you trade in, or authorise someone to trade on your behalf, overseas-listed investment products, you are taken to have acknowledged, understood and accepted the risks as set out in these terms herein.

An **"overseas-listed investment product"** in this risk disclosure statement refers to a capital markets product that is approved in-principle for listing and quotation only on, or listed for quotation or quoted only on, one or more overseas exchanges.

An overseas-listed investment product is subject to the laws and regulations of the jurisdiction it is listed in. Before you trade in an overseas-listed investment product or authorise someone else to trade for you, you should be aware of:

1. The level of investor protection and safeguards that you are afforded in the relevant foreign jurisdiction as the overseas-listed investment product would operate under a different regulatory regime.
2. The differences between the legal systems in the foreign jurisdiction and Singapore that may affect your ability to recover your funds.
3. The tax implications, currency risks, and additional transaction costs that you may have to incur.
4. The counterparty and correspondent broker risks that you are exposed to.
5. The political, economic and social developments that influence the overseas markets you are investing in.

These and other risks may affect the value of your investment. You should not invest in the product if you do not understand or are not comfortable with such risks.

This statement is provided to you in accordance with paragraph 41C of the Monetary Authority of Singapore ("**MAS**")'s Notice on Recommendations on Investment Products [FAA-N16].

The statement does not disclose all the risks and other significant aspects of trading in an overseas-listed investment product. You should undertake such transactions only if you understand and are comfortable with the extent of your exposure to the risks.

You should carefully consider whether such trading is suitable for you in light of your experience, objectives, risk appetite, financial resources and other relevant circumstances. In considering whether to trade or to authorise someone else to trade for you, you should be aware of the following:

Differences in Regulatory Regimes

Overseas markets may be subject to different regulations, and may operate differently from approved exchanges in Singapore. For example, there may be different rules providing for the safekeeping of securities and monies held by custodian banks or depositories. This may affect the level of safeguards in place to ensure proper segregation and safekeeping of your investment products or monies held overseas. There is also the risk of your investment products or monies not being protected if the custodian has credit problems or fails. Overseas markets may also have different periods for clearing and settling transactions. These may affect the information available to you regarding transaction prices and the time you have to settle your trade on such overseas markets.

Overseas markets may be subject to rules which may offer different investor protection as compared to Singapore. Before you start to trade, you should be fully aware of the types of redress available to you in Singapore and other relevant jurisdictions, if any.

Overseas-listed investment products may not be subject to the same disclosure standards that apply to investment products listed for quotation or quoted on an approved exchange in Singapore. Where disclosure is made, differences in accounting, auditing and financial reporting standards may also affect the quality and comparability of information provided. It may also be more difficult to locate up-to-date information, and the information published may only be available in a foreign language.

Differences in legal systems

In some countries, legal concepts which are practised in mature legal systems may not be in place or may have yet to be tested in courts. This would make it more difficult to predict with a degree of certainty the outcome of judicial proceedings or even the quantum of damages which may be awarded following a successful claim. The MAS will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions will be effected. The laws of some jurisdictions may prohibit or restrict the repatriation of funds from such jurisdictions including capital, divestment proceeds, profits, dividends and interest arising from investment in such countries. Therefore, there is no guarantee that the funds you have invested and the funds arising from your investment will be capable of being remitted.

Some jurisdictions may also restrict the amount or type of investment products that foreign investors may trade. This can affect the liquidity and prices of the overseas-listed investment products that you invest in.

Different costs involved

There may be tax implications of investing in an overseas-listed investment product. For example, sale proceeds or the receipt of any dividends and other income may be

subject to tax levies, duties or charges in the foreign country, in Singapore, or in both countries.

Your investment return on foreign currency-denominated investment products will be affected by exchange rate fluctuations where there is a need to convert from the currency of denomination of the investment products to another currency, or may be affected by exchange controls.

You may have to pay additional costs such as fees and broker's commissions for transactions in overseas exchanges. In some jurisdictions, you may also have to pay a premium to trade certain listed investment products. Therefore, before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

Counterparty and correspondent broker risks

Transactions on overseas exchanges or overseas markets are generally effected by your Singapore broker through the use of foreign brokers who have trading and/or clearing rights on those exchanges. All transactions that are executed upon your instructions with such counterparties and correspondent brokers are dependent on their respective due performance of their obligations. The insolvency or default of such counterparties and correspondent brokers may lead to positions being liquidated or closed out without your consent and/or may result in difficulties in recovering your monies and assets held overseas.

Political, Economic and Social Developments

Overseas markets are influenced by the political, economic and social developments in the foreign jurisdiction, which may be uncertain and may increase the risk of investing in overseas-listed investment products.