



UNION BANCAIRE PRIVÉE

## Standardised information sheet for shares on the regulated market

This information sheet provides general information on the main features of shares traded on a regulated market.

A regulated market is a German or European trading venue (stock exchange) which is authorised, regulated and overseen by a public authority. Public limited companies whose shares are admitted to trading on these markets must meet complex disclosure requirements. Many of these companies provide information such as semi-annual and annual financial reports, and notifications on their websites of events affecting their share price, often under "Investor relations".

Be sure to find out about the specific opportunities and risks relating to certain shares, for instance from the company's website or by asking your investment advisor.

### What is a share?

A share is a security conferring you a unit of equity ownership in the share capital of a public limited company. By purchasing a share, you become a shareholder in the public limited company in the amount of the capital share of your holding. Via your shares, you participate in the performance of the company through share price increases and dividend payments, but also in losses – in the worst-case scenario, up to the total amount of your investment.

### Who can invest in shares?

Shares would be a suitable investment for you if

- ◆ you have basic knowledge of the stock markets,
- ◆ you want to participate directly in a company,
- ◆ you want to seize opportunities associated with share ownership, and
- ◆ you are in a position to bear the risks of an investment in shares.

### What are the rights conferred by a share?

When you buy a share, you are surrendering your money to the company for an indefinite period of time, so you will not be able to retrieve your capital on a predetermined date. You can dissolve your interest in the company by selling your shares.

Ownership of a share confers various rights, which may differ depending on the class of shares. Ordinary shares are the most common; they confer the rights set out in the German Stock Corporation Act (*Aktiengesetz – AktG*) and the company's articles of association (see sections 1 to 3), such as voting rights and subscription rights. There are also preferred shares, which confer certain advantages, such as a preferential right to dividends, although they do not generally grant a voting right.

The main rights associated with shares are as follows:

#### 1. Voting right and right to request information:

You can attend the company's annual general meeting, where you can both vote and request information.

#### 2. Right to participate in profits (dividends):

If the company generates a (net retained) profit, the annual general meeting of shareholders may resolve to pay this out to shareholders. You are usually entitled to a share of this profit in proportion to your participation in the share capital, unless otherwise provided in the articles of association. The prerequisite is that you hold the shares on the relevant date for receiving the dividend.

#### 3. Subscription right:

If the equity capital of a public limited company is increased, new shares are issued. If you already own shares in this company, you are entitled to purchase new shares. This enables you to maintain the same proportion of the share capital. However, this subscription right may be excluded by a resolution at the annual general meeting.



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### **What opportunities does a share offer?**

The purchase of a share gives you the possibility to achieve capital gains. If the price of a share is higher at the time of selling than at the time of buying, you can make a profit. You will also receive a dividend if the annual general meeting resolves to pay out dividends.

### **What are the risks associated with buying shares?**

#### **1. Credit/issuer risk:**

A public limited company may become insolvent, which means its debts are too high or it is unable to honour them. In some cases you may lose all the money you invested (total loss).

#### **2. Price risk:**

The market price of the share (share price) depends on supply and demand. It may fall if the stock market suffers a downturn as a result of the general development of the market, for instance because the economic or industry outlook deteriorates. Reasons for a share price loss can also be specific to the company, such as declining business prospects and missed earnings targets.

#### **3. Dividend risk:**

A company may not pay out any dividend, or the dividend may be lower than expected. This may be the case if the company doesn't generate a profit, its profit is lower than expected, or the annual general meeting resolves not to pay out any profit.

#### **4. Currency risk:**

If a share is listed on the stock exchange in a currency other than the euro, the exchange rate also affects your profit or loss.

#### **5. Risk of delisting/revocation of admission:**

The company may delist its share from the stock exchange or revoke its admission to trading. In this case, selling your shares may entail a great price loss or it may even be impossible to sell them.

### **When can you buy or sell shares?**

Shares traded on a regulated market can generally be bought or sold any trading day on the stock exchange.

You may have difficulty selling or experience larger price discounts if there is insufficient trading of the share.

### **What are the costs involved?**

In addition to this information sheet you will receive a formalised cost breakdown, which includes information on the costs and ancillary costs incurred for the purchase or sale of a share, and if applicable, for a securities account (custody fee). You can avoid or reduce costs by comparing price lists. Costs reduce any potential return.