

KEY INFORMATION DOCUMENT

PSG WEALTH CONTRACTS FOR DIFFERENCE





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This document is a summary of key information about the PSG Wealth Contracts for Difference (CFD) account. It will help you understand the account and make an informed decision. This is a summary only. It is not a legal or binding document, nor should it be considered as advice. Before deciding to open an account, we suggest you read the whole document together with the terms and conditions.

ABOUT THIS ACCOUNT



What is a Contracts for Difference (CFD) account?

This account enables you to have exposure to price movements on an underlying share without physically owning the share. A CFD instrument is an agreement between a buyer and a seller to exchange the difference in value of a particular underlying instrument for the period between when the contract is opened and when it is closed. The difference to be exchanged is determined daily by the change in the closing reference price of the underlying instrument. Thus, if the underlying instrument rises in price, the buyer receives cash from the seller and vice versa.

CFDs are not listed instruments, but are traded as 'over-the-counter' contracts between the client and PSG Securities. Investors are required to pay an initial margin ('good faith' deposit) upfront when the position is opened. This initial margin will be returned when the position is closed. Investors receive a synthetic dividend in the case of a company paying a dividend.

Example:

An investor believes that ABC company shares are set to rise sharply from their current R70 level. The investor decides to secure 500 ABC company CFD contracts. The total initial margin is R5 250 (R70 x 500 x 15%). The exposure is now 500 shares or R35 000. Four weeks later, the share price is R80. The investor decides to close out the position by selling the 500 ABC company CFD contracts. The trader has thus made R5 000 (500 shares x (R80 - R70)) in four weeks. The investor has turned R5 250 into R10 250, a return of 95%, while the underlying share price increased by 14%. This speculative success illustrates gearing but investors are warned this could have worked the other way as well.



Who offers this account?

PSG Securities is a member of the JSE and registered with the Financial Services Board (FSB). PSG Securities forms part of PSG Wealth, the brand under which this account is marketed.

KEY FEATURES OF THE PSG WEALTH CONTRACTS FOR DIFFERENCE ACCOUNT



Who is this account most suitable for?

- Clients who want to use a geared product to have exposure to the top 100 JSE listed shares or Satrix listed exchange traded funds (ETFs).
- Hedgers seek to reduce risk by protecting an existing share portfolio against possible adverse price movements in the physical (or spot) market. Hedgers have a real interest in the underlying shares and use CFDs as a means of preserving their performance.
- Speculators use CFDs in the hope of making a profit on short-term movements. They often buy and sell derivatives contracts in their own right without transacting in the underlying share. Speculators may have no interest in the underlying shares other than taking a view on the future direction of its price.



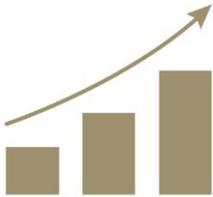
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Who is this account not suitable for?

- Clients who do not want to be subjected to volatile markets.
- Clients who want capital protection.



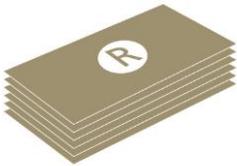
Minimum Investment

- Each new CFD position opened needs to have a minimum exposure value of R25 000.
- Initial margin ('good faith' deposit) is set at 15% for Top 40 stocks, 17.5% for Top 41 - 100 stocks, and 15% for Satrix listed ETFs.
- On the minimum exposure value of R25 000 this would require R3 750 (15%) initial margin deposit on a Top 40 stock, and a R4 375 (17.5%) initial margin deposit for Top 41 - 100 stocks.

What can I trade?

With your CFD account you can trade futures in the top 100 shares by market capitalisation (i.e. Top 40 large caps and the next 60 Middle cap stocks) and Satrix ETFs.

TAX



Tax considerations

- As a trader of CFDs, all profits are deemed as taxable income. You are then taxed on profits at your marginal tax rate.
- PSG Wealth provides yearly tax statements.
- For further tax considerations, please consult your financial adviser or tax consultant.

ACCESS TO YOUR INVESTMENT

- You can view your CFD account online anytime by logging onto our secure website.
- You can buy and sell CFDs during JSE trading hours.
- The cash from the sale transaction will be available immediately for the next purchase transaction.
- Cash is only available for withdrawal one business days after trade is concluded.
- Depending on your bank, the transfer can take a further two days.

Can I use the account as security for a loan?

- No.

Is it protected against my creditors?

- No.

Can I transfer my PSG Wealth CFD account to another CFD provider?

- No. You will have to close out all your CFD positions and open the new account at another stockbroker.



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What happens if I die?

- Your CFD account forms part of your estate and may be subject to tax.

BENEFITS



What type of benefits can I expect?

- CFDs are a cost-effective way to gain exposure to equity markets.
- CFDs are characteristically liquid and easily traded.
- With margin requirements between 15% – 17.5% of the total exposure, CFD provide a highly capital efficient way to participate in shares.
- You can sell (short) CFDs, and benefit from a downward price movement.
- The pricing of CFDs is transparent.
- Wholesale interest rates are used in pricing and trading these instruments even for a retail investor.
- Direct market access (DMA), which means that you can trade directly on the exchange without PSG adding to the ruling bid/offer spread price.
- You may subscribe to live prices
- Set up watchlists to track shares
- Set up alerts to new opportunities that match your trading strategy
- The ability to manage risk by setting up a 'price watch' and 'stop loss' facility
- Free fundamental research and scanning tools

RISKS



Can I lose money?

- Yes, your investment returns may not perform as expected. Your investment is linked to the market value of the instruments and is not guaranteed.
- It is important to ensure that you are comfortable with the level of risk your chosen instruments carry. You are not able to transact on an instrument suspended by the JSE or other relevant exchanges. If you are unsure of how to invest, a financial adviser may help you to make appropriate choices.

FEES



What fees will be charged?

- Brokerage fee of 0.4% (excluding VAT) on the value of the transaction.
- Script lending fees are charged for short CFD positions, which is 1.5% per year, charged per day on which the position is open, with a minimum of R250 per position.
- Interest is charged on open CFD positions, which is the [SAFEX rate](#) +2% (usually equal to Prime -2%).



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BEFORE YOU DECIDE



Before you decide whether or not to buy this product, it is recommended that you consider the following:

Each CFD position is unique and comes with its own associated risks, including volatility. This might not be a suitable investment for all investors and will depend on your risk appetite and the time you have on hand to watch the markets. It is advisable to educate yourself about shares and the principles of trading.

1. Compare this product with other products that could also meet your financial needs. These could include:
 - Other types of equity linked products such as [unit trusts](#), local equities and offshore investments.
 - Other types of derivative products such as [Single Stock Futures](#), Index futures and [Currency Futures](#).
2. A Key Information Document like this one has to be produced for all financial products to help you make these comparisons. Find Key Information Documents for other products that could suit your needs or ask your financial adviser to get these for you.
3. If you do not have a financial adviser, consider whether an authorised financial adviser could help you to make appropriate financial decisions. If you obtain advice, insist that your adviser gives you proof that he or she is qualified to advise you on this type of product. You should also get full details of the fees, commission or incentives your adviser will get if you invest in this product with his or her assistance.

This document is only a high-level summary of the PSG Wealth contracts for difference (CFD) account. We encourage you to ask further questions. You should also read the detailed terms and conditions for the PSG Wealth contracts for difference (CFD) account, which you can request from us. You can get more information from your financial adviser or from PSG Wealth directly: email clientservice@psg.co.za, call 0860 774 774 or visit www.psg.co.za.

PSG Wealth offers a range of unit trusts and multi-managed portfolios, each with different underlying instruments. Make sure you read their Fund Fact Sheets which you can request from us. These will give you important information on their investment fees, risks and objectives.

Ask PSG Wealth or your financial adviser to give you details on the overall impact of investment fees on your investment over time. Also ask for information on the past performance of the underlying instruments you want to include in your investment, but remember that past performance is not a guarantee of future performance.
