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mintos

Disclosure of risks of investing in loans

Investment in loans might be a good way to diversify your investment portfolio. However, it is important to understand investing in loans is not risk free. Investors must carefully evaluate their readiness to tolerate the risks of investing in loans based on their investing experience, investment goals, and wealth.

Using risk management tools decreases the risk of loss, however, it does not exclude the possibility to lose part or all of the invested funds if some of the risks materialize.

Investors should consider at least the following risks before making an investment:

Market risk

The value of the investment may decline due to events outside the control of market participants, such as an economic downturn, a financial crisis, or geopolitical events.

Risks related to the loan

Payments are linked to the underlying loan receivables. If the borrower does not make a scheduled payment on time, the investor will also not receive a payment on time. If the borrower does not repay the loan at all and the lending company is not able to recover the money, the investor will not receive further payments.

The borrower may repay the principal amount at any time. The loan agreement might also be cancelled by the lending company, triggering early repayment by the borrower. While the investor may invest the repaid money in other loans, the return on the investments could be lower than the initially planned return. If the investor decides not to reinvest, the uninvested money in their account will not earn any returns.

Risks related to the lending company

The lending company may become insolvent, become unable to service loans, or stop cooperating with Mintos. As a result, the company could fail to honor its contractual obligations, leading to not making payments or defaulting on the buyback obligation.

Risks related to the investment firm

Mintos may become insolvent, its license may be revoked, or the company may become unable to service its clients. This could lead to delayed repayments or loss of invested amounts.

Liquidity risk

Loans typically have a fixed term, and investors have to hold them until they mature. Investors who want to sell their investment early can only do so on the Mintos Secondary Market. There is a possibility that investors will not be able to sell the investments made in the loans before their maturity. Mintos does not guarantee demand on the Secondary Market, nor availability of the Secondary Market as such.

Currency risk

The value of an investment in a foreign currency may depreciate against the investor's home currency as the exchange rate fluctuates

Conflicts of interest

The best interests of the lending company, the investors and Mintos might not be aligned.

Legal, regulatory and compliance risk

Loans available for investment on Mintos come from multiple geographies. Each country might have different requirements regarding supervision of lending companies, investor rights protection, collateral management, insolvency proceedings etc. Such differences may influence the risk of investment.

Operational risk

In their operations, Mintos and lending companies rely on sound performance of their IT systems, internal processes, and employees, as well as external partners such as banks and web service providers.

A failure or breach of IT systems can affect Mintos's or the lending company's ability to serve its customers. In this event, investors' orders might not be executed to the full extent, or investors might not receive information on their investments in real time. An error in any internal process, including human error, may result in availability or quality issues for some or all of the provided services. Any problems with external partners could also impact some of the services Mintos provides.

Please note that this is not an exhaustive list of risks investors should consider before investing.