RBC Investor & Treasury Services

PRODUCT AND SERVICE RISK DISCLOSURES

PART I: INTRODUCTION

This Product and Service Risk Disclosure document is for use by professional clients or clients classified as eligible counterparty of RBC Investor Services Bank S.A. (together, "RBCIS") and must not be relied on by anyone else.

This Product and Service Risk Disclosure document cannot disclose all the risks and other significant aspects of the services ("services") you may receive from us or the products you may subscribe for through us ("products"), but is intended to give you information on and a warning of the risks associated with them so that you are reasonably able to understand the nature and risks of the services and products and, consequently, to take your investment decisions on an informed basis. You should also read any product/transaction specific disclosures that may be included in any product/transaction specific documentation provided to you and ensure that any product or service fits within your investment policies.

RBCIS does not provide any aspect of investment counselling, investment management (discretionary or otherwise), portfolio management or advisory services and RBCIS does not review or otherwise evaluate the appropriateness or suitability of any investment, product or service for your personal circumstances or otherwise. As such, you must not rely on the guidance contained in this Product and Service Risk Disclosure document as investment advice , nor as a recommendation to enter into any of the services or invest in any of the products listed below. Where you are unclear as to the meaning of any of the disclosures or warnings described below, we would strongly recommend that you seek independent legal or financial advice.

You should not deal in these or any other products or services 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 product and/or service is suitable for you in light of your circumstances and financial position and, where necessary, you should seek appropriate independent advice in advance of any investment decisions.

Nothing in this Product and Service Risk Disclosure document obliges RBCIS to deal with you in respect of the products or services described.

Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of any investment.

All financial products carry a certain degree of risk and even low risk investment strategies contain an element of uncertainty. The types of risk that might be of concern will depend on various matters, including how the instrument is created, structured or drafted. The specific risks of a particular product or transaction will depend upon the terms of the product or transaction and the particular circumstances of, and relationships between, the relevant parties involved in such product or transaction. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments or become involved in any financial products or services you should be aware of the guidance set out below:

PART II: PRODUCTS AND INSTRUMENTS

Set out below is an outline of the major categories of risk that may be associated with certain generic types of financial instruments which should be read in conjunction with Parts III and IV. You must read the information below in the context of the services which we are providing to you and/or transactions which we are entering into with you and the respective service and transaction agreements which we have entered into with you. For example:

- Cash Sweep - Where RBCIS provides cash sweep services to you, you may instruct RBCIS to invest your cash balances in units of collective investment schemes (see section 1 below).
- Foreign Exchange – RBCIS may enter into foreign exchange forwards or swap transactions with you. These products are OTC derivatives instruments as set out in section 2 below.

1. UNITS IN COLLECTIVE INVESTMENT SCHEMES

Collective investment schemes and their underlying assets are potentially exposed to all of the major risk types referred to in Part III below, including insolvency risk relating to the issuer of the underlying assets.

There are many different types of collective investment schemes. Generally, a collective investment scheme will involve an arrangement that enables a number of investors to 'pool' their assets and have these professionally managed by an independent manager. Investments may typically include gilts, bonds and quoted equities, but depending on the type of scheme, may go wider into derivatives, real estate or any other asset. There may be risks on the underlying assets held by the scheme and investors are advised, therefore, to check whether the scheme holds a number of different assets, thus spreading its risk. Subject to this, investment in such schemes may reduce risk by spreading the investor's investment more widely than may have been possible if he or she was to invest in the assets directly.

The reduction in risk may be achieved because the wide range of investments held in a collective investment scheme can reduce the effect that a change in the value of any one investment may have on the overall performance of the portfolio. Although, therefore, seen as a way to spread risks, the portfolio price can fall as well as rise and, depending on the investment decisions made, a collective investment scheme may be exposed to many different major risk types.

The valuation of a collective investment scheme is generally controlled by the relevant fund manager or the investment adviser (as the case may be) of the collective investment scheme. Valuations are performed in accordance with the terms and conditions governing the collective investment scheme. Such valuations may be based upon the unaudited financial records of the collective investment scheme and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the collective investment schemes and accounts. The collective investment scheme may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable prices may be difficult to obtain. In consequence, the relevant fund manager or the investment adviser may vary certain quotations for such investments held by the collective investment scheme in order to reflect its judgement as to the fair value thereof. Therefore, valuations may be subject to subsequent adjustments upward or downward. Uncertainties as to the valuation of the collective investment scheme assets and/or accounts may have an adverse effect on the net asset value of the relevant collective investment scheme where such judgements regarding valuations prove to be incorrect.

A collective investment scheme and any collective investment scheme components in which it may invest may utilise (inter alia) strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realisable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses. Collective investment schemes, and any collective investment scheme components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated. The performance of each collective investment scheme and any collective investment scheme component in which it may invest is dependent on the performance of the collective investment scheme managers in selecting collective investment scheme components and the management of the relevant component in respect of the collective investment scheme components.

In addition, the opportunities to realise an investment in a collective investment scheme is often limited in accordance with the terms and conditions applicable to the scheme and subject to long periods of advance notice (during which the price at which interests may be redeemed may fluctuate or move against you). There may be no secondary market in the collective investment scheme and therefore an investment in such a scheme may be (highly) illiquid.

2. DERIVATIVES

2.1 Derivatives Generally

A derivative is a financial instrument, the value of which is derived from an underlying asset's value. Rather than trade or exchange the asset itself, an agreement is entered into to exchange money, assets or some other value at some future date based on the underlying asset. A premium may also be payable to acquire the derivative instrument.

There are many types of derivative, but options, futures and swaps are among the most common. An investor in derivatives often assumes a high level of risk, and therefore investments in derivatives should be made with caution, especially for less experienced investors or investors with a limited amount of capital to invest.

Derivative instruments have a limited life, and may (unless there is some form of guaranteed return to the amount invested in the product) expire worthless if the underlying asset does not perform as expected. If a derivative transaction is particularly large or if the relevant market is illiquid (as may be the case with many privately negotiated off-exchange derivatives where there is no exchange market on which to close out an open position), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

On-exchange derivatives are subject, in addition, to the risks of exchange trading generally, including potentially the requirement to provide margin. Off-exchange derivatives may take the form of unlisted transferable securities or bi-lateral "over the counter" contracts ("OTC"). Although these forms of derivatives may be traded differently, both arrangements may be subject to credit risk of the issuer (if transferable securities) or the counterparty (if OTCs) and, like any contract, are subject also to the particular terms of the contract (whether a one-off transferable security or OTC, or a master agreement), as well as the risks identified in Part III below. In particular, with an OTC contract, the counterparty may not be bound to "close out" or liquidate this position, and so it may not be possible to terminate a loss-making contract. Off-exchange derivatives are individually negotiated. As the terms of the transactions are not standardised and no centralised pricing source exists (as exists for exchange traded instruments), the transactions may be difficult to value. Different pricing formulas and financial assumptions may yield different values, and different financial institutions may quote different prices for the same transaction. In addition, the value of an off-exchange derivative will vary over time and is affected by many factors, including the remaining time until maturity, the market price, price volatility and prevailing interest rates.

Derivatives can be used for speculative purposes or as hedges to manage other investment or economic risks. In all cases the suitability of the transaction for the particular investor should be very carefully considered.

You are therefore advised to ask about the terms and conditions of the specific derivatives and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of an underlying asset

All derivatives are potentially subject to the major risk types in Part III below, especially market risk, credit risk and any specific sector risks connected with the underlying asset.

2.2 Foreign Exchange Trading, including OTC Forwards and Swap Transactions

Engaging in foreign exchange (“FX”) trading (buying one currency in exchange for another) exposes investors to the risk of adverse changes in exchange rates. Exchange rates can be volatile and are driven by a variety of factors relating to the economies of the territories whose currencies are being traded.

The “gearing” or “leverage” often obtainable in FX trading means that a small deposit or down payment can lead to large losses as well as gains. Some FX transactions have a contingent liability, which means that investors may be liable for margin to maintain their position and losses may be sustained well in excess of the premium received. Investors may sustain a total loss of any margin they deposit to establish or maintain a position. If the market moves against an investor, it may be called upon to pay substantial additional margin at short notice to maintain the position. If an investor fails to do so within the time required, its position may be liquidated at a loss and it will be responsible for the resulting deficit.

RBCIS' insolvency or default, or that of any other dealers involved with your FX 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 payments in cash.

Transactions in FX forwards involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Forwards transactions have a contingent liability, and you should be aware of the implications of this, in particular margining requirements: these are that, on a daily basis, you will have to pay over in cash losses incurred on a daily basis and if you fail to, the contract may be terminated. See further, sections 1 and 2 of Part IV below.

A FX swap agreement is a derivative where two counterparties exchange one stream of cash flows against another stream, calculated by reference to an "underlying" (in this case, currencies).

A major risk of OTC derivatives, (including FX swaps) is known as counterparty risk, whereby a party is exposed to the inability of its counterparty to perform its obligations under the relevant financial instrument.

The swap market has grown substantially in recent years, with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation to cover swaps trading over a broad range of underlying assets. As a result, the swap market for certain underlying assets, such as currencies, has become more liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap.

PART III: GENERIC RISK TYPES

1. GENERAL

The price or value of a financial instrument will depend on fluctuations in the financial markets outside of anyone's control. Past performance is no indicator of future performance.

The nature and extent of the risks varies between countries and from instrument to instrument. The risks will vary with, amongst other things, the type of financial instrument, the location or domicile of the issuer, , the complexity of the transaction and the use of leverage.

The risk types set out below could have an impact on each type of product/instrument described above.

2. LIQUIDITY

The liquidity of an instrument is directly affected by the supply and demand for that instrument and also indirectly by other factors, including market disruptions (for example a disruption on the relevant exchange) or infrastructure issues, such as a lack of sophistication or disruption in the securities settlement process. Under certain trading conditions it may be difficult or impossible to liquidate or acquire a position. This may occur, for example, at times of rapid price movement if the price rises or falls to such an extent that under the rules of the relevant exchange trading is suspended or restricted. In some cases, early termination, realisation or redemption may result in you receiving substantially less than you paid for the product or, in some cases, nothing at all.

3. CREDIT RISK

Credit risk is the risk of loss caused by borrowers, bond obligors, guarantors, or counterparties failing to fulfil their obligations or the risk of such parties' credit quality deteriorating.

4. MARKET RISK

4.1 General

The price of financial instruments goes up and down depending on market supply and demand, investor perception and the prices of any underlying or allied investments or, indeed, sector, political and economic factors. These can be totally unpredictable.

4.2 Overseas markets

Any overseas investment or investment with an overseas element can be subject to the risks of overseas markets which may involve different risks from those of the home market of the investor. In some cases the risks will be greater. The potential for profit or loss from transactions on foreign markets or in overseas denominated contracts will be affected by fluctuations in foreign exchange rates.

4.3 Emerging Markets

Price volatility in emerging markets, in particular, can be extreme. Price discrepancies, low trading volumes and wide pricing spreads can be common and unpredictable movements in the market not uncommon. Additionally, as news about a country becomes available, the financial markets may react with dramatic upswings and/or downswings in prices during a very short period of time. Emerging markets generally lack the level of transparency, liquidity, efficiency, market infrastructure, legal certainty and regulation found in more developed markets. For example, these markets might not have regulations governing market or price manipulation or other provisions designed to "level the playing field" with respect to the availability of information and the use or misuse thereof in such markets. They may also be affected by sector, economic and political risk. It may be difficult to employ certain risk and legal uncertainty management practices for emerging markets investments, such as forward currency exchange contracts or derivatives. The impact of the imposition or removal of foreign exchange controls at any time should be considered, as well as potential difficulties in repatriation of assets. The risks associated with nationalisation or expropriation of assets, the imposition of confiscatory or punitive taxation, restrictions on investments by foreigners in an emerging market, sanctions, war and revolution should also be considered.

5. SETTLEMENT RISK

Settlement risk is the risk that a counterparty does not deliver the asset (or its value) in accordance with the agreed terms after the other counterparty has already fulfilled its part of the agreement to so deliver. Settlement risk increases where different legs of the transaction settle in different time zones or in different settlement systems where netting is not possible. This risk is particularly acute in FX transactions and currency swap transactions.

6. INSOLVENCY

The insolvency or default of the firm with whom you are dealing, or of any brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent or, indeed, investments not being returned to you. There is also insolvency risk in relation to the investment itself, for example of the company that issued a bond or of the counterparty to off-exchange derivatives (where the risk relates to the derivative itself and to any collateral or margin held by the counterparty).

7. CURRENCY RISK

In respect of any FX transactions, a movement in exchange rates may have a favourable or an unfavourable effect on the gain or loss achieved on such transactions.

The weakening of a country's currency relative to a benchmark currency or the currency of your portfolio will negatively affect the value of an investment denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. Some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency, but may not eliminate completely exposure to changing currency values.

8. INTEREST RATE RISK

Interest rates can rise as well as fall. A risk with interest rates is that the relative value of a security, especially a bond, will worsen due to an interest rate increase. This could impact negatively on other products.

9. REGULATORY / LEGAL RISK

All financial instruments and transactions could be exposed to regulatory, legal or structural risk.

Legal changes could have the effect that a previously acceptable transaction or product becomes illegal. Changes to related issues such as tax may also occur and could have a large impact on profitability. Such risk is unpredictable and can depend on numerous political, economic and other factors.

For this reason, this risk is greater in emerging markets but does apply everywhere. In emerging markets, there is generally less government supervision and regulation of business and industry practices, stock exchanges and over-the-counter markets.

The type of laws and regulations with which investors are familiar in the EEA may not exist in some places, and where they do, may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Judges and courts in many countries are generally inexperienced in the areas of business and corporate law. Companies are exposed to the risk that legislatures will revise established law solely in response to economic or political pressure or popular discontent. There is no guarantee that an overseas investor would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. An investor may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in overseas courts.

10. OPERATIONAL RISK

Operational risk, such as breakdowns or malfunctioning of essential systems and controls, including IT systems, can impact on all financial products. Business risk, especially the risk that the business is un incompetently or poorly, could also impact on shareholders of, or investors in, such a business. Personnel and organisational changes can severely affect such risks and, in general, operational risk may not be apparent from outside the organisation.

11. CONFLICTS

In the ordinary course of their respective businesses, RBCIS will be subject to various actual and potential conflicts of interest which may operate against your interests.

PART IV: TRANSACTION AND SERVICE RISKS

12. OFF-EXCHANGE TRANSACTIONS

Transactions which are traded elsewhere may be exposed to substantially greater risks.

13. CUSTODY RISKS

Risks associated with custody of assets and protections accorded to you in case of insolvency or bankruptcy have been disclosed to you separately where you have appointed RBCIS as depositary.