



Key Information Document (KID) - CFD on US ETF

1. Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and help you compare it with other products. You are advised to read it so you can make an informed decision about whether to invest.

2. Product

Product name: CFD on US Exchange Traded Funds (ETF)

Product provided by: XNT LTD, a company registered in Malta and regulated by the Malta Financial Services Authority.

Additional Information: For more information, please refer to our corporate website xnt.mt. This KID was created/last updated on 01.11.2024.

3. Alert

You are about to purchase a product that is not simple and may be difficult to understand.

The following information is provided help you understand the nature and risks of investing in this product. You are advised to read it so you can make an informed decision about whether to invest.

4. What is this product?

Type: The product is a 'Contract for Difference' ("CFD"). It allows you an indirect exposure to an underlying product - an Exchange Traded Fund (ETF). You will have no direct interest in the underlying ETF. Accordingly, you can make gains or suffer losses as a result of price or value movements in relation to the underlying ETF to which you have the indirect exposure.

The underlying product is an Exchange Traded Fund (ETF). ETFs are funds that trade on exchanges, generally tracking a specific index, a basket of instruments or leverage a single security. When you invest in an ETF, you get a bundle of assets you can buy and sell during market hours—potentially lowering your risk and exposure, while helping to diversify your portfolio. Accordingly, you can make gains or suffer losses as a result of price or value movements of the assets composing the ETF. ETFs are commonly divided into the following categories:

Tracker ETF: Aims to mirror the performance of a specific benchmark. Performance may deviate from the benchmark over certain periods; therefore, exact replication is not guaranteed.

Leveraged ETF: Seeks to deliver a multiple of the benchmark's returns.

Inverse or Short ETF: Designed to provide returns that are inversely correlated to the benchmark's performance. They can be leveraged or non-leveraged.

Objectives: The objective of trading CFD on ETF is to gain leveraged exposure to fluctuations (generally on the short term) related to the underlying ETF without owning it. Your return depends on the size of the performance (or movement) of the underlying ETF and the size of your position. This product is commonly traded on margin. Margin refers to the use of a small amount of capital to support an investment of a larger exposure. Please note that margin/leveraged trading requires extra caution, because whilst you can realize large profits if the price moves in your favour, you risk extensive losses if the price moves against you. As an example, if an investor buys 100 CFD with an initial margin of 20% and an underlying ETF price of 50 USD, the initial investment will be 1'000 USD ($50 \text{ USD} \times 20\% \times 100$). The effect of leverage, in this case 5:1 (or 20%), has resulted in a notional value of the contract of 5'000 USD ($1'000 \text{ USD} / 20\%$). If an investor holds a short position, a profit is made when market price decreases and a loss is incurred when market price increases. The CFD does not have a pre-defined maturity date and is therefore open-ended. As a result, there is no recommended holding period for either and it is down to the discretion of each individual investor to determine the most appropriate holding period based on their own individual trading strategy and objectives. Failure to deposit additional funds in the case of negative price movement may result in the CFD being closed.

Intended retail investor: This product is not appropriate for all Retail Clients. CFDs are intended for investors who have knowledge of, or are experienced with, leveraged products, understand that by investing in this product, they could lose some or all of their investment, accept the risk of losing some or all of their investment in exchange for the potential of higher return, understand that the underlying asset can be highly volatile and the value of the product may change frequently and therefore investors should have sufficient time to monitor and manage their investments, have experience trading this or similar products and understand that trading this product will include fees that will reduce the profitability of the investment the longer the product is held.



- Knowledge and experience: have high knowledge in capital markets and proven experience in trading complex financial instruments;
- Financial situation: have a financial situation that allows the loss of the initial investment;
- Risk tolerance: Seek speculative and high return investments, but understand the associated increased risks;
- Objectives and needs: Aim hedging and speculation.

Insurance benefits: This product offers no insurance benefits or capital protection.

5. What are the risks and what could I get in return?

| Risk Indicator | | | | | | | There is no recommended or minimum holding period for this product. The risk indicator should be used to compare this product to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. |
|---------------------------------|---|---|---|---|---|---|--|
| ← Lower risk Higher risk → | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | |

We have classified this product as **7 out of 7, representing the highest risk class**. The level 7 indicates that the potential losses from future performance of the product at a very high level. And it assumes that you may not be able to buy or sell the CFD at a price you wanted due to the volatility of the market or you may have to buy or sell the CFD at a price that significantly impacts how much you get back.

- **Currency risk:** The currency you trade the CFD in may be different from your domestic currency. In this case, be aware of currency risk. The final return you will get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.
- **Underlying asset class risk:** The product tracks ETFs, which are traded on various regulated trading venues. The product can be expected to have large fluctuations due to the nature of the underlying asset class.
- **Capital protection risk:** This product does not include any protection from future market performance so you could lose some or the entire amount you invest. If the XNT LTD. is not able to pay you what is owed, you could lose the amount you have invested.
- **Leverage:** You should carefully consider whether leveraged trading is right for you.

Performance scenarios

The scenarios shown below illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you hold the product. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where the XNT LTD. is not able to pay you.

The scenarios in Table I are based on the following assumptions:

CFD on ETF (held intraday*)

| | | |
|-----------------------------------|-----------------------------|-------|
| Opening price (USD) | P | 50 |
| Trade size (per CFD) | TS | 100 |
| Margin % | M | 20% |
| Margin requirement (USD) | $MR = P \times TS \times M$ | 1'000 |
| Notional value of the trade (USD) | $TN = MR / M$ | 5'000 |

Table I (Performance scenarios)

| | Opening Price | Closing Price | % Price Change | P/L before costs | Costs*** | P/L after costs |
|-------------------------|---------------|---------------|----------------|------------------|----------|-----------------|
| LONG* CFD on ETF | | | | | | |
| Favourable | 50 | 55 | +10.00% | 500 | -4 | 496 |
| Moderate | 50 | 52.50 | +5.00% | 250 | -4 | 246 |



| | Opening Price | Closing Price | % Price Change | P/L before costs | Costs*** | P/L after costs |
|---------------------------|---------------|---------------|----------------|------------------|----------|-----------------|
| Unfavourable | 50 | 47.50 | -5.00% | -250 | -4 | -254 |
| Stress | 50 | 42.50 | -15.00% | -700 | -4 | -754 |
| SHORT** CFD of ETF | | | | | | |
| Favourable | 50 | 45 | -10.00% | 500 | -4 | 496 |
| Moderate | 50 | 47.50 | -5.00% | 250 | -4 | 246 |
| Unfavourable | 50 | 52.50 | +5.00% | -250 | -4 | -254 |
| Stress | 50 | 57.50 | +15.00% | -750 | -4 | -754 |

* If the long position is held overnight, the overnight fee is payable daily at the rate of APR 7% of the product value at the end of the day.

** If the short position is held overnight, the overnight fee is payable daily at the rate of APR 9% of the product value at the end of the day.

*** Costs include trade fees for opening and closing of the position. Please note that costs may vary for different instruments. Always consult Terms / Commissions and Overnights sections in your Client Area to see the instrument specific costs.

6. What happens if XNT LTD. is unable to pay out?

The product is not covered by an investor protection or guarantee scheme. This means that in case XNT LTD. becomes insolvent or otherwise fails to make full payment, you may suffer a total loss of your investment.

7. Fees and charges

This table shows an impact on return per year. Trading US ETFs incurs the following costs:

| | | | |
|------------------|------------------------|-----------------------|--|
| | Spread | Variable | The difference between the buy price and the sell price is called the spread. This cost is realised each time you trade. |
| One-off costs | Entry costs | 0.02 USD (min 1 USD)* | The impact of the costs of entering your investment. |
| | Exit costs | 0.02 USD (min 1 USD)* | The impact of the costs of exiting your investment. |
| | | | |
| Ongoing costs | Overnight fee (longs) | 7.00% (p.a.)* | The impact of the costs of holding your investment. |
| | Overnight fee (shorts) | 9.00% (p.a.)* | The impact of the costs of holding your investment. |
| Incidental costs | Performance fee | N/A* | Not Applicable |

* Please note that costs may vary for different instruments. Always consult Terms / Commissions and Overnights sections in your Client Area to see the instrument specific costs.

8. How long should I hold it and can I take my money out early?

CFD does not have any recommended holding period, and generally is used for short time trading. There is no lock-up period and you can liquidate the trading position and monetize the financial result at any time after you open the trading position.

9. How can I complain?

Any complaints should be addressed to complaints@xnt.mt as specified in Complaints Handling Procedure which is available on our [website](#). If you do not feel that your complaint has been resolved satisfactorily, you are able to refer your complaint to MFSA. See mfsa.mt for further information.

10. Other relevant information

The Documents section of our website contains important information regarding your account. You should ensure that you are familiar with all the documents that apply to your account. The information contained in this Key Information Document does not constitute a recommendation to buy or sell the product and is no substitute for individual consultation with the investor's bank or advisor. The KID is a pre-contractual document which gives you the main information about the product (characteristics, risks, costs, etc.). Additional information can be found on the website xnt.mt or the trading platform.