5. Increased risk product

Updated: 01/08/2019

Product brochure

BSE shares

Product description

Shares are securities issued by a public limited company, and represent membership or ownership rights. Shares represent the proportion of a company's registered capital equal to the share's face value. The minimum requirement for exercising shareholder rights is that the investor hold ownership over the specific share on a specific day preceding the company event (e.g. payment of dividends), referred to as the day of the shareholder identification procedure. The date for the shareholder identification procedure (which precedes the general meeting or the initial date of dividend payment by a few settlement days) is defined in the Regulations of the Central Clearing House (KELER). Shares listed on the BSE are classified into three categories: "Premium" category (the most liquid series of shares issued by companies with the broadest investor base; "Standard" category (series of shares issued by mid-range and low capitalisation companies); and "T" category (series of shares issued by mid-range and low capitalisation companies not issued in the context of an IPO, i.e. introduced to the market through a technical introduction).

When is it recommended?

- If you are looking for an investment opportunity with a yield above the risk-free rate in the long run and have a firm idea of developments in share prices.

Product risk

1. VERY LOW	2. LOW	3. MODERATE	4. MEDIUM	5. INCREASED	6. HIGH	7. EXTREMELY

5. Increased-risk product: This category includes financial instruments (such as shares or derivative funds) that characteristically carry substantial risk, featuring a price that may fluctuate significantly even in the short run, but investors are generally shielded from losing the entire value of their capital investment unless some extraordinary market event occurs. Based on historical data, the possible loss calculated for a one-year period is highly unlikely to exceed 65% of the capital invested. (To assess possible losses, the Bank determines the risk classification of a product using VaR calculation based on historical data, at a 99% confidence level, for a one-year investment horizon.)

Key risk factors

Issuer risk	The issuer risk is the risk of the issuer of the securities. The value of the securities and the satisfaction of the claims related to them depend on the issuer's business operations, liquidity position and net worth. The risk arising from poor financial management is reflected primarily in the price of the issued shares.
Share price risk	The share price risk is the risk that the portfolio comprising the shares loses some of its value due to adverse stock market developments. The investor may potentially lose all of his invested money, as the product is not capital guaranteed.
Country risk	Economic, political and geographic factors fundamentally determine a country's country risk classification. Changes in a country's assessment impacts the value of the country's firms, and thus stock market movements as well.
Liquidity risk	Liquidity risk arises when a customer cannot buy/sell a product because there is no counterparty in the market who would sell/buy it to/from them. This type of risk mainly occurs during times of crisis or in the case of rare markets or products where demand and supply are difficult to match. Such risk is extremely rare in case of blue-chip shares. There is a trade-off between liquidity and the quantity of a product to be sold/bought: when smaller quantities are sold/bought, the investor may perceive higher liquidity, while liquidity may fall parallel with quantity increases.

Scenarios*

Example 1	Let's assume that today, you purchase 100 units of a blue-chip share with the intention of investing your money for six months. The share price is HUF 12,945, so 100 shares are added to your portfolio at HUF 1,294,500. If six months later the shares can be sold at a price of HUF 13,550, that is HUF 1,355,000, you will realise a profit of HUF 60,500 during the six months.
Example 2	Let's assume that today, you purchase 10,000 units of a less liquid share with the intention of investing your money for six months. The share price is HUF 96, so 10,000 shares are added to your portfolio at HUF 960,000. If six months later the shares can be sold at a price of HUF 72, that is HUF 720,000, you will incur a loss of HUF 240,000 during the six months.

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PLEASE NOTE: The examples presented in this document do not show every possible outcome. For easier understanding the examples are simple and do not include any fees, commissions or taxes. They are insufficient to form the basis for an investment decision.

Practical information

- Information for customers: https://www.raiffeisen.hu/maganszemely/megtakaritas-befektetes/befektetesi-tajekoztato
- Product-related descriptions and interpretations: https://www.raiffeisen.hu/treasury-utikalauz
- Information on investment products: https://www.raiffeisen.hu/maganszemely/megtakaritas-befektetes/befektetesi-tajekoztato
- Product-related fees and charges: https://www.raiffeisen.hu/hasznos/kondiciok
- Taxation of investments: http://www.nav.gov.hu/
- Institutional protection: http://www.oba.hu/ and http://www.bva.hu/
- Changes in the prices of financial instruments issued by Raiffeisen Bank Zrt.: https://www.raiffeisen.hu/hasznos/arfolyamok
- Changes in the prices of key products: http://bet.hu/ (Hungarian stock exchange), http://akk.hu/ (Hungarian government securities), http://www.mnb.hu/ (exchange rates)
- In the case of shares, no EHM (standardised rate of return on securities) is calculated.

Other information

- Depending on the nature of the given product, investments are exposed to various risks, including the possible loss of the capital invested. No reliable conclusions can be drawn from historical data or information regarding future returns, changes or performance.
- The risk of a financial instrument made up of more than one component may exceed the sum of the risks of the individual components.
- Conversion between different currencies may affect the result achievable.
- Any tax consequence related to an investment product may only be assessed on the basis of the Customer's individual conditions, and may change in the future as a function of changes in legislation.
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