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

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

Simple shares are shares that are traded on a regulated stock exchange in the EU/EEA or in a similar market - e.g. the New York Stock Exchange in the US.

1. Target group

Shares may be relevant for investors who:
- Are making long-term savings
- Can tolerate fluctuations in value along the way

If you have a short investment horizon, please note that shares may fluctuate significantly in the near term. In this case, you might want to consider combining shares with bonds or mutual funds to reduce the risk.

2. Pros and cons

There are both strengths and weaknesses associated with shares, which you need to keep in mind.

Pros	Cons
Shares offer the possibility of generating higher returns than e.g. via a savings account	Risk of losing all or some of the amount invested
Shares on regulated stock exchanges are usually easy to buy and sell, as they are frequently being traded	You need to spend time on and be familiar with the company, if you invest in shares

3. Returns

The return - that is, what you can earn - may derive from:
- **Price changes:** If the share price rises
- **Dividends:** If the company distributes a portion of its profits
- **Exchange rate:** If you buy shares denominated in a foreign currency, a change in the specific exchange rate may affect your return

Over the long term, shares typically offer greater return potential than e.g. bonds - but also come with a higher risk of sustaining a loss.

Note: Past performance is no guarantee of future returns.

What affects the value of a share?

The share price depends, among other things, on:
- The company's performance
- How the market views the company's outlook
- Economic conditions in general (business cycles)
- Competitors and sectoral conditions
- Political or psychological factors

Dividends - what is that?

Dividends represent the portion of a company's profit that is distributed to you in your capacity as shareholder. This typically happens once a year, if this is approved by the general meeting.

When dividends are paid, the share price will usually fall by an approximately identical amount.

4. Risk

When you invest in shares, please be aware that their value may fluctuate - in both a positive and negative direction. The risk depends on:
- Which shares you invest in
- Whether you hold a few or many different shares
- The degree to which you have diversified your investments across sectors and countries

Risk diversification: If you only invest in one company, you will be more vulnerable to the performance of that specific company. We therefore recommend that you diversify your investments - e.g. across multiple companies, in various sectors and countries or across different types of securities, such as bonds or investment funds.

This is also known as diversification. By diversifying your investments, you reduce the risk - without necessarily being required to invest more.

Types of risk:
- **Market risk:** Shares fluctuate in value. This may be due to:
  - Economic developments
  - Changes within the sector
  - General share market trends
  - Political conditions or market sentiment
- **Time horizon:** In the short term, the value may fluctuate significantly.
- **Default risk:** If the company goes bankrupt, you may lose your entire investment.
- **Currency 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.
- **Liquidity risk:**
  - Shares in major corporations are usually easy to buy and sell
  - Shares in smaller companies may be difficult to sell - especially in times of market turmoil
  - The difference between the bid and ask price (the spread) is often greater for illiquid shares
- **Sustainability risk:**
  Environmental, social or governance factors may affect the value of the company.
  Examples:
  - Environmental scandals
  - Poor management
  - Violations of labour rights
  - New legislative requirements

5. Special circumstances

- **General meetings:** As a shareholder, you may be invited to general meetings at which you can vote on certain topics involving the company.
- **Rights issues:** If a company wants to raise its share capital, this is done via a share issue. If you own shares in such a

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company, you will typically be granted stock rights, which grant you the right to buy additional shares.
- **Stock split:** The shares of a company are split into multiple parts, and the price is adjusted accordingly. However, the total value remains the same.
- **Reverse stock split:** The number of shares is reduced, but the value of each share increases.

6. Useful information

Taxation

Tax rules differ based on how you make your investment - e.g. as a private individual, via pension savings or other structures.

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

Costs and expenses

There are costs associated with buying and selling shares, including:
- **Brokerage fee:** Paid to the bank in connection with buying/selling
- **Currency exchange fees:** When buying/selling foreign shares
- **Stock exchange or foreign security fee:** Some foreign stock exchanges charge a stock exchange tax when you buy and sell shares.
- **Custody fee:** Paid to the bank in return for holding the shares

Whether you execute deals yourself or via a relationship manager, you will be properly informed about the total costs and expenses in advance.

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