Description of fund risks

Market risk
Prices of many securities change daily, and can fall based on a wide variety of factors.

Capital risk
Your initial investment is not guaranteed.

Yield risk
This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the fund.

Currency risk
The risk of loss arising from exchange-rate fluctuations or due to exchange control regulations.

Interest rate risk
When interest rates rise, bond prices fall, reflecting the ability of investors to obtain a more attractive rate of interest on their money elsewhere. Bond prices are therefore subject to movements in interest rates which may move for a number of reasons, political as well as economic.

Inflation risk
Debts securities may lose more value than other assets in case of rising inflation (typically, the real value of a bond decreases when the return thereof does not compensate for the drop of purchasing power caused by inflation). The occurrence of the inflation risk may entail a decrease of the value of the assets in portfolio and hence reduce the return of your investment.

Credit risk
The risk of loss arising from default that may occur if an issuer fails to make principal or interest payments when due. This risk is higher if the fund holds low-rated, non-investment-grade securities.

Derivatives risk
The risk of loss in an instrument where a small change in the value of the underlying investment may have a larger impact on the value of such instrument. Derivatives may involve additional liquidity, credit and counterparty risks.

Liquidity risk
The risk that arises when adverse market conditions affect the ability to sell assets when necessary. Reduced liquidity may have a negative impact on the price of the assets.

Counterparty risk
Represents the risk of default of a market participant to fulfil its contractual obligations vis-à-vis your portfolio.

Operational risk
The risk of losses resulting from errors or failures arising from the people, systems, service providers or processes upon which the fund depends.

Bankruptcy risk
The investment in shares bears an issuer risk insofar as the issuing company might go bankrupt. This may result in significant or even total losses of the value of the investments in these debt instruments.

Geographical risk
This is the risk of changing political, social or economic conditions specific to certain countries and its potential impact on the value of the fund's investments. The tax legislation specific to certain countries is also applied in the context of policies subject to change without notice and retroactively.

Custodial risks
There is a risk of loss associated with holding assets in custody, especially abroad. This risk may result from insolvency, negligence or misconduct on the part of the custodian or a sub-custodian.

Emerging markets risk
The risk related to investing in countries that have less developed political, economic, legal and regulatory systems, and that may be impacted by political/economic instability, lack of liquidity or transparency, or safekeeping issues.

Risk of less developed countries
As a large portion of the fund is invested in less developed countries, you should be prepared to accept significantly large fluctuations of the value of the fund.

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Risk linked to commodities
The price fluctuations of commodities and the volatility of the sector may cause a decline in the net asset value.

Equity risk
In general, equities involve higher risks than bonds or money market instruments. Equities can lose value rapidly, and can remain at low prices indefinitely. Equities of rapidly growing companies can be highly sensitive to bad news, because much of their value is based on high expectations for the future. Equities of companies that appear to be priced below their true value may continue to be undervalued. If a company goes through bankruptcy or a similar financial restructuring, its equities may lose most or all of their value.

Volatility risk
The increase or decrease in volatility may cause a decline in the net asset value.

Money market risk
A failure of an issuer of a money market instrument could create losses.

High yield risk
High-yield instruments, meaning investments which pay a high amount of income generally involve greater credit risk and sensitivity to economic developments, giving rise to greater price movement than lower yielding instruments.

Leverage risk
The fund uses leverage through financial derivative instruments, which will magnify both gains and losses on its investments and result in greater fluctuations of its Net Asset Value. This increases the risk of the fund compared to an unleveraged fund. Leverage occurs when the overall economic exposure of the fund is greater than the amount invested.

Risk of convertible bonds
Convertible bonds can automatically convert into shares or be written down if the financial strength of the issuer falls in a certain way. This may result in substantial or total losses of the bond value.

Concentration risk
To the extent that the fund's investments are concentrated in a particular country, market, industry, sector or asset class, the fund may be susceptible to loss due to adverse occurrences affecting that country, market, industry, sector or asset class. For more details about risk, see section 5 “Risk Factors Annex” of the prospectus.

Risk linked to investments in hedge funds
A limited part of the assets of the concerned Sub-Fund is exposed to funds pursuing alternative strategies. Investments in alternative funds imply certain specific risks linked, for example, to the valuation of the assets of such funds and to their poor liquidity.

Risk linked to short selling
Short selling may be subject to changes in regulations and losses from short positions may be unlimited.

ABS and MBS risk
Mortgage or asset-backed securities may not receive in full the amounts owed to them by underlying borrowers.

Hedging risk
A fund's attempts to reduce or eliminate certain risks may not work as intended.

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