MCA Intelifunds Ltd.
HE 270891
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CYSEC License number: 126/10

Key Information Document (KID) - CFD on Commodity

Preliminary information

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 to help you compare it with other products.
CFDs are complex instruments and come with a high risk of losing money rapidly due to the leverage. 79.70% of retail investor accounts lose money when trading CFDs with MCA Intelifunds Limited (the "**Company**" or "**Fxoro**"). Before you start trading, you should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

Product

PRIIP Name: CFD on commodity | **PRIIP Manufacturer:** MCA Intelifunds Limited | **Website:** www.fxoro.com | **Telephone Number:** 00357 25 205 555 | **Competent Authority:** Cyprus Securities and Exchange Commission (CySEC) | **Date of last revision:** 7 February 2020

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

What is this product?

Type

This investment product (the "**Product**") is an Over the Counter CFD ("Contract for difference") derivative contract, i.e. traded outside regulated markets ("**OTC**") on commodities.
The Product refers to CFDs on commodities with a maximum leverage of 1:20.
The CFD on commodities is a derivative financial instrument because its value is directly linked to that of the underlying commodity and therefore follows its performance. The CFD provides for the payment of the price differential recorded between the opening date and the closing date of the CFD.
OTC CFDs on commodities are traded directly between the parties without the intervention of a clearing house.

Objective

The purpose of entering into a CFD on commodities is to benefit from the economic effects of changes in the value of the commodity underlying the contract, without acquiring ownership of the commodity and without having to use the full value of the commodity. The resulting leverage effect makes it possible to multiply the return (positive or negative) of the transaction compared to an ordinary transaction. For example, if an investor buys 1 CFD with 5% margin, an underlying commodity futures price of $57.1 and a multiplier of 1000, the initial investment will be $2855 (57.1 x 1000 x 5%). The leverage effect, in this case 20:1, resulted in a notional contract value of $57100 (2855 x 10). This means that the return on the CFD transaction is 20 times higher than that obtained with a normal trading transaction on the underlying. If the investor enters into the contract as a buyer ("long position"), and the underlying increases in value, he realises a gain of $100 for every 0.1-point increase in that underlying; conversely, for every 0.1-point decrease, the client realises a loss of $100. If the investor enters into the contract as a seller ("short position"), he realizes a profit in line with any decreases in that underlying and a loss for any increases in the underlying. The gain or loss of $100 compared with the notional value of $57100 corresponds to a return of 0.175%; the gain or loss of $100 compared with the initial investment of $2855 corresponds to a return of 3.50% which corresponds to the return obtained by trading the underlying (0.175%) multiplied by leverage (20).

Intended Retail Investor

This Product is aimed for investors who possess a high level of knowledge and experience of leverage products and who understand the risks to which they are exposed through the holding of this Product, resulting from the fluctuation in the value of the underlying commodity. Such clients must be able to understand how the price of CFDs on commodities are derived, the concept of leverage and margin and the fact that losses may exceed the capital invested. They must also be able to understand the risk/return profile of the product that could result in potential returns and higher risks than would be obtained by trading the underlying directly. Investors operating such instruments must have adequate financial resources and the ability to sustain losses in excess of the capital invested. In addition, investors to whom this Product is addressed understand that they may lose more than the initial margin deposited to open the position, it being understood that the losses incurred by a retail investor may not exceed the funds invested in a CFD account as prescribed by the Supervisory Authorities. For example, if a retail investor deposits €2,000 into a CFD account and opens a long position with a notional value of €20,000, the initial margin required to open the position would be €2,000. If the position were to lose 12% of its initial value and be closed, there would be a loss of €2,400. The loss would then reset the entire deposit to zero, but as a retail investor the Company will not be able to require the customer to repay the negative balance of €400.

Insurance Benefits: None

Term: CFD on commodities have a default expiry date, so if you wish to continue trading this Product, you may choose to open a new position on the next CFD. Alternatively, the position remaining open at expiry will be automatically closed at the last available market price. The Company reserves the right to unilaterally withdraw from any commodity CFD if it believes that the terms and conditions of the contract have been breached by the customer.

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

The Summary Risk Indicator (SRI) is a guide to the level of risk of this product compared to other products. It shows how likely the Product will lose money because of movements in the markets or because we are not able to pay you. However, you may benefit from a consumer protection scheme (*q.v.* "*What happens if MCA Intelifunds Ltd is unable to pay out?*")

Risk Indicator

1	2	3	4	5	6	**7**

Lover Risk ← → Higher Risk

! The risk indicator assumes that you may not be able to buy /sell your CFD at the price you wanted to, due to volatility of the market or you may have to buy or sell your CFD at a price that significantly impacts your return.

We have classified this product as 7 out of 7, which is the highest risk class. This rates the potential losses from future performance of the product at a very high level. CFDs are high risk, complex and leveraged products that due to the underlying market movements can generate losses rapidly. **It is possible to lose all your investment**.

Be aware of currency risk. You can buy/sell CFDs on commodities in a currency other than the base currency of your trading account. Please note that all margins, profits, losses in relation to that CFD are calculated using the currency in which the CFD is denominated. The final return on the position depends on the exchange rate between the two currencies. **This risk is not considered in the risk indicator shown above**. Leveraged trading allows you to open positions that are larger than your invested capital. In some circumstances, if there are insufficient funds in the account to meet the applicable margin requirements, open positions will be closed. You may not be able to close your position easily or you may have to sell at a price that significantly impacts your realised profit/loss.
It is possible that you will be required to deposit additional funds to your initial investment to avoid your open positions being stopped out.
In fact, the Supervisory Authorities require the Company to close any open positions if the capital available in the investor's account reaches or falls below 50% of the initial margin required for all open CFDs. In this case the Company, in order to increase the available margin in the account, will close open positions according to the LIFO ("*Last In - First Out*").
Performance Scenarios. The Company cannot accurately predict market developments. The performance scenarios shown are only forecasts of some of the possible outcomes based on recent returns. Actual returns could be lower. The following results can be compared with other similar performance scenarios. Performance may vary depending on how the market performs and how long you hold the CFD. **Below are examples of performance scenarios of a CFD deal based on Gold**.

To create the scenarios in the following table, let's assume:

Description	Symbols	Value
Equity opening price	P	1.500
Trade size (per CFD)	TS	10 once - $1 per point
Margin (%)	M	5%
Margin requirement (EUR)	MR = P x TS x M	$750
Notional value of the trade (EUR)	TN = MR/M	$15.000

	Closing price (EUR)		Price change		Profit/loss (EUR)	
	Long	Short	Long	Long	Short	Long
Favourable	1.530	1.470	+2%	-2%	$300	$300
Moderate	1.507,50	1.492,50	+0.50%	-0,50%	$75	$75
Unfavourable	1.485	1.515	-1%	+1%	-$150	-$150
Stress	1.440	1.560	-4%	+4%	-$600	-$600

If this Product has been sold or recommended to you by a third party, these calculations do not include any costs to be paid to you.
The scenarios presented are forecasts of future performance based on evidence from the past on how the value of this investment varies and are not an exact indicator. The stress scenario shows what you might get back in extreme market circumstances. **The forecasts do not take into account your personal tax situation, which may also affect the return.** Opening a long position holds that you think the underlying price will increase, and opening a short position holds that you think the underlying price will decrease. The volatility of the underlying is an important factor; we have illustrated the possible performance with low, medium or high volatility.

What happens if MCA Intelifunds Ltd is unable to pay out?

In the event that the Company is unable to meet its financial obligations to you, you may lose your investments. However, the Company segregates all clients' funds from its own funds, in line with regulatory requirements. The Company is also a member of the Investor Compensation Fund ("**ICF**") in Cyprus. ICF can pay compensation up to €20.000 per eligible client, therefore only retail investors can submit their claims to the ICF. It is not guaranteed that all investors will be entitled to receive compensation. The actual level of compensation that will be paid out by the ICF will be based on each claim. For more information please read the Investor Compensation Fund.

What are the costs?

Trading a CFD on commodity involves costs and charges for the execution of transactions. Applicable charges will reduce your net profit or increase your losses. The reduction in yield ("RIY") expresses the effect of the total costs incurred on the possible yield of the product. The following table shows the different types of cost categories and their meaning:

Assuming notional amount (€25.000)	Closing on the same day	
	Long Position	**Long Position**
Total costs	$5	$5
Impact on profitability of the moderate scenario (RIY)	0,66%	0,66%

Costs
The following table shows:
- the effect of different types of costs on the possible yield of the product
- the meaning of the different cost categories

One-off entry or exit costs	**Spread**	The spread is the difference between the sale price ("Bid") and the purchase price ("Ask") of the CFD which is multiplied by the size of the transaction. The spread for each underlying asset is detailed on the FXORO website but each client may have different spreads on all or part of the underlying asset depending on the client's history, volume, activity or certain promotions. For performance calculation purposes, we assume a 10 ounce Gold position with a spread of 50 pips and a EUR/USD conversion rate of 1,20000. One pip on Gold is the second decimal place (e.g. 0.01). 10 x 0.50 = 5 USD or 4.17 EUR. The amount of 4.17 EUR will be deducted from the available capital at the opening of the transaction and then immediately after the opening of the position the P/L of that position will be -4.17 EUR..	**Spread cost** = -5 USD **Percentage of spread cost on investment:** 0,66%
Ongoing costs	**Overnight Financing**	FXORO charges Overnight Financing (OF) for positions that remain open at the end of the daily trading session. This OF may be subject to credit or debit, calculated on the basis of the relevant interest rates for the currencies in which the underlying instrument is traded. For the purposes of the performance calculation, it is assumed that the position is kept open overnight and the overnight funding amount is -1.103 USD (-0.919 EUR) for long positions and -0.126 USD (-0.105 EUR) for short positions. (For more details on how to calculate overnight funding please refer to FXORO's Trading Conditions).	**Amount of overnight funding for long positions = -1,103 USD and for short positions = -0,126 USD** **Percentage of night-time financing on investment in the Long position: -0,14% and in the Short position: -0,016%**

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

Recommended (required minimum) holding period: None. CFDs meets short-term trading needs. You can close a position at any time during trading hours of the underlying instrument. No charges/commissions are applied for closing positions. However, the position may be automatically closed by the system if the balance available in the client's account is not sufficient to cover the margin required for the position.

How can I complain?

All disputes within the Product in your capacity as a client and all issues you raise with regard to the provision of investment services and activities, you may also file a complaint by registered letter with return receipt or electronically to MCA Intelifunds Ltd, Petrou Tsirou 82 Mesa Geitonia, 3076, Limassol, Cyprus, or by sending an email to complaints@fxoro.com. For more information you can read the Complaints Handling Policy available on https://fxoro.com/wp-content/uploads/2019/08/handlingcomplaintspolicy2019.pdf.

Other relevant information

Investors will find important information about their account with the Company in the Terms and Conditions section of our website. You must ensure that you have read and understand all applicable information and procedures.
Investors must ensure that he or she has read and understood the product's trading conditions as set out on the Company's website, as well as the Risk Warning, Terms and Conditions and other Legal Documentation available online together with KID.