

## General Risk Disclosure

### Overview

This General Risk Disclosure should be read together with our [Crypto Asset Risk Disclosures](#), [Private Credit Risk Disclosures](#), and the [Altify Regulatory Status Disclosures](#).

Before using any of our services, ensure that you fully understand and can afford to undertake the risks involved with investing in alternative investments.

This General Risk Disclosure overview lists some but not all of the risks involved in investing generally. The risks listed below, therefore, do not constitute an exhaustive list, and additional significant risks may be applicable. You should always do your own research and speak to the necessary advisors before investing.

Altify does not make any offers, recommendations or invitations for you to deal in any financial product or use any services, and does not take into account your personal circumstances, financial situation, needs or goals.

In this document, a reference to Crypto Assets denotes all cryptographic assets including stablecoins, utility tokens, security tokens, cryptocurrencies (like Bitcoin) but excludes government issued digital currencies.

Before making any financial decision, you should carefully assess your financial situation and capacity, and only use funds that you can afford to lose. Before entering into any transaction you should ensure that you understand and have made an independent assessment of the suitability and appropriateness of a transaction into which you are entering and the nature and extent of your exposure to the risk of loss in light of your own objectives, financial and operational resources and other relevant circumstances. **Past performance is no guarantee of future results.**

### All Investing and Trading Involves Risk

Investing and trading always involve risk. There is the potential to lose the entire value of your investment, including cases where an asset loses 100% of its value.

### Risk & What It Means to You

It's difficult to plan financially without some understanding of investment risk. Often when hearing 'risk', people instinctively think about the possibility of being defrauded or not getting all of their money back, and although the capital risk is important, it is not the only type of risk to be aware of. The fluctuation of asset prices, variable interest rates and general inflation are risks as well. Also uncertainty and unpredictability. When making an investment, it can be difficult to say with any certainty what your return on investment will be at any particular date in future. It is

important to understand and be aware of all risks involved in the effort to take a cautioned approach when investing and also to aid you in making better investment decisions.

### A Definition of Investment Risk

Investment risk is defined as the volatility associated with returns on an investment and is indicative of the possibility of both losing and making money. So whilst the concept of risk may sound negative and you might associate it with loss, it can also mean something positive, in the fact that you could increase the value of your investment.

The nature of investing means that an investor can never be entirely certain what level of return - the extent of profits or losses - they will make. This is what risk is: the inability to guarantee how much your investment will be worth on any specific date.

Different investments carry different levels of risk.

### Different Levels of Risk

When putting capital into a higher-risk investment, like Crypto Assets or stocks, you can expect to have a more volatile journey. However, a high-risk investment may also give high rewards in the long term as the effects of risk diminish over time.

This means that individuals who want to significantly increase the value of their investments are more likely to opt for high-risk investments and as such will accept that their efforts could fail. Similarly, those who can invest for a longer period are able to accept higher levels of volatility along the way.

Conversely, if your investment time horizon is short, it may be wise not to take additional risk. Low-risk investments, like the highest-rated U.S. or U.K. government bonds, have a lower return potential but are generally more steady. Every investment, however, comes with some sort of risk, and no single asset class can be depended upon to produce consistent returns.

### Different Types of Risk

As well as the different levels of volatility investors will encounter, there are also a number of different types of risk that it is important to be aware of when investing. We outline some of the most well-known risks below.

- **Inflation risk** is relevant to all investments but is most relevant for those who leave a sum of money in cash. Whilst the amount of money they have won't decrease, their buying power might, if the rate of inflation is higher than the interest rate received.
- **Market risk** constitutes the rise or fall of the stock market, bond market, property market, the Crypto Asset market or any other investment class' market in the country where your money is invested. If a benchmark index falls, the majority of assets in that index may be dragged down with it. If the largest Crypto Assets decline in value, the majority of smaller

Crypto Assets may be dragged down with it. These are the movements associated with volatility.

- **Interest rate** risk refers to when you put money into a fixed-rate deposit account. If savings rates rise, you could end up earning less interest than the market average, however, if savings rates fall, you could be getting more beneficial rates based since you have a fixed-rate account. Interest rate movements can also affect all asset price movements including but not limited to bonds, stocks and property.
- **Capital risk** is the potential of loss of part or all of an investment. It applies to all assets that are not subject to a guarantee of full return of original capital. Investors face capital risk when they invest in stocks, bonds, real estate, commodities, Crypto Assets, private credit and other alternative assets. The risk is associated with the concept that the higher investment returns you wish to receive, the higher risks you must be willing to take, however, this also means you run the risk of your capital declining significantly. With smaller stocks, for example, some may experience spectacular growth, but others may fail completely. This type of risk can be overcome by diversification i.e. not putting all your eggs in one basket.
- **Performance risk** relates to the difference in performance between investments or investment funds with similar objectives, due to the differing selection of assets by each one. Funds that have a high-performance objective will often encounter higher levels of volatility than those with a more traditional investment portfolio. Their diversification effect may be less and this alone may cause additional volatility.
- **Illiquidity risk** relates to the challenge of buying or selling a financial product, such as private credit or other investments, at a market-related price within a short time frame. While many investments on the platform are generally liquid, during periods of market volatility or when executing larger trades, the market may become illiquid. This means you may need to accept a significant premium or discount relative to the quoted market rate to enter or exit a position, affecting the overall profitability and timing of the trade.
- **Currency risk** is where an investment is denominated in a currency other than the investor's currency, changes in rates of exchange may have an adverse effect on the value, price of, or income derived from the investment.

### How Can You Assess Risk?

Whilst much of the volatility of the markets cannot be predicted, how you act as an investor can influence risk.

If you leave your money in cash and do nothing, you risk inflation eating away at the value of your wealth. Those who take a little risk, but not enough, may come up against a shortfall – the risk of failing to meet a long-term investment goal.

On the opposite end of the spectrum, risks may occur from investing too often as well as continuously acting on current events and making short-term market bets. As US investor, business magnate, and philanthropist Warren Buffett once said: “We continue to make more money when snoring than when active.”

Ultimately, the more decisions you make, the bigger the chance of getting something wrong. Being patient, buying and then holding for the long-term, has historically worked well for most investors. It also minimises the unavoidable transaction costs i.e. the costs of buying and Selling.

### **The Role of Emotion in Investment**

Before starting to build an investment portfolio, it is important that you understand your attitude toward risk as well as how you will react in certain situations.

Those with a high-risk portfolio are likely to experience drops in the value of their investments from time to time, but to reap the long-term rewards - it is vital that they hold their nerve and objectively assess the change in their portfolio's value. Some people will be happy to absorb these risks in exchange for the likelihood of higher returns, whereas others would be very unsettled by the news of their investment's value falling.

If you're the sort of person who is seeking higher return investments and are able and comfortable assuming a greater risk then you're likely to be disappointed with a low-risk portfolio that doesn't offer the opportunity to deliver the returns you want.

How accepting you are of higher risks is not just down to your character - the source of the money you are planning to invest can also be a factor. For example, if your investment is funded by your life savings, you might be more protective of this money than if it came from a windfall you didn't expect to receive in the first place.

Keeping appropriate levels of cash in reserve will avoid you from having to cut short a long-term investment plan and may also allow you to feel more comfortable about the volatility of your longer-term investments.

### **Account Security: How to Keep Your Account Safe**

We at Altify follow strict internal security practices to keep your deposits and assets safe. It is, however, important that you also take certain precautions to ensure that you are the only person with access to your account. If someone gains access to your account, your capital may be at risk.

Some of the most common methods that scammers may use to gain access to and perform unauthorised transactions on your account are explained below:

## Account Takeovers

Altify relies on your email address and phone number for communication with you. If someone gains unauthorised control over these, they could potentially gain access to your account. Please make sure to have strong passwords set on your phone and email address. Please take extra care to utilise biometric verification when possible (i.e. where you use fingerprint or facial recognition features) on your mobile device.

## Phishing

This is when you are tricked into revealing personal information, such as usernames, passwords and other sensitive information.

Please see examples below of how Phishing can take place:

- **Phishing emails:** You may receive an email that appears to be from Altify but was actually sent by a scammer, asking you for information or leading you to a fraudulent website.
- **Phishing websites:** These websites are set up to look like Altify's website, but everything entered there (like your username and password) gets recorded in order for scammers to access your actual Altify account.

Altify will never call, email or text message you and ask you for your password. If anyone contacts you claiming to be from Altify and asks for this information, you should end communication and get in touch with us by contacting our customer support.

## Malware

This is an advanced method where scammers gain access to your devices through sophisticated software programs that allow them to take control of your computer, and steal your passwords or other sensitive information.

## Identity Theft

This is when someone obtains access to your personal information and pretends to be you in order to, for example, open an account in your name and transact on your account. Identity theft may occur when your identification document, passport or other information is stolen (either physically, through phishing or by other forms of social engineering). There is also a risk of identity theft taking place when your device is stolen.

## Measures You Should Take

- **Strong password security:** Use a unique, strong password with at least 8 characters (which should be a mixture of upper and lower case letters, numbers and symbols), and never share it or reuse it on other websites. Password managers make it easy to generate and store strong passwords.

- **Enable two-factor authentication (2FA):** This is an added level of security that requires a unique code every time you log in to an account. The code is generated by your device, which is required in addition to your username and password.
- **Protect your email account:** Keep your email account secure to ensure that nobody can access your Altify account through your email account. Most email providers support 2FA.
- **Don't share sensitive information:** Altify employees will never ask you for your password, 2FA code, one time pins (OTPs) or ask you to authorise transactions.
- **Check the URL:** Before signing into Altify or clicking an advert, ensure that you are on [www.altify.app](http://www.altify.app)
- **Lock your account:** If you suspect your account has been compromised, lock it immediately by contacting our support team.

### If your Account Has Been Compromised

If you believe your account has been compromised, please let us know by emailing us at [support@altify.app](mailto:support@altify.app) immediately.

Altify cannot be held responsible for any loss of funds where you have fallen victim to one of these attacks, as set out in our [Terms of Service](#).

### Risks Related to Using Altify's Services

Altify may suffer technological difficulties which may prevent the access or use of your account, or delay your transactions.

Altify's top priority is the security of its systems, assets held by it and its users' personal information. However, Altify (and third parties having authorised access or control over such assets) may suffer malicious attacks and security breaches, which may result in the compromise of such assets.

We try to ensure that the information on this site is correct, but we do not give any express or implied warranty as to its accuracy. We do not accept liability for any error or omission. Altify deploys assets held by it in a variety of income-generating activities, including lending them to third parties and transferring them to external platforms and systems. Altify conducts in-depth due diligence reviews of any such third party or platform, including security, financial and credibility tests. However, Altify can not guarantee that they shall not suffer any breaches, lose such assets or fail to return any assets to Altify, resulting in financial loss.

Altify's obligation to return to its user the assets available in such users' Altify account (subject always to Altify's Terms of Service) is not affected by losses suffered by Altify, including as a result of any hack or loss of deployed assets (except where such losses are caused by a user's

act or omission), and such losses shall not be borne by the user. However, by engaging with Altify you acknowledge that there is a risk that Altify may become unable to repay its obligations to its creditors, in which case your funds may be lost, in whole or in part.

Altify does not offer custodial or fiduciary services to you, and does not hold your assets as your custodian or on your behalf. Your Altify account is not a deposit, checking or savings account, and it is not covered by insurance against losses.

We may lend, sell, pledge, hypothecate, assign, invest, use, commingle or otherwise dispose of assets to counterparties, using our best commercial and operational efforts to prevent losses.

Legislative and regulatory changes or actions at the state, national, or international level may adversely affect Altify's ability to continue to provide some or all of its services in any jurisdiction, continue to support any particular asset or continue to serve any specific user or group of users.

Altify can not guarantee the continued and uninterrupted provision of the services to you. Altify's systems, as well as those of third parties utilised by Altify, may be subject to errors, bugs, disruptions, interruptions and communication failures, which may result in delays, errors, temporary suspension or inaccessibility of the services, which might cause damages or losses to the user of the services.

Crypto Assets are not legal tender, Altify is not a bank or depository institution, and your Altify account is not a deposit or savings account. Assets in your Altify account are not held by Altify as a custodian or fiduciary, and are not insured by any private or governmental insurance plan.