

RISK AND DISCLOSURE NOTICE

Trading in financial products always involves a risk. As a general rule, you should therefore only trade in financial products if you understand the products and the risks associated with them.

Below is an overall description of the characteristics of certain complex products and their markets and of the risks associated with these products.

FOREIGN EXCHANGE TRADING (FOREX)

When trading in foreign exchange, the investor speculates in the development of the price of one currency relative to another, where one is sold and the other is purchased. For example, an investor may sell British pounds (GBP) against the US dollar (USD) if he expects that the USD will increase relative to the GBP.

Foreign exchange is traded as a margin product, which means that you can invest more money than is available in your account by borrowing money from Capstock Ltd. Foreign exchange may be traded as FX Spot or FX Forward. FX Spot is the purchase of one currency against the sale of another for immediate delivery. FX Forward transactions are settled on an agreed date in the future at prices which are agreed on the date of the transaction. FX Forward trading involves an obligation to make the transaction at the agreed price on the settlement date.

As foreign exchange is margin traded, allowing you to take a larger position than you would otherwise be able to based on your funds with Capstock Ltd, a relatively small negative or positive market movement can have a significant effect on your investment. Foreign exchange trading therefore involves a relatively high level of risk. This makes the potential gain quite high, even if the deposit is relatively small. If your total exposure on margin trades exceeds your deposit, you risk losing more than your deposit.

CFDs

A CFD - or Contract for Difference - is speculation in changes in values. The product allows you to speculate in future increases or decreases in the value of a specific asset, for instance a share. If your speculations prove to be correct, you will make a profit from the difference in value (less costs), but you will have to pay the difference in value (plus costs) if your speculations turn out to be wrong. Being tied to an underlying asset, the value of a CFD depends on that asset. CFDs are always margin traded (see the above paragraph on foreign exchange transactions).

As CFDs are margin traded, allowing you to take a larger position than you would otherwise be able to based on your funds with Capstock Ltd, a relatively small negative or positive movement in the underlying instrument can have a significant effect on your investment. CFD trading therefore involves a relatively high level of risk. This makes the potential gain quite high, even if the deposit is relatively small. If your total exposure on margin trades exceeds your deposit, you risk losing more than your deposit.

FUTURES

Futures trading involves speculating on the price of a specific underlying asset going up or down in the future. A future gives the holder a standardised obligation to either buy or sell the underlying asset at a specified price at a certain date in the future. The underlying asset may, for instance, be raw materials, agricultural produce or financial products. Depending on the nature of the future, the asset either has to be settled for the price difference or by actual delivery at the settlement date. Futures are always traded on margin (see "Foreign exchange trading" above). Futures are always traded in a regulated market, either by direct trading in the stock exchanges' trading systems, or by reporting of transactions.

As futures are margin traded, allowing you to take a larger position than you would otherwise be able to based on your funds with Capstock Ltd, a relatively small negative or positive market movement can have a significant effect on your investment. Futures trading therefore involves a relatively high degree of risk. This makes the potential gain quite high, even if the deposit is relatively small. If your total exposure on margin trades exceeds your deposit, you risk losing more than your deposit.

Further information is available on www.capstock.mu