

## Key Fact Statement for Investment Products

The below table provides a summary of the key facts and risks associated with the “Investment Products” in which you may choose to invest using Mashreq Account with Mashreqbank psc (Mashreq). The Investment Products domain covers various marketable securities like but are not limited to local and international equities, bonds, Exchange Traded Funds (ETFs), mutual funds, deposits, structured products, alternative products, etc.

### KEY FACTS

#### Main Features

##### Description

- Mashreq offers you an access to invest in various financial instruments collectively referred to as “Investment Products” broadly encompassing but are not limited to International, regional, and local stocks listed on global, regional and UAE exchanges, bonds across various issuers and across various maturities, Exchange Traded Funds, Investment Funds (Mutual Funds, Alternate Funds), Deposits and any other customized products. Please refer Annexure ‘A’ for Products Description.
- Being financial market instruments, all Investment Products carry credit and market risks among others. Refer to the Investment Master Agreement (IMA) for detailed risks. Past performance of an investment product is not an indicator or evidence of the future performance, and the value of investments can go down as well as up and you may not get back the amount originally invested.
- Through your Mashreq account, you can buy/sell into any of the above Investment products based on your own independent assessment of the risk associated with the respective security. We only deal with or offer investment products that we are authorized under applicable laws and regulations.
- When dealing in investment securities, Mashreq acts as intermediary, in a nominee capacity, on behalf of its clients. Client investment securities are segregated from Mashreq’s own investment securities, and all these securities will be held on your behalf by Mashreq with the custodians in line with the related regulations in force.

##### Fees & Charges

- You may be charged execution fees on all transactions in any of the Financial Products.
- You may also be charged safe keeping fees on your investment holdings.
- Please refer to the respective Schedule of Charges.

##### Terms & Conditions & Notice period

- All investments made on your behalf will be made in line with the IMA signed by you at the time of Investment account opening.
- Mashreq reserves the right to change the Terms and Conditions in IMA and related Fees and Charges mentioned in the Schedule of Fees applicable to you by providing you with 60 (sixty) days’ notice on your registered email or mobile number or any other means decided by Mashreq, from time to time.
- You have the right to end your investment-related relationship with us. You can contact your relationship manager or branch staff at any time in writing and request to close your investment account.



## Your Right to Complain

If you have a complaint relating to our services provided to you or investment products, please contact your Relationship Manager or any of our branch staff.

You may also contact customer services on +971 4 424 4444

You can also raise your complaint via our website [www.mashreq.com](http://www.mashreq.com) or please write to [headcustomercare@mashreq.com](mailto:headcustomercare@mashreq.com)



## Risks associated with Investment products

Different Transactions in Investment products involve different levels of risk exposure like but are not limited to:

1. Issuer Risk,
2. Market Risk,
3. Interest Rate Risk,
4. Credit Risk,
5. Liquidity Risk,
6. Currency Risk,
7. Reinvestment Risk,
8. Insolvency Risk,
9. Operational Risk,
10. Regulatory/Legal/Structural Risk.

In deciding whether to engage in any Transaction, you should be aware of, among other things, the following considerations, and risks:

**Market Risk and Price Risk:** Specific market movements of the underlying instruments. Fluctuations in foreign exchange rates, reference rates, movement in precious metal prices, commodities prices, securities prices and indices etc. cannot be predicted accurately. Payments or receipts under a transaction may be linked to changes in the particular financial market or markets and may be exposed to price volatility in that market or markets.

**Risk-reducing Orders or Strategies:** Placing contingent orders, such as “stop-loss” or “stop-limit” orders, will not necessarily limit your losses to the intended amounts, as it may be difficult or impossible to execute such orders either in accordance with your instructions, or at all, under certain market conditions.

**Liquidity and Marketability Risks:** At certain times or under certain market conditions, it may be difficult or impossible to liquidate a position, to assess value or to determine a fair price. Certain equity or debt securities and money market instruments and, in particular, structured notes or customized products may not be readily realisable or marketable. There can be no certainty that market traders will be prepared to deal in them, and you should be aware that proper information for determining their current value may not be available.

**Counterparty and Credit Risk:** Where you purchase a debt instrument, such as a note or a bond, you take the credit risk of both its contractual counterparty as well as the issuer of the debt instrument. You should be aware that, depending on the product, the capital protection component of a product can be well under 100% of the capital invested and that capital protection does not mean 100% repayment of the purchase price for every product.

Where the redemption price of a product is indicated at 100% (100% capital protection), it should be noted that this represents no guarantee by the issuer or Mashreq that 100% of the purchase price of the product will be paid out at maturity. Capital protection only protects you from the downside-risk of the Transaction itself but not from the credit risk of the counterparty and the issuer.









**Risks associated with Perpetual Bonds:** Perpetual Bonds have no maturity date and pay a steady stream of interest rate forever. Thus, these types of bonds usually have a particularly high duration and are very susceptible to fluctuations in interest rates as compared to normal bonds. Investors should note that the interest pay-out of these types of bonds depends on the viability of the issuer in the long term. Perpetual Bonds generally have no maturity date, a steady stream of interest rate, lower liquidity and many different technical features. Investors need to exercise caution in dealing with such Perpetual Bonds.

**Risks associated with Contingent Capital / Convertible Bonds:** Contingent capital / convertible bonds have a contingent write down or loss absorption or conversion feature that allow the bonds to be written off, fully or partially, or converted to other type of assets on the occurrence of a trigger event. The Investor may be exposed to a higher Issuer credit risk in general and may lose the value of their investment substantially as a result of occurrence of the trigger event.

**Risks associated with Subordinated Bonds:** Subordinated Bonds have subordinated ranking and in the event of liquidation or insolvency of the Issuer, investors would only be entitled to be paid after other senior creditors are paid.

## ANNEXURE - A

Below is the general description of investment products offered:

-  **Equities:** Shares represent ownership interest in a listed company, and they are traded on a stock exchange. Share prices are affected by various factors such as the issuer's performance, supply & demand, interest rates and the wider economy.
-  **Fixed Income Products:** Means interest or non-interest paying bonds, notes, bills, money market instruments that are issued by governments and corporations.
-  **Sukuk:** Financial products whose terms and structures comply with Shariah, with the intention of creating returns similar to those of conventional fixed income instruments like bonds.
-  **Mutual Funds:** Professionally managed investment funds that pool money from many investors to purchase securities like stocks, bonds, Sukuk, money market instruments, and other assets. . Shariah mutual fund works in a similar manner but it only deploys funds in investments which follow the principles of Shariah (Islamic law).
-  **Exchange Traded Funds (ETF):** Investment funds and/or collective investment entities listed and traded on an exchange. An ETF works very similar to a mutual fund, except that they are traded on stock exchanges.
-  **Deposits:** Generally, refers to money held in a bank account. A demand deposit account is essentially a checking account in which you can withdraw funds at any time. A time deposit account usually requires that you hold your funds in the account for a certain amount of time or face a fee for withdrawal.
-  **Structured Products:** Structured products are investments that normally include assets linked to interest plus one or more derivatives. These products may take traditional securities such as an investment-grade bond and replace the usual payment features with non-traditional payoffs.
-  **Alternative Products:** An alternative investment is an asset that does not fit into the conventional equity/income/cash categories. Private equity or venture capital, hedge funds, real property, commodities, and tangible assets are all examples of alternative investments.