The information contained in the following is to be viewed in the context of the information provided on simple shares and investing in general.

A share is a unit of ownership in a company. When you buy a share, you become a co-owner. You have the chance to make a profit, if the company is successful - and you may sustain a loss, if it is not successful.

Gains and losses are dependent on, e.g. the company's earnings and investors' expectations of the company's future earnings.

Complex shares include:

- Unlisted shares: Shares that are not being traded in a regulated market or at a multilateral trading facility.
- Shares on "exotic" stock exchanges: Shares traded on exchanges outside the EU or a similar regulated market.
- ADR/GDR: Provides access to foreign securities without trading directly on foreign exchanges.
- Warrants: Provides the right - but not the obligation - to buy or sell a share at a certain price before a certain date.

1. Target group

Complex shares may be relevant for investors who:

- wish to invest in markets with high growth potential
- have a long investment horizon
- can accept large value fluctuations along the way

The price of complex shares is subject to high volatility. In comparison to simple shares, they often have lower liquidity (they are more difficult to buy/sell) and may be associated with higher transaction costs. If you have a short investment horizon, the risk is typically higher.

If you want to invest in shares on exotic exchanges, or in shares that are not traded on a stock exchange, you fall within the target group for complex shares.

In order to reduce the risk, you can construct a portfolio that does not only contain complex shares - e.g. by combining these with simple shares, bonds and mutual funds. You should only invest in complex shares, if you have both a long investment horizon and a high risk appetite.

2. Pros and cons

Pros	Cons
Potential for higher returns than keeping your money in a bank account	In the worst case, you might lose your investment if the company goes bankrupt. The risk is often greater than that associated with simple shares
Opportunity to invest in companies that are not listed on the stock exchange	For unlisted shares or shares in less regulated markets, there is often no clear market price
Opportunity to invest in/gain exposure to markets with a strong growth potential	Often more illiquid than ordinary listed shares harder to buy or sell
ADR/GDR provides access to investment opportunities that are otherwise not accessible	In some cases, a small fee/commission may be payable to the issuer of the ADR/GDR
Warrants offer protection against undesired price changes in the underlying share	If you did not make a profit before the warrant expires, the premium paid will be lost.

3. Returns

The return on shares may derive from:
- price appreciations or depreciations
- dividends distributed by the company
- changes in the exchange rate

Over the long term, shares are generally expected to yield higher returns than bonds - however, this comes with higher risk.

The profitability of the company is a decisive factor in determining returns. If the market expects better earnings in the future, the price will typically move higher. A company's earnings are affected by a variety of factors, including economic cycles, competition, market conditions and internal company matters.

Dividends represent the portion of a company's profit that is distributed to shareholders - typically once a year, if approved by the general meeting. When dividends are paid, the share prices will usually fall by an approximately identical amount.

Note : Past performance is no guarantee of future returns.

Special circumstances for unlisted shares
- Returns may be substantial, if the company grows and goes public or is acquired.
- Liquidity is often low, and the share may be difficult to trade. The spread between bid and ask prices may be wide.
- Dividends are rarely distributed - returns typically derive from value appreciation.

Special circumstances for shares on exotic exchanges
- Can provide access to high-growth markets - but also entail political and economic uncertainties.
- Exchange rate fluctuations and local conditions may significantly affect returns.
- It can be difficult to source reliable information about the companies.

Special circumstances for warrants

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- For a call warrant, a gain arises if you can purchase the underlying share at a price below the market price.
- For a put warrant, a gain arises if you can sell the underlying share at a price above the market price.

If you do not exercise a purchased warrant, your loss is limited to the premium paid.

4. Risk

When you invest in shares, their value can both rise and fall. The larger the fluctuations, the greater the risk. The risk depends on which shares you pick, how many you hold and how broadly you diversify across companies, sectors and countries.

Several factors may influence the risk associated with investing in complex shares.

Market risk

Changed market conditions may cause the price to rise or fall. May be affected by the state of the economy (economic cycles), company- or sector-specific developments, general stock market trends as well as political/psychological conditions.

Time horizon

Shares are best suited for long investment horizons. Short-term price fluctuations may be substantial, while the associated risk typically diminishes over time.

Default risk

If the company goes bankrupt, you may lose the entire investment.

Exchange rate risk

If you buy shares denominated in a foreign currency (e.g. USD), the exchange rate affects the share price. If the dollar depreciates, your investment will be worth less in Danish kroner. If the dollar appreciates, your investment will be worth more.

Issuer credit risk

If you own shares issued by a bank or a brokerage firm, they are not guaranteed. They may be subject to restructuring and resolution rules. This means the financial authorities may write down the value or convert your shares into new shares in the company, in the event that issuer fails.

Counterparty risk

In the case of ADR/GDR, you also assume a risk towards the bank that issued the specific product. If the issuer goes bankrupt, the ADR/GDR may lose its entire value. The issuer may also opt to discontinue or withdraw the issue.

Risk diversification

If you only invest in shares in one specific company, your investment is more vulnerable to share price movements for that specific company. The risk is reduced, if you diversify your investments across multiple companies. Diversifying across multiple sectors and geographic areas typically helps to further mitigate risk.

Liquidity

Large stock exchanges generally offer high liquidity. Smaller companies, unlisted shares and shares in exotic markets may be difficult to buy and sell - especially during times of market turbulence. The spread between bid and ask prices may be wide. For ADR/GDR, liquidity may vary, and especially non-sponsored securities may be difficult to trade.

Sustainability risks

Environmental, social or governance factors (e.g. environmental disasters, violations of labour rights or poor management) may have an adverse impact on the value - and this risk is believed to be higher in exotic markets.

Leverage (warrants)

Due to the inherent leverage effect, small changes in the share price may cause large fluctuations in the value of the warrant - in both a positive and negative direction.

5. Special circumstances

When you invest in complex shares, there are also some practical circumstances that you should be aware of:
General meetings: You may be invited and vote on items on the agenda.
Rights issues: In the event of a capital increase, existing shareholders typically have the right to buy new shares at a fixed price. You can exercise your rights or sell them.
Stock split: Shares are split into multiple parts, and the price is adjusted accordingly.
Reverse stock split: Fewer shares at a higher price - the total value remains unchanged.

Special circumstances for ADR/GDR

ADRs and GDRs provide the opportunity to gain ownership and returns in companies based in countries that with some limitations for foreign investors. An investment bank buys shares in its home country and subsequently issues ADRs (for the US) or GDRs (for Europe/others). These are often issued in USD and may represent a fraction of, or multiple, shares in the underlying company.

It could, for instance be a Chinese company which is trading locally in China, but also as ADRs on the New York Stock Exchange. The issuer can withdraw an ADR/GDR, which may make it difficult to sell and potentially worthless.

Sponsored ADR/GDR
A sponsored ADR/GDR is issued in cooperation with the underlying company. In the case of a sponsored issue, the underlying shares are deposited as collateral with the issuer bank. Sponsored ADRs are available at levels 1-3 with increasing disclosure requirements, and level 3 is typically listed on a stock exchange.

Non-sponsored ADR/GDR
A non-sponsored ADR/GDR is issued without the involvement of the underlying company and is typically unlisted.

Special circumstances for warrants

- Warrants give the right - not the obligation - to buy (call) or sell a share at a certain price (strike) on or before a certain date. They may be issued by the company (e.g. incentive programme) or by a financial institution.
- Company-issued warrants may, upon exercise, result in the issuance of new shares. Bank-issued warrants are typically settled in cash or through the delivery of existing shares. A warrant is only exercised, if it is financially beneficial (e.g. if the share price is above strike at call).
- Warrants are often traded over-the-counter (OTC) and are not always listed. Restrictions may apply, as regards trading and exercising. There are also listed warrants (especially in Europe/Asia), and some are linked to share price indices, commodities or currencies.

Key features:

- Fixed maturity (potentially up to 15 years)
- Trading in bid-ask spread, which may be wider than for shares
- No right to dividends on the underlying share
- Price is affected by share price, strike, time to maturity and volatility

6. Useful information

Taxation

Tax rules differ based on how you make your investment - whether as a private individual, through a personally owned business, a company, with pension funds etc.

We only provide general advice on taxation. This means that we cannot offer advice based on your specific circumstances, but on general rules only. If you want to know how the prevailing tax rules affect your specific situation, we recommend that you consult an auditor.

Costs and expenses

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There are costs associated with buying, selling, and holding shares. Such costs include:

- Transaction costs: E.g. brokerage fee (fee for purchase/sale)
- Currency exchange fee: For the purchase/sale of foreign securities
- Stock exchange or foreign security fee: Dependent on the rules applicable in the specific country
- Custody fee: Paid to bank in return for holding the securities

For ADRs/GDRs, a small fee is typically payable to the issuer bank (e.g. separate payment or set-off against dividends).

Whether you trade on your own or through a relationship manager, we disclose the total costs associated with executing the transaction and holding the security.

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