



RISK BROCHURE

Market in Financial Instruments Directive (MiFID)

March 2009

Characteristics of securities and specific risk attached thereto

There are risks attached to all forms of investing. The securities institution will be obliged to point this out to the client. The risks depend on the investment. An investment could be more or less speculative. It applies in general that an investment with a higher expected return entails bigger risks. Certainly at investing in foreign securities the government policy in the country concerned could have consequences for the value of the investment. In addition, one should take into account the currency risk at investing in foreign securities. Below we will discuss the characteristics of the securities in which one may deal for the client and the specific investment risks attached thereto.

1. Shares

Shares are participations in the share capital of a company. Regarded from an economic point of view, the shareholder may consider himself the owner of a part of the capital of a business. Shares could be registered or bearer shares. Shares involve risk-bearing capital. The value could decrease to nil in case of a bankruptcy. The development of the value depends mainly on the realized and expected operating results and the dividend policy of the company concerned. Shareholders qualify for dividend only after all other financiers have received the return they are entitled to.

The risks of an investment could be rather diverse, depending on amongst others the developments in the company, the quality of management and market risk.

2. Bonds

Bonds are debentures of a loan issued by a (government) institution. The institution that has issued the bond will pay on the debt in general an interest that has been agreed upon previously. Almost all bonds are redeemable. Bonds belong to the so-called borrowed capital of a company.

There are special forms of bonds. These special forms could refer to the way of interest payment, the way of repayment, the way of issue and special borrowing conditions. The return on the bond could for instance (also) be made depending on the applicable rate of interest (examples are surplus bonds and interest index bonds) or on the profit of the institution that has issued the bond (such as profit-sharing bonds and income bonds). There are also bonds on which no interest is paid (zero bonds). The return on these bonds is obtained from the difference between the price of issue and the later price of repayment.

Also investing in bonds entails risks. The price of a bond depends in general first on the development of the interest rate, so that price fluctuations could occur. The second major determinant of a bond's risk level is its time to maturity. The longer the time to maturity, the more risky it is to hold the bond. The solvency of the issuing institution is furthermore important. In case of a bankruptcy of the issuing institution the bond holders apply as unsecured creditors of the issuing institution, unless a special security has been stipulated on behalf of the bond holder.

3. Convertible bonds

The convertible bond (also called "convertible") is a bond that under certain conditions (mostly on request of the investor) could be exchanged for shares at the conversion price during the so-called conversion period.

A convertible bond has the characteristics of both a bond and a share. With respect to the risks one is therefore referred to the risks attached to these securities.

4. Options

An option is a contract under which the party providing the option (the "writer") sells its counterparty the right to buy (for a call option) an underlying instrument, such as a package of shares or a fixed amount of gold during or at the end of an agreed period or to sell (called a "put option") the underlying instrument at a previously fixed price or in accordance with a previously agreed price calculation method. The counterparty usually pays a premium to the writer for this right. The premium amounts to only a fraction of the underlying value. This means that any price fluctuation in the underlying instrument leads to bigger profits or losses for the holder of an option (this is known as "leverage"). Usually, the option can be traded between times: it is possible to buy and sell both call options and put options. The counterparty of the buyer of a call option is the writer (seller) of the call option and the counterparty of the buyer of a put option is the writer (seller) of the put option. The premium that must be paid depends on factors such as the trend in the value (price) of the underlying instrument in relation to the .

4.1 Buying options

An option (contract) gives the buyer the right (not the obligation) to buy (call option) or sell (put option) a certain amount of an underlying instrument (for instance bonds or a fixed price amount of dollars) at a previously agreed price during or at the end of a certain period. Hence the purchaser need not use the option. The purchaser pays a premium for the right that the purchaser of an option obtains.

The purchaser of an option runs the risk that the premium paid is lost (the loss is, by the way, limited to the premium and cannot amount to more).

4.2 Selling or writing options

A writer of an option undertakes the obligation (not the right) to deliver the underlying instrument (writer of the call option) or to buy it (writer of the put option) at the agreed price. He has hence a duty to deliver or a duty to receive, for which the writer receives a premium. A difference is made between covered and naked writing options at writing options. Covered writing is understood to mean writing a call option on the underlying instrument that the writer owns himself (the client is able to deliver). In case of naked writing one does not own these instruments, which must then yet be bought at the then applicable price and subsequently delivered. Writing put options is also considered naked (since once is obliged to buy the underlying instrument if the buyer of the option wants to use his right). Writers must keep a certain amount of cash in a margin account to ensure that they can meet their obligations.

The writer of an option can encounter (unlimited) losses that could be many times bigger than the premium received. One should make here a distinction between covered and naked writing options. In case of covered writing the underlying instrument is already in possession. At naked writing options the losses could in principle be unlimited. One should consider whether such a transaction is suitable for the client, also in view of the financial position of client and the objective of the investment of client.

5. Warrants

A warrant represents the right to buy or sell during a fixed period a number of (depository receipts of) shares or bonds (or in some cases a certain number of foreign currencies) at a previously fixed price from the company who has made them available. A warrant looks like an option provided that a warrant represents a right towards the business involved.

In general the risks attached to warrants could be compared with the risks attached to buying options.

6. Forward and Future contracts

A forward or future contract (hereafter "contract") is the obligation (not the right) to buy or sell a certain amount of a certain underlying worth (such as currencies, shares or commodities) at a fixed price with forward delivery. A contract could be bought or be sold. The buyer of a contract (also called holder of a long position) undertakes the obligation to take receipt of the agreed amount and to pay for it.

The seller (holder of a short position) has a duty to deliver. It is in general not the intention to actually receive or deliver the lot of goods or financial instruments. The forward and future business has a high degree of leverage. At entering into a contract only a small part of the real value need to be paid. A limited price fluctuation could therefore lead to big losses (or profits).

The loss on contracts could be considerable. Under certain market circumstances it could be difficult or even impossible to close/liquidate a position. The losses will not be limited in that case. Giving a "stop-loss" or "stop-limit" order need not necessarily limit the losses. One should weigh carefully whether such transactions are suitable for the Client, also in view of the financial position of the Client and the objective of the investment of the Client. Futures are standardized, exchange trade contracts and the risks attached thereto could be compared with those attached to forwards.

7. Hedge Funds

Hedge funds are mostly private investment funds that seek above-average returns through superior portfolio management involving the use of different investment strategies. The primary compensation is a percentage of the profits. Because hedge funds are mostly private investment funds, they are usually not registered with or regulated by supervisory authorities and are typically open to only a very limited range of qualified investors. The risks involved in investing in hedge funds include low or no liquidity, the absence of regulatory supervision, the substantial level of leverage on hedge funds' investments, and short sales of securities with unlimited risk exposure. In general the same risks apply to funds of hedge funds. Potential investors in (funds of) hedge funds must be aware that such investments involve a high degree of risk, including the risk of total loss of the investment.

8. Investment funds

An investment fund is a joint portfolio for a (large) number of (anonymous) shareholders who can thus benefit by the assumed expertise of the manager of the investment fund concerned and of a (much) larger extent of spreading to decrease the risk. It still concerns investing in securities, so it means risk bearing capital. The characteristics and risks of securities mentioned in this brochure apply therefore in principle also to investment funds. The development of the value of an investment fund depends mainly on the development of the value of the underlying securities. The development of the value of these securities depends amongst others on the general economic climate, on a certain sector or region, the development of the interest, the spirit of the stock exchange, the realised and expected trading results and the dividend policy of the underlying businesses. Because of a high extent of spreading on a (large) number of different securities within an investment fund the price development of one specific security will normally have only a limited influence on the development of the value of an investment fund. However, a proper spreading within an investment fund does not decrease the consequences of a general market drop.

9. Real estate (investment funds)

One must take various risks into account at investing in real estate (investment funds). The market risk is for instance an important factor in the value development of real estate. Market risk could be described as the general economic climate of the real estate market. The market risk will be bigger as the investments concentrate on certain kind of investments or investments in certain markets. In addition, vacancy risk is characteristic for an investment in real estate. This risk occurs when tenancy contracts are not prolonged or a tenant is declared bankrupt or otherwise unable to pay his debts. In addition, possible risks are made up by: supply and demand in the real estate market, revaluations, the quality of the real estate in which one has invested, the debtor risk, (fiscal) legislation and eventually realising the transaction price of the (direct) investments (made), as well as factors such as vacancy and market circumstances. Market circumstances are amongst others (social) economic, political and safety risks. The spreading of a real estate portfolio on the various categories, such as offices, shops, commercial space and other real estate related investments and a regional spreading could decrease the market risk.

10. Turbo certificates

ABN AMRO Turbo Certificates (hereinafter "Turbo") are in particular suitable for the experienced, active investor who wants to anticipate in the short term movements in the financial markets. As underlying value of a Turbo could function amongst others an index, shares, currency or raw material. With an investment in a Turbo one could anticipate an expected upward or downward price movement of the underlying security. Because of the leverage of a Turbo, an investment in a Turbo is also more risky than a direct investment in the underlying value. Owing to this, losses, if any, of a Turbo will be percentage-wise (rather) higher. As far as the degree of risk is concerned, one could compare a Turbo with purchased call options (in case of a Turbo Long) or purchased put options (in case of a Turbo Short). When the price of the underlying value drops to or below the stop loss level (Turbo Long), or if the price of the underlying value rises to or above the stop loss level (Turbo Short), the Turbo will be automatically settled. In most cases you will be returned part of your investment. However, you could also lose your entire investment. If the underlying value in foreign exchange has been quoted, the price of a Turbo could also be influenced by exchange rate effects. It must also be pointed out that ABN AMRO is authorised to terminate Turbos under certain circumstances. For an extensive description of the characteristics and risks of a Turbo one is referred to the prospectus which ABN AMRO has issued with respect thereto. This is available via the website www.abnamromarkets.nl.

11. Private Equity (Investment funds)

Private Equity is an investment in the own equity of non-listed (therefore private) businesses with the objective to sell the interest with a profit after a couple of years. Private Equity includes also investments in listed companies that owing to this lose their listing. The risks attached to an investment in Private Equity are diverse. First, Private Equity in its generality is subject to market fluctuations because of amongst others changing economic circumstances, interest and/or currency movements. Furthermore, the market for Private Equity is not organised and all transactions will be negotiated individually. There is hence no guarantee that the relevant market will continue to exist or function for the investments concerned in the present manner. In addition, there are also high chances of loss as opposed to an expected attractive return. In this connection the risk must be mentioned that in their first years investments in Private Equity usually do not show any or only a limited increase of their market value, whereas there could exist depreciation and sales restrictions with respect to these investments. It could moreover concern a limited liquidity of investments in (listed) Private Equity investment funds, because of which the sale of holdings could be accompanied by decrease of value or high costs. Moreover, Private Equity investment funds could be established in jurisdictions where there is no or only limited supervision. Finally, fluctuations in exchange rates could cause the value of a world-wide spread portfolio of such investments to fluctuate. To sum up, an investment in Private Equity is only right for experienced investors with a long investment horizon.

12. Structured products

A structured product is a financial product composed of a combination of different instruments and occurs in all forms and measures. At investing in a structured product there could be more or less risk than at a regular investment in securities, depending on the nature of the product. Examples of structured products are amongst others leverage products (see afore under 10.), guarantee products and protection products and each have their own risk profile. At rising prices one could make more return with a leverage product. On the other hand, you will loose more when the prices drop. With a guarantee product or a protection product you will usually make less return when the prices rise or a maximised return is made. But when the prices drop these forms of structured products are in principle characterised by a guarantee or protection of the initial amount of the investment. You are advised to get detailed information about the characteristics and risks of that specific product, at any investment in a structured product.

13. Emerging Markets

Special attention will finally be paid to securities listed in or originating from the so-called emerging markets. These securities have their own character. Investments in emerging markets are expected to have a higher return than comparable investments in West-European countries. However, the investor runs also other and more speculative risks by investing in emerging markets. The possible social, political and economic instability in some emerging markets could influence the value and liquidity of the investments here. Investments in some emerging markets could also be exposed to currency risks since the currencies concerned have often been weak in a certain period or repeatedly devalued. Economies of many emerging markets perform considerably better than the economies of West-European countries. However, markets that go through a quick development are often less stable. This could result in both positive and negative movements in the value of investments in emerging markets of which an investor must be properly aware.

14. Other

It is not possible to describe in this annex all characteristics of all securities and the risks attached thereto. In case the securities which are traded by or on behalf of the client deviate from the securities described afore, the client will be informed about the characteristics and special investment risks of those securities. At choosing the investments the client who takes an independent investment decision must consider carefully which securities fit in his or her investment objectives. There are more or less risks attached to all forms of investment. In particular writing uncovered options and forward contracts could be very risky. The client should only trade (have traded) in these risky investments if he can and wants to bear the losses, if any, and he is fully aware of the risks.

Amsterdam**Lombard Odier Darier Hentsch & Cie (Nederland) N.V.**

"Weteringpoort" Weteringschans 109 · Postbus 58007

1040 HA Amsterdam · Nederland

Holds a bank license from De Nederlandsche Bank and is registered with the Autoriteit Financiële Markten.

E-mail: amsterdam@lombardodier.com

Communication in: NL, DE, EN, IT.

Barcelona**Lombard Odier Darier Hentsch & Cie (España) S.V., S.A.**

Avenida Diagonal 399 · 08008 Barcelona · España

Supervised by the Comisión Nacional del Mercado de Valores (CNMV).

E-mail: spain@lombardodier.com

Communication in: ES.

Brussels**Lombard Odier Darier Hentsch & Cie (Belgium) S.A.**

Avenue Louise 81 · Box 12 · 1050 Brussels · Belgium

Supervised by the Banking, Finance and Insurance Commission.

E-mail: brussels@lombardodier.com

Communication in: EN, FR, NL

Gibraltar**Lombard Odier Darier Hentsch Private Bank Limited**

Suite 921 Europort · P.O. Box 407 · Gibraltar

Supervised by the Financial and Services Commission (FSC).

E-mail: gibraltar@lombardodier.com

Communication in: EN, DE, ES, FR, IT, NL

London**Lombard Odier Darier Hentsch (UK) Limited**

Queensberry House · 3 Old Burlington Street · London W1S 3AB · England

Authorized and regulated by the Financial Services Authority (FSA).

E-mail: london@lombardodier.com

Communication in: EN.

Madrid**Lombard Odier Darier Hentsch & Cie (España) S.V., S.A.**

Paseo de la Castellana 66 · 28046 Madrid · España

Supervised by the Comisión Nacional del Mercado de Valores (CNMV).

E-mail: spain@lombardodier.com

Communication in: ES.

Paris**Lombard Odier Darier Hentsch & Cie (France)**

8, rue Royale · 75008 Paris · France

Investment company approved by the Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI) - 31, rue Croix-Des-Petits-Champs - 75001 Paris.

E-mail: paris@lombardodier.com

Communication in: FR.

Lombard Odier Darier Hentsch Gestion

8, rue Royale · 75008 Paris · France

Portfolio management company approved by the Autorité des Marchés Financiers (no. GP 01-011) - 17, place de la Bourse - 75002 Paris.

E-mail: paris@lombardodier.com

Communication in: FR.