

## RISK NOTIFICATION FORM FOR HEDGE FUNDS

### Important Disclosure

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You may earn a profit, while you are also exposed to a risk of loss as a result of the trading of Hedge Funds. Therefore, before making the decision to carry out any transaction in the market, it is important that you consider and understand the risks you may encounter, your own financial position and your limitations.

Please carefully read the information contained in this risk notification form. Before taking an investment decision, we recommend you to carry out the necessary research in relation to the hedge fund you want to trade, the founder and the investment institution that acts as a broker for you to purchase the funds.

Detailed information other than those contained in this form, the prospectus, bylaws, circulars and periodic reports can be found at [www.tefas.gov.tr](http://www.tefas.gov.tr) and [www.kap.org.tr](http://www.kap.org.tr) websites. Fund prospectuses and bylaws must be reviewed before investing in these funds.

Fund information documents may be changed from time to time. We would like to remind you that changes made will be announced but there may be some changes we are not required to disclose.

### Warning

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To this end, you must read and understand this Mutual Funds Risk Notification Form pursuant to Article 25 of the "Communiqué on the Principles of Foundation and Operation of Investment Companies", Serial III, No. 39.1 ("Communiqué").

We recommend you to identify the mutual fund that meets both your needs and your tolerance level for risk before you trade mutual fund participation shares. It is recommended that you identify the risks associated with mutual funds and the market before making your investment decisions.

The Bank operates as a "Fund Distribution Institution" in the trading of mutual funds registered or not listed at the Turkey Electronic Fund Trading Platform (TEFAS). It is possible to invest through our Bank in hedge funds that are traded on TEFAS, as well as hedge funds held by contracted portfolio management companies that are not traded through TEFAS.

### General Information on Hedge Funds

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It is a type of fund that has no restrictions regarding its management strategy and investment instruments. Therefore, you should consider that they have a higher risk than other funds. To verify the information provided to you regarding the hedge fund, you can visit the official websites of [www.tefas.gov.tr](http://www.tefas.gov.tr), [www.kap.org.tr](http://www.kap.org.tr), [www.spk.gov.tr](http://www.spk.gov.tr) as well as the websites of the investment institutions that act as a broker for you to purchase the funds.

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Hedge funds can only be sold to Turkish and foreign individuals or institutions that meet the definition of a "qualified investor" laid out by the Capital Markets Board (CMB). Qualified investors are professional customers that meet the definition laid out in the regulations of the Capital Markets Board on the investment institutions and/or those classified as demand-based professional customers.

Institutions authorized to trade hedge funds are required to provide and maintain information and documents verifying that the customers they intend to sell hedge funds are qualified investors. As part of this process, the Bank may request additional documents from you, such as proof documents and appropriateness test.

Hedge fund prices must be calculated and reported to investors at least once a month. Therefore, hedge funds may not be subject to the requirement to calculate and announce units share value, as is the case for other mutual funds.

For the period of returning participation shares to hedge funds, periods other and longer than the announcement period of share prices may be provided in the prospectus and investor information forms.

#### **Limitations regarding a Mutual Fund Portfolio**

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The Capital Market Legislation prescribes limitations as to assets to be included in a mutual fund portfolio and its issuers. However hedge funds can make investments irrespective of such limitations in accordance with the investment strategies and limits set out in the fund's information documents.

It should be noted that the primary difference between hedge funds and other funds is that they can run higher leverage without being subjected to the same limitations imposed on other funds, through certain transactions that are not permitted within other funds (such as participating in swap contracts for investment purposes or short selling), and therefore cannot be classified as passively managed funds or have a passive management strategy.

#### **Risks**

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In addition to the issues set forth in the Investment Services Agreement ("General Agreement") that you execute / will execute with the Bank and the "Investment Services and Activities General Risk Notification" attached to the General Agreement, some risks related to hedge funds are presented below:

The account you will open with the Bank and all transactions conducted on this account are subject to all regulations, decrees and similar arrangements issued by the Capital Markets Board, Borsa İstanbul A.Ş. and clearing and custody houses. You must consider that hedge funds pose a higher risk as they are not subject to the limitations prescribed for other mutual funds in the capital market legislation.

Hedge funds are subject to certain types and rates of risk and you may be deprived of the expected revenue. You should therefore be aware of the risks you are exposed to. Before making an investment decision, you are advised to evaluate the risk elements inherent to the mutual funds that you want to trade carefully and seek professional assistance if you need.

Mutual funds are subject to a variety of risks, including market risk, interest risk, liquidity risk, country risk, counterparty risk, and exchange rate risk, as well as the risk of losing capital. Investments should be made at your own discretion considering that these risks may affect the fund and may result in losses.

The investment process should also be considered in light of the possibility of legislative changes regarding fund management and operation.

Please note that all information and comments in the informative documents provided regarding mutual funds are subject to change and do not constitute future commitments.

Note that a mutual fund's historical performance does not guarantee its performance in the future.

Risks explained in this form are provided as a general guide and are not exhaustive. For this reason, before taking an investment decision, we recommend you to carry out the necessary research in relation to the fund you want to trade, the founder, fund manager, objective of the fund, investment strategy and risks, and fund information documents (fund bylaws, fund prospectus and investor information form), and seek professional assistance.

#### **Fees, Commissions, and Taxes**

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As part of the terms governing participation shares, other fees, besides the management fee, accrue as per the prospectuses of the fund's founders.

For hedge funds, performance-based pricing is possible. For performance-based pricing to be effective, it is essential to include principles on and examples of performance-based pricing calculations in the prospectuses and/or public disclosure documents.

Mutual fund participation share transactions are subject to the rules governing the purchasing and returning of participation shares to the fund as set out in the prospectus and/or information documents on the relevant mutual fund. In accordance with these rules, commissions can be charged when entering and leaving certain funds.

All fees, taxes, duties, and other statutory costs associated with mutual fund transactions shall rest with the investor. Taxation is governed by Turkish Income Tax law.

## Declaratory Statement of the Customer

I hereby agree that I have read and understood the bylaws, prospectus and information documents of the hedge fund for which I entered a trading order, that I am bound by the terms and conditions of this form, that prior to signing the General Agreement, I have been fully informed, with this form, of the risks and conditions that may be contrary to my interests, and in the light of this, knowing and understanding all conditions, I acknowledge and agree that I am aware of all risks associated with the fund.

I hereby accept, represent and warrant unconditionally and irrevocably that I have signed this form in an electronic environment of my own free will, and that this risk notification form is an integral part of the Investment Services Agreement I have signed/executed with the Bank.

If this Risk Notification Form is approved via digital channels, this form and other documents will be available via permanent data storage.

In case of a transaction using the remote access tool, this Risk Notification Form will be digitally approved without wet signature required.

When you read and understand the Risk Notification and decide to purchase and sell capital market instruments, please receive a copy of this form and in the box below, please write "I read, understood, and received a copy" in your handwriting and sign.

<b>Customer Name/Surname:</b>  <b>Approval Date:</b> .....	<b>Signature/Approval</b>