



## DISCLOSURE EUROBOND INVESTMENT RISKS

### **A Message from Apex Clearing Corporation – Understanding Our Role**

Apex Clearing Corporation (“Apex”) provides clearing and custody services for the financial firm through which you are investing. We process transactions, hold assets in custody, and prepare statements and certain confirmations.

Apex does not:

- Provide investment, tax, or legal advice;
- Recommend or determine the suitability of any investment for you; or
- Solicit trades directly with you.

The following Eurobond risk disclosure is provided for informational purposes to help you understand key risks associated with Eurobond investments that may be held in your account at Apex. You should review this disclosure together with any materials provided by your financial firm.

### **Overview of Eurobonds**

Eurobonds are international debt securities denominated in currencies different from the issuing country's currency. Not limited to European markets, they are issued in any major currency by multinationals, governments, or supranational organizations. These securities provide regulatory flexibility and global capital market access outside single-country jurisdiction. Eurobonds can be complex investments and may not be suitable for all investors. You should not invest in Eurobonds unless you fully understand the associated risks and are able to bear the potential loss of some or all of your investment.

### **Eurobond-Specific Risks**

Eurobonds present distinct challenges: Currency risk from exchange rate fluctuations; regulatory/legal risks including limited legal recourse and varying disclosure standards; liquidity risk with fragmented trading across time zones; sovereign/political risks requiring multi-jurisdictional creditworthiness and stability assessment

**Credit & Sovereign Risk**

Eurobonds carry higher credit risks than U.S. bonds. Foreign issuers may lack financial transparency familiar to U.S. investors. Differences in accounting standards, disclosure requirements, and regulatory oversight may make it harder to evaluate an issuer's financial condition. Financial difficulties can cause significant bond value declines, and country credit downgrades often trigger widespread selling, potentially resulting in substantial losses. Your investment may also be affected by political, economic, or social developments in the issuer's home jurisdiction, such as changes in law, capital controls, or expropriation. In extreme cases, a government may unilaterally restructure or suspend payments on its debt, or an issuer may default on interest and/or principal.

**Interest Rate & Currency Risk**

Eurobond prices move opposite to interest rates but with greater volatility due to Central Bank decisions, creating more dramatic price swings than U.S. bonds. Eurobonds can also be affected by local interest rate environments and monetary policy in the issuer's country or region, which may differ significantly from U.S. interest rate conditions. A rise in interest rates can cause substantial declines in the market value of Eurobonds, particularly those with longer maturities.

Many Eurobonds are denominated in currencies other than the U.S. dollar. If the currency in which the bond is denominated declines in value relative to the U.S. dollar, your returns (including principal and interest payments) may be reduced or eliminated when converted back into U.S. dollars. Currency movements can turn a gain in the bond's local currency into a loss in U.S. dollars. Currency hedging strategies, if available, may involve additional costs, may not be offered by your financial firm, and may not fully eliminate currency risk.

**Regulatory & Tax Framework**

You may face foreign taxes and complex international reporting requirements that could require professional assistance and affect overall returns. In addition to U.S. laws and regulations, Eurobonds are subject to the laws and regulations of the jurisdictions in which they are issued and traded. These foreign frameworks may provide fewer investor protections, different disclosure standards, and different enforcement mechanisms than in the United States. Legal and regulatory regimes can change with limited or no advance notice.

Income and gains from Eurobonds may be subject to foreign taxes, including withholding taxes on interest payments, which can reduce your overall return. Such taxes may not be fully creditable or refundable. You may also have complex U.S. tax and reporting obligations (for example, relating to foreign tax credits, original issue discount, market discount, or other special tax regimes). Investors should consult a qualified tax professional to understand all applicable U.S. and foreign tax and reporting responsibilities.

## Settlement & Trading

European clearing systems (Euroclear/Clearstream) differ from U.S. systems, potentially causing settlement delays or complications. Expect wider bid-ask spreads and reduced market maker participation during difficult conditions. Eurobonds may trade in less liquid markets than comparable U.S. bonds. In normal or stressed market conditions, you may not be able to sell a Eurobond quickly or at a price that reflects available information. Wider bid-ask spreads, smaller trade sizes, and reduced market-maker participation can increase trading costs and potential losses.

Eurobond transactions often settle through European or international central securities depositories (such as Euroclear or Clearstream) or through local settlement systems that differ from U.S. clearance and settlement practices (such as those of The Depository Trust Company). These differences may increase the risk of settlement delays, failed trades, or other operational issues. In some circumstances, delayed or failed settlement may result in additional costs, lost investment opportunities, or other losses. Local market holidays, trading suspensions, capital controls, or other disruptions may also affect your ability to buy or sell Eurobonds or may affect pricing.

## Documentation & Consultation

Review all bond documentation thoroughly, including the complete prospectus containing risk details, issuer information, and redemption provisions. Consult tax and legal professionals specializing in international investments. Eurobond terms may be more complex than those of typical U.S. bonds and may include features such as call or put options, step-up or step-down coupons, perpetual or extendable maturities, or index-linked or structured payouts. These features can significantly impact the bond's risk, return, and liquidity.

Eurobond documentation (including the base prospectus, final terms, and any related agreements) may be governed by foreign law and may provide for dispute resolution in foreign courts or arbitral forums. Enforcing your rights under these documents may be more complex, costly, or uncertain than under U.S. law. Offering documents may not be in English or may use legal and financial terminology that differs from U.S. market practice. You should ensure you understand key terms such as events of default, covenants, ranking in the capital structure (for example, senior vs. subordinated), and any loss-absorption or "bail-in" provisions that may result in reductions of principal or interest.

## Costs

Eurobond trading involves higher costs than domestic bonds, including transaction fees, dealer markups, currency conversion, and international settlement fees. These additional expenses directly reduce investment returns and may significantly exceed domestic investment costs.

Additional costs may include:

- Currency conversion spreads when buying, selling, or receiving payments in a foreign currency;

- International custody, safekeeping, or depositary fees; and
- Charges imposed by foreign intermediaries or local market participants.

These costs, individually and in combination, may materially reduce your net return compared to similar domestic investments.

### **Summary**

This disclosure is intended to summarize some of the risk associated with Eurobond investments. The specific risks associated with a particular Eurobond are detailed in the Base Prospectus. Investors should refer to the prospectus to obtain a complete discussion of the risks associated with a specific Eurobond before investing. You should also consider how Eurobond investments fit within your overall investment objectives, risk tolerance, time horizon, and financial circumstances.

By proceeding, you acknowledge that you have had the opportunity to review this disclosure and that you understand and accept these risks. If you have questions about whether Eurobond investments are appropriate for you, you should consult with your financial professional. If you have questions about how Eurobond investments are reflected on your account statements or about Apex's role as your clearing and custody provider, please contact your financial firm. Apex does not open accounts or provide advice directly to retail customers.