The following information shall be viewed in the context of information provided on investing in general.

A certificate is a security the value of which tracks an underlying asset, for instance, a share, a commodity or a share price index. Certificates are unsecured instruments, meaning they involve the risk that issuer may go bankrupt.

Certificates are often leveraged and/or shorted. These are called bull and bear certificates.

- Leverage means that even minor movements in the price of the underlying asset cause major fluctuations in the value of the certificate - both in the form of gains and losses.
- Short means that the certificate's value moves in the opposite direction of the underlying asset. Hence, when a share price index depreciates (drops), the value of a short certificate appreciates (rises).

1. Target group

Certificates are relevant for highly experienced investors who want to engage in the market in a more active manner. Certificates can provide access to markets and strategies in and with which direct trading might otherwise be difficult or expensive - like e.g. commodities, indices, currencies or leverage and short-selling strategies.

Certificates are mostly suitable for investors who:

Actively buy and sell investments and monitor the market closely
You are willing to monitor your investment on an ongoing basis and rapidly respond to changes.

Have a shorter investment horizon
Certificates are often designed for short-term trading rather than long-term savings.

Understand the dynamics behind the product
You are familiar with concepts such as leverage, stop loss and short and know how they affect your risk and return.

Accept a high risk
You expect a high return, while also being prepared to lose your entire investment.

Want access to special strategies and markets
Certificates can provide flexibility and opportunities to trade assets and strategies that are not available for everyone.

2. Pros and cons

Pros	Cons
Access to investments that are otherwise difficult to trade directly (e.g. commodities, currencies or indices).	You have a counterparty risk towards the issuer of the certificate.
Easy access to leverage.	Losses are enhanced accordingly by leverage, if the asset moves against your expectations.
Any loss incurred cannot exceed the investment amount.	Greater difference between the ask and bid price (spread) compared to trading directly in the underlying asset.
Possibility of obtaining a positive return in both rising and falling markets.	Hard to predict - especially when it comes to leverage, shorting or other complex structures.

3. Returns

Your return is affected by a number of factors:

Types of certificates
- Long: the value increases, when the asset increases (often called a bull certificate)
- Short: the value increases, when the asset decreases (often called a bear certificate)
- Bonus: provides a return if the asset moves within or above a specific level

Leverage
- Enhances gains as well as losses
- The higher the leverage, the larger the fluctuations

Changes in the underlying asset
- Some certificates have a fixed maturity date, while others have no maturity date
- The value is settled on a daily basis, meaning it does not necessarily reflect the total change in the underlying asset over the time period

Stop loss
- Certificates containing a stop loss are automatically closed in case of a major loss
- This may limit the loss, but also means that you lose the chance of participating in a potential subsequent price rebound

4. Risk

When you invest in certificates, please note that they may entail a high risk. The value can change rapidly, and due to their structural nature, fluctuations are often more substantial than those seen for direct investment in the underlying asset. These are the main risk factors:

Leverage
Leverage means that you partially invest for borrowed capital, causing movements in the underlying asset to exacerbate the value of the certificate. This may boost your gains, but also your losses.
- Certificates with leverage inherently entail higher risk than direct investments in the asset.

Jyske Bank A/S · Vestergade 8-16, DK-8600 Silkeborg
Tel. +45 89 89 89 89 · Fax. +45 89 89 19 99 · jyskebank.dk

SWIFT Code JYBADKKK
Business Reg. No. DK-17616617

- The higher the leverage, the greater fluctuations the certificate will sustain.

Stop loss

Many certificates have an embedded stop loss, which automatically closes the investment, if the price moves below a certain level. This may protect you from sustaining additional losses, while also preventing you from a subsequent rebound effect.

- Once the asset hits the stop loss level, the certificate is closed, and you will receive the remaining value in payment.
- In some cases, the value may drop further, e.g. if the asset cannot be sold at the exact stop loss level.

Currency risk

If the certificate is issued in a foreign currency, its value if affected by changes in the specific exchange rate.

- If the exchange rate drops, your investment will lose value in Danish kroner.
- If the exchange rate rises, your investment will gain value in Danish kroner.

Counterparty risk towards issuer

Certificates are often issued by banks or brokers. As an investor, you take on a counterparty risk towards the issuer, as you are dependent on their ability to pay. This means that your securities are not secured investments, like you would be in a mutual fund.

- If issuer runs into financial difficulties, you may lose your entire investment. Make sure you read the prospectus as regards the risk pertaining to solvency issues.

Alternative certificates

Some certificates - such as bonus certificates - come with special constructions that change the risk in comparison to a standard investment.

- The risk may depend on specific price levels.
- Example: If the asset breaks, or falls below, a pre-determined price level, the certificate can be changed into a tracker, which follows the asset 1:1.

Liquidity

Situations may arise in which it is hard or impossible to trade the certificates - especially during market turbulence.

- You may risk not being able to sell the certificate when you want to.
- Even if the underlying asset is being traded, the certificate may be illiquid.

Time horizon

Many certificates are specifically aimed at short-term investment and are rarely suitable for longer-term investments.

- If a certificate is held over a longer horizon, the return may deviate substantially from the performance of the asset.
- The value of a certificate is typically settled on a day-to-day basis, which may lead to major differentials over time.

Market risk

The value of the certificate tracks the performance of the underlying asset. If the market is not moving in your favour, it may quickly result in major losses - especially in combination with leverage.

- Unfavourable share price performance may mean that you will use your entire investment.
- Fluctuations may be substantial, even in connection with minor market movements.

5. Special circumstances

When you invest in certificates, you need to be aware of a few special circumstances:

Prospectus

The documents called "Prospectus" and "KID" detail the underlying terms and conditions in addition to parameters such as information about the strategy, risk, return, costs and expenses etc. Make sure you always read and understand these documents before entering a potential investment. Especially the "KID" is a key document to get familiar with, before you make your decision.

Floating and fixed leverage

- Fixed leverage: The certificate actively tracks the asset by a specified multiple (e.g. 3x or 5x).
- Floating leverage: Leverage changes according to the asset's movements.

Stop loss level

Specifies when the certificate (position) is closed in connection with unfavourable price movements. The level may change over time, in line with the funding costs.

Alternative certificates

Bonus certificates provide the chance to obtain a bonus, if the asset stays within a specified trading range. These are usually not leveraged.

6. Useful information

Taxation

Tax rules differ based on how you make your investment - as a private individual, business, a corporation or pension.

We can only offer general advice on taxation. For specific tax advice, we recommend that you consult an auditor.

Cost and expenses

You will always be informed about all costs and expenses, before making an investment. These may consist of:

- Brokerage fee: Paid to the bank in connection with buying/selling
- Currency fee: For purchase of foreign certificates
- Custody fee: For safe-keeping the certificates
- Potential stock exchange or foreign security fee
- Funding costs: Relevant for leveraged certificates. Are deducted from the price and vary from one product to another
- Administrative expenses: Are deducted from the price and vary from one product to another

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