

Key Information Document (KID) - Fractional Shares (co-ownership model)

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.

Product

Product name: Fractional Shares (co-ownership model)

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 28.09.2023.

Alert

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.

What is this product?

Type: The fractional shares represent a percentage ownership of an asset (full share). Receivables in connection with issued Fractional Shares are settled exclusively in cash. The missing amount to compose the full share is added either by other client(s) or XNT LTD to accommodate the trading on the trading venue. The Fractional Shares can only be purchased via XNT LTD and then sold back via XNT LTD, they are not freely transferable. Share can be transferred, however, if the missing fraction is purchased in the market to form one whole share. Just as regular shares, fractional shares can be purchased using leverage or sold short (where applicable).

Objectives: The aim of this product is to grant you an ability to invest in shares in amounts that are less than one whole share. However, owners of less than one full share have no rights of shareholders - such as profit participation or voting rights.

Intended retail investor: This product is aimed at Retail Clients who have the goal of wealth creation. Investors may have a short, medium or long-term investment horizon depending on their objectives. This product is appropriate for all Retail Clients if not traded on margin (non-complex product). This product may not be appropriate for all Retail Clients if traded on margin (complex product). In such case it is only appropriate for investors who have good knowledge and/or experience with the product and who can bear potential losses in value of the security. The Product is aimed at Retail Clients whose risk tolerance permits the purchase of products that are classified at least in risk class 7 on a risk/return rating scale from 1 (safety-oriented; very low to low return) to 7 (very willing to take risks; highest return).

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

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

Risk indicator						
← Lower risk			Higher risk →			
1	2	3	4	5	6	7

The recommended holding period for this product is one year if the product is traded long, and one week if the product is traded short. 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.

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

- **Currency risk: The currency you trade Fractional Shares 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 is a fraction of the share, which is traded on a regulated trading venue. The product can be expected to have significant 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.

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 1 are based on the following assumptions:

Fractional Share LONG (held for a recommended period of one year) SHORT (held for a recommended period of one week)		
Opening price (USD)	P	520
Trade size (fraction)	TS	0,5
Margin %	M	fully paid
Margin requirement (USD)	$MR = P \times TS \times M$	fully paid
Trade Value (USD)	$TV = P \times TS$	260

Table 1 (Performance scenarios)

Scenario LONG*	Opening Price	Closing Price	% Price Change	P/L before costs	Costs***	P/L after costs
Favourable	520.00	559.00	+7.50%	19.50	-2.00	17.50
Moderate	520.00	533.00	+2.50%	6.50	-2.00	4.50
Unfavourable	520.00	481.00	-7.50%	-19.50	-2.00	-21.50
Stress	520.00	390.00	-25.00%	-65.00	-2.00	-67
Scenario SHORT**	Opening Price	Closing Price	% Price Change	P/L before costs	Costs***	P/L after costs
Favourable	520.00	481.00	-7.50%	19.50	-2.60	16.90
Moderate	520.00	507.00	-2.50%	6.50	-2.60	3.90

Unfavourable	520.00	559.00	+7.50%	-19.50	-2.60	-22.10
Stress	520.00	650.00	+25.00%	-65.00	-2.60	-67.60

*If the long position is open with leverage, margin rates may apply. Rates will depend on the market where the underlying is trading and the currency of the investment.

**A current default rate for shorting easy to borrow shares is 12% p.a.

***Costs include trade fees.

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.

Fees and charges

Trading Fractional Shares incurs the following costs:

This table shows an impact on return per year				
Fractional shares	One-off costs	Entry costs	1 USD	The impact of the costs of entering your investment.
		Exit costs	1 USD	The impact of the costs of exiting your investment.
Fractional shares	Ongoing costs	Margin rate fee (longs)	3.5% applied on the negative cash balance on your account.	The impact of the costs of holding your investment.
Fractional shares	Ongoing costs	Short selling fee (shorts)	12% p.a. on easy to borrow shares	The impact of the costs of holding your investment.
Fractional shares	Incidental costs	Performance fee	N/A	Not Applicable

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

Fractional Shares recommended holding period will depend on individual goals, trading strategy and market situation. They can be traded intraday and held for a long period of time. 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.

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.

Other relevant information

If there is a time lag between the time you place your order and the moment it is executed, your order may not be executed at the price you expected. Ensure your internet signal strength is sufficient before trading. 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.