Webull Securities (Malaysia) Sdn. Bhd.
(Company No. 202101039706 (1440006-T))
(Licensed by the Securities Commission of Malaysia)

LEVERAGED AND INVERSE ETF RISK DISCLOSURE STATEMENT

(1) The Leveraged and Inverse Exchange Traded Funds ("**L&I ETF**") typically are designed to achieve their stated performance objectives on a daily basis. You should be aware that performance of these ETFs over a period longer than one day can differ significantly from their stated daily performance objectives and may potentially expose you to significant sudden losses. L&I ETFs are very different from traditional ETFs:

(i) Leveraged ETFs seek to deliver multiples of the daily performance of the index or benchmark they track. For example, a 2x (two times) leveraged ETF seeks to deliver double the daily performance of the index or benchmark that it tracks.

(ii) Inverse ETFs (also called "short" funds) seek to deliver the opposite of the daily performance of the index or benchmark they track. Inverse ETFs often are marketed as a way for investors to profit from, or at least hedge their exposure to, downward moving markets.

(iii) Leveraged inverse ETFs (also known as "ultra short" funds) seek to achieve a return that is a multiple of the inverse of the underlying index's daily performance. An inverse ETF that tracks a particular index, for example, seeks to deliver the inverse of the daily performance of that index, while a 2x (two times) leveraged inverse ETF seeks to deliver double the opposite of that index's daily performance.

(2) The purpose of this statement is to inform you that the risk of loss in purchasing L&I ETF units can be substantial. You should assess if the purchase of L&I ETF units are suitable for you in light of your financial position, risk tolerance and investment experience while taking into account the following risks before deciding whether to invest in L&I ETFs:

(i) An investor of L&I ETFs is subject to the risk of losing the full purchase price of the L&I ETFs units;

(ii) The investor should keep in mind that L&I ETFs are intended to track and replicate up to a multiple of performance of an index or a multiple of the inverse performance of an index on a daily basis;

For example, an Index 2x Leveraged ETF is intended to track the 2 times of daily return of the Index (usually called Underlying Index). If Underlying Index returns 1% in a given day, the Index 2x Leveraged ETF is expected to return around 2% on the same day.

An Index (-1x) Inverse ETF is intended to track the opposite of daily return of the Underlying Index. If Underlying Index returns -1% in a given day, the Index (-1x) Inverse ETF is expected to return around 1% on the same day.

(iii) As such, L&I ETFs are more suitable for short term trading/ positioning. Holding L&I ETFs units for more than a day could result in investment returns that deviate greatly from the multiple of performance of an index or the multiple of the inverse performance of an index that the L&I ETFs are supposed to track;

Here's a hypothetical example:

- Let's say that on Day 1, an index starts with a value of $1000 and a leveraged ETF that seeks to double the return of the index starts at $1000. If the index drops by 100 points on Day 1, it has a 10 percent loss and a resulting value of $900. Assuming it achieved its stated objective, the leveraged ETF would therefore drop 20 percent on that day and have an ending value of $800.
- On Day 2, if the index rises 10 percent, the index value increases to $990. For the ETF, its value for Day 2 would rise by 20 percent, which means the ETF would have a value of $960.
- On both days, the leveraged ETF did exactly what it was supposed to do – it produced daily returns that were two times the daily index returns.
- But let's look at the results over the 2 day period: the index lost 1 percent (it fell from $1000 to $990) while the 2x leveraged ETF lost 4 percent (it fell from $1000 to $960). That means that over the two day period, the ETF's negative returns were 4 times as much as the two-day return of the index instead of 2 times the return.
- In addition, even if the long term performance of these funds doesn't differ significantly from their stated daily performance objectives, you can still lose a lot of money. This is because returns that are the multiple of an index (or inverse multiple) can lead to substantial losses.

(iv) Placing of contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit your losses to the intended amount. Market conditions may not make it possible to execute such orders;

(v) The leverage obtained from a leveraged ETF can work against you as well as for you. It could lead to large losses as well as gains;

(vi) It is in the investor's best interests to take effort to study all risks as contained in the prospectus of the L&I ETFs, including but not limited to interest rate risks, country risks, credit risks, foreign exchange risks, futures rollover risks, counterparty risks, compounding risks, derivatives securities risks, correlation risks and liquidity risks; and

(vii) If an investor engages in purchase of L&I ETF units using margin financing or short sale of L&I ETF units, he or she may gain higher profits when the price movement conforms to expectation. If the price movement does not conform to expectation, he or she may suffer bigger losses. An investor may also face a margin call by the lender if the collateral maintenance ratio drops.

(viii) There is always a risk that not every L&I ETF will meet its stated objective on any given trading day. Be sure to understand the impact an investment in the L&I ETF could have on the performance of your portfolio, taking into consideration your goals and tolerance for risk.

(3) It is to be noted that L&I ETFs Trading in Cryptocurrency Futures will pose an additional layer of risk. An example of this is L&I ETFs that invest in Bitcoin Futures. These types of L&I ETFs are highly exposed, allowing for high returns or potentially large losses, based on the daily performance of Bitcoin futures. Investors should understand that cryptocurrency such as Bitcoin is already a highly speculative investment. As such, investors should consider the volatility of Bitcoin and the Bitcoin futures market, as well as the lack of regulatory oversight and potential for fraud or manipulation in the underlying Bitcoin spot market. In addition, the leveraged and inverse investment strategies of these ETFs are designed to amplify the impact of volatile price movements of the underlying Bitcoin futures. Investors holding these L&I ETFs will experience even greater volatility and risk than investors who hold Bitcoin futures, Bitcoin, or both. These risks may also apply to other listed products in the future which may be approved from time to time by Regulators, with cryptocurrency futures as the underlying index.

(4) This brief statement cannot disclose all the risks and other aspects of purchasing L&I ETF units. You should carefully study the requirements pertaining to L&I ETFs and the content of the prospectus of L&I ETFs before you decide to purchase. If you are in doubt in relation to any aspect of this statement or the terms of L&I ETFs, you should consult an investment professional. Your investment professional should understand these complex products and be able to explain whether or how they fit with your objectives.