# Risk warning

To help you understand the risks involved when investing in shares, mini-bonds and funds on https://miratexgroup.com please read the following risk summary. Please invest aware and diversify your investments.

## The need for diversification when you invest

Diversification involves spreading your money across different types of investments with different risks to reduce your overall risk. However, it will not lessen all types of risk. Diversification is an essential part of investing. Investors should only invest a proportion of their available investment funds via https://miratexgroup.comand should balance this with safer, more liquid investments.

## Risks when investing in equity or funds

Investing in shares (also known as equity) on https://miratexgroup.com does not involve a regular return on your investment, unlike mini-bonds which offer interest paid regularly.

Investing in a fund may help to diversify your investments and to spread the risk but general risks while investing in equity continue to apply. Further specific risks are set out on the applicable fund pitch page.

Please bear in mind the following particular risks for equity and fund investments:

### Loss of investment or tax relief

The majority of start-up businesses fail or do not scale as planned and therefore investing in these businesses may involve significant risk. It is likely that you may lose all, or part, of your investment. You should only invest an amount that you are willing to lose and should build a diversified portfolio to spread risk and increase the chance of an overall return on your investment capital. If a business you invest in fails, neither the company – nor https://miratexgroup.com– will pay you back your investment.

Tax relief may also be lost due to your personal circumstances or due to the activities of a company.

### Lack of liquidity

Liquidity is the ease with which you can sell your shares after you have purchased them. Buying shares in businesses pitching through https://miratexgroup.com cannot be sold easily and they are unlikely to be listed on a secondary trading market, such as AIM, Plus or the London Stock Exchange. Even successful companies rarely list shares on such an exchange. In addition, if you purchase B Investment Shares, these are non-voting shares and may not be attractive to potential buyers.

### Rarity of dividends

Dividends are payments made by a business to its shareholders from the company's profits. Most of the companies pitching for equity on the https://miratexgroup.com website are start-ups or early-stage companies, and these companies will rarely pay dividends to their investors. This means that you are unlikely to see a return on your investment until you are able to sell your shares. Profits are typically re-invested into the business to fuel growth and build shareholder value. Businesses have no obligation to pay shareholder dividends.

### Dilution

Any investment in shares made through https://miratexgroup.com may be subject to dilution in the future. Dilution occurs when a company issues more shares. Dilution affects every existing shareholder who does not buy any of the new shares being issued. As a result, an existing shareholder's proportionate shareholding of the company is reduced, or 'diluted'-this has an effect on a number of things, including voting, dividends and value.
Some businesses who pitch for equity investment through https://miratexgroup.com offer A-Ordinary Shares, which may include pre-emption rights that protect an investor from dilution. In this situation, the business must give shareholders with A-Ordinary Shares the opportunity to buy additional shares during a subsequent fundraising round so that they can maintain or preserve their shareholding. Please check a pitch, and the Articles of the company to see if the shares you are buying will have these pre-emption rights. Most companies do not offer pre-emption rights for B Investment Shares.

## Risks when investing in convertibles

A convertible is an investment for equity in a company where shares will be issued at a future date. Usually, the shares will be issued when the company completes a larger round of investment. A convertible allows a company to raise equity finance without setting a valuation - the valuation will be set by the subsequent investment round or at an agreed valuation on a longstop date.
It is important to remember that investing in a convertible is the same level of risk as investing directly for equity in a start-up company and your capital remains at risk.
It is also important to remember that the terms of convertibles can vary from deal to deal and it is important that you read the summary of terms and the convertible document provided to you by https://miratexgroup.com

## Risks when investing in mini-bonds

Mini-bonds are a very different kind of investment to equity and you do not own a stake in the business issuing the mini-bond. Instead, you receive regular interest payments from the issuing company (the "Issuer") and then return your initial investment back at the end of the mini-bonds term (the maturity). Before investing, you must read and agree to the Bond Instrument for each mini-bond as these contain the exact terms and conditions, including the interest payments and final repayment time between investors and the company raising the money. It is important to understand that Issuers are solely responsible for their financial status and consequently their ability to pay interest and return investors' capital when the mini-bonds mature. Crowdcube does not issue the mini-bonds listed on the Crowdcube platform and is not responsible for their performance. Mini-bonds represent a high degree of risk and you should be aware of some of the specific risks involved in investing in them.

### Loss of investment and interest payments

Issuers, like all businesses, are vulnerable to financial difficultly and investing in mini-bonds may involve significant risk of default. In the event of an Issuer being unable or unwilling to meet payments of interest and capital, it is likely that you may lose all, or part, of your initial investment and receive no outstanding or future interest payments.

If a business you invest in fails, neither the company you invest in – nor https://miratexgroup.com – will pay you back your investment. You should only invest an amount that you are willing to lose and should build a diversified portfolio to spread risk.

Mini-bonds are not insured by a third party nor are they protected by any governmental authority such as the Financial Services Compensation Scheme. This means that if the Issuer becomes insolvent, investors could lose some or all of their money.

### Lack of liquidity

Liquidity is the ease with which you can sell your investments to a third party after you have purchased them. Mini-bonds purchased from Issuers pitching through Crowdcube may be transferrable if specified in the Bond Instrument, however, they will not be listed on any formal investment exchange or secondary trading market such as the LSE ORB and so it may be difficult or impossible to find a buyer to purchase them. Please refer to the individual mini-bond documentation for full details of transferability. Investments in mini-bonds through Crowdcube should be viewed as a long term and illiquid investment.

### Restricted redemption rights

Issuers of the mini-bonds set the terms for redeeming your capital. Investors should be aware that they will not be able to redeem their initial investment under any circumstances other than those set out in the terms and conditions of the documentation of an individual mini-bond, meaning their capital will be locked up for the entire term of the mini-bond, typically 3-5 years and should, therefore, be viewed as a long term and illiquid investment.

### Unsecured investment

Unless otherwise set out in the Bond Instrument, mini-bonds are typically an unsecured obligation of the Issuer, meaning there is no security over the property or assets of the Issuer supporting the repayment of your interest or capital. This means that if an Issuer fails, it is unlikely that an investor will have their initial investment or outstanding interest payments returned to them because there is no security over any remaining assets.

## Early call risk

The Issuer has the right to repay you your money at any time prior to the formal repayment date. Your investment may be materially curtailed because of this.

## Lower in the pecking order on winding up

If an Issuer falls into financial difficulty and goes out of business, other creditors and debt holders with seniority – including fixed charge holders, administrators, employees who are owed wages, banks, and secured debtors - will be compensated first. This means it is unlikely mini-bond investors, whose unsecured investment sits below all of the previously mentioned in the pecking order, will have their initial investment or outstanding interest payments returned to them after higher ranked creditors are compensated.

## Interest rate and inflation risks

Mini-bonds pay interest at a fixed rate rather than by reference to an underlying index. Accordingly, you should note that a rise in interest rates may adversely affect the relative returns that mini-bonds offer. Further, inflation may reduce the real value of the returns over time.