

INVESTMENT PRODUCTS

This notice provides you with information about the risks associated with investment products, which you may invest in through services provided to you by IG Australia Pty Ltd, referred to in this notice as 'IG', 'we', 'our' or 'us'. Our share trading services (available to Australian tax residents only) allow you to invest in a number of products including physical shares, Managed Investment Schemes ('MIS'), generally Exchange Traded Funds ('ETFs') and Exchange Traded Commodities ('ETCs'). Each investment product and service has its own distinct risks. This notice provides a general description of the risks of the products that you are able to trade or invest in through your IG Accounts, and the services provided by IG. This notice does not explain all of the risks involved in investment products or how such risks relate to your personal circumstances. You should ensure you fully understand such risks set out in the Margin Trading Product Disclosure Statement for CFDs and this Risk Disclosure Notice before entering into a CFD (a 'Contract') with us or to buy or sell an instrument (each, a 'Transaction') available through a Share Trading Account. If you are in any doubt about the risks involved with your Account, you should seek professional advice. You should note that:

- Physical shares admitted to trading on a regulated market and certain Exchange Traded Funds are not high risk financial products;
- Exchange Traded Commodities and other Exchange Traded Funds are considered high risk, and are not suitable for many members of the public;
- CFDs are high risk financial products, which are not suitable for many members of the public. If you choose to enter into a Contract with us or instruct us to conduct a Transaction on your behalf, it is important that you remain aware of the risks involved, that you have a high appetite for investment risk, and you have adequate financial resources to bear such risks and that you monitor your positions carefully.

GENERAL RISKS

In relation to all our Accounts, the following risks are applicable.

NO PERSONAL ADVICE

We do not provide personal advice in relation to our products or services. We sometimes provide factual information or market commentary about a market, information about transaction procedures and information about the potential risks involved and how those risks may be minimised. However, any decision to use our products or services is made by you. You are responsible for managing your tax and legal affairs including making any regulatory filings and payments and complying with applicable laws and regulations. We do not provide any regulatory, tax or legal advice. If you are in any doubt as to the tax treatment or liabilities of investment products available through any of your Accounts, you may wish to seek independent advice.

QUALIFICATION

Before we open an account for you, we will make an assessment of whether the product(s) and/or services you have chosen are appropriate for you. We will only deal with you if, in our sole judgement, we consider you have qualified. It is your responsibility to understand the risks involved with our products or services. During our application process, we will ask you for information about your financial assets and earnings. **We do not monitor on your behalf whether the amount of money you have sent to us or your profits or losses are consistent with that information. It is up to you to assess whether your financial resources are adequate for your financial activity with us and your risk appetite in the products and services you use.**

COSTS AND CHARGES

Our costs and charges are set out on our website IG.com under the 'Our charges' section. Please be aware of all costs and charges that apply to you, because such costs and charges will affect your profitability.

NEED TO MONITOR POSITIONS

It is important that you monitor all of your positions closely. It is your responsibility to monitor your positions and during the period that you have any open Contracts or are holding any instruments in a Share Trading Account, you should always have the ability to access your Accounts.

ELECTRONIC COMMUNICATIONS

We offer you the opportunity to deal and communicate with us via electronic means, for example by our dealing platform and, in certain circumstances, by email. Although electronic communication is often a reliable way to communicate, no electronic communication is entirely reliable or always available. If you choose to deal with us via electronic communication, you should be aware that electronic communications can fail, can be delayed, may not be secure and/or may not reach the intended destination.

OUR SERVICES

Instructions to deal from you to us form a commitment which may only subsequently be revoked by you with our prior consent (such consent will not be unreasonably withheld) at any time before the instruction to deal is executed. All instruments offered through our Share Trading Account are listed on an exchange, which means that the prices are not set by us. We will act on any instruction that you provide us to buy or sell an instrument on your behalf in accordance with our obligation to provide best execution as set out in our order execution policy, to act reasonably and in accordance with the applicable Customer Agreement. We may place your instructions to deal outside of an exchange if this satisfies our order execution policy. As part of our service, we will arrange for the custody of your instruments. All investments purchased for you or transferred to us by you into your IG Share Trading Account will be purchased in the name of and/or held by a nominee company selected by us, for the benefit of you. As investments will be held in the name of a nominee company, you may not have voting rights which you would have had if you held the investment in your own name.

INVESTMENT SPECIFIC RISKS

SHARES (AVAILABLE TO AUSTRALIAN TAX RESIDENTS ONLY)

Nature

Shares, known as equities, represent a portion of a company's share capital. The extent of your ownership in a company depends on the number of shares you own in relation to the total number of shares in issue.

Risks

Shares are bought and sold on stock exchanges and their values can go down as well as up in line with market conditions. In respect of shares in smaller companies, there is an extra risk of losing money when such shares are bought or sold. There can be a big difference between the buying and selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them.

Shares in companies incorporated in emerging markets may be harder to buy and sell than those shares in companies in more developed markets and such companies may also not be regulated as strictly.

EXCHANGE TRADED FUNDS (AVAILABLE TO AUSTRALIAN TAX RESIDENTS ONLY)

Nature

ETFs are open ended collective investment schemes ('CIS') that trade throughout the day like a stock on the secondary market (ie, through an exchange). ETFs may be index-based or actively managed, and can be physical (where the fund invests directly in the underlying assets that comprise the index) or synthetic (where the fund gains exposure to the index by entering into a swap agreement with a counterparty). Some ETFs may specialise in certain countries or sectors and you should read the terms of any key features document or prospectus carefully before deciding on an investment.

Risks

ETFs are derived from the underlying market. As a result, the characteristics of ETFs can vary substantially from the actual underlying market. As with individual equities, the value of your investment can go down as well as up and you might not get back the original amount you invested. The use of derivatives within some ETFs means that these products may not be suitable for many investors, and it is possible that part or all of any money invested could be lost. In relation to ETFs that you may purchase through your Share Trading Account, you do not have any right to the underlying instruments. Any income you receive from your investment in an ETF may vary with the dividends or interest paid by the underlying investments and so could fall as well as rise. ETFs that focus on a country, sector or market index may display greater volatility than the wider market and so should be considered as higher risk than more widely invested ETFs. It may not be possible to trade units or shares in ETFs if there is no liquid market. All ETFs carry a degree of risk. You should read the terms of any key features document or prospectus carefully before deciding on an investment. It is your responsibility to ensure that you fully understand the contents of the documentation provided and if you are in any doubt you should seek professional advice. Full details of the ETFs offered are set out in the Product Details on our website.

EXCHANGE TRADED COMMODITIES (AVAILABLE TO AUSTRALIAN TAX RESIDENTS ONLY)

Nature

ETCs are non-CIS exchange traded products and as such, are generally subject to less regulation than ETFs. This means that you might have less investor protection if you chose to invest in ETCs. ETCs follow the price movement of the underlying asset and can gain exposure to a wide range of markets without the cost of investing directly. ETCs can be physical (where the fund invests directly in the underlying assets that comprise the index) or synthetic (where the fund gains exposure to the index by entering into a swap agreement with a counterparty).

INVESTMENT SPECIFIC RISKS (CONTINUED)

Risks

ETCs are derived from the underlying market. As a result, the characteristics of ETCs can vary substantially from the actual underlying market. As with individual equities, the value of your investment can go down as well as up and you might not get back the original amount you invested. The use of derivatives within some ETCs means that these products may not be suitable for all investors, and it is possible that part or all of any money invested could be lost. In relation to ETCs that you may purchase through your Share Trading Account, you do not have any right to the underlying instruments.

CONTRACTS FOR DIFFERENCE (CFDs)

Nature

CFDs are a type of transaction the purpose of which is to secure a profit or avoid a loss by reference to fluctuations in the value or price of an underlying instrument. Types of CFDs include but are not limited to, Foreign Exchange CFDs, Futures CFDs, Option CFDs, Share CFDs and Stock Index CFDs. CFDs can only be settled in cash.

Risks

Investing in a CFD carries a high degree of risk because the 'gearing' or 'leverage' often obtainable means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment and this can work against you as well as for you; there is a high risk of losing money rapidly due to leverage.

Range Of Markets

We offer our Contracts across a wide range of underlying markets. Although the prices at which you open Contracts are derived from the underlying market, the characteristics of our Contracts can vary substantially from the actual underlying market or instrument. Full details of all of our Contracts are set out in the Product Details section on our website, including: contract size, margin rates, last dealing time, settlement procedures, rollover procedures, commissions and currency.

Non-guaranteed Stops

When a Non-guaranteed Stop is triggered it has the effect of issuing an order from you to us to close your Contract. Your Contract is not closed immediately when the Stop is triggered. We aim to deal with such orders fairly and promptly but the time taken to fill the order and the level at which the order is filled depends upon the underlying market. In fast-moving markets, a price for the level of your order might not be available or the market might move quickly and significantly away from the Stop level before we are able to fill it. To prevent this risk, Guaranteed Stops are available on certain Contracts.

Corporate Events

We do not aim to make a profit from our clients from the outcome of corporate events such as rights issues, takeovers, mergers, share distributions or consolidations and open offers. We aim to reflect the treatment we receive, or would receive if we were hedging our exposure to you in the underlying market. Ultimately however, you are not dealing in the underlying market and therefore in relation to our Contracts:

- the treatment you receive may be less advantageous than if you owned the underlying instrument;
- we may have to ask you to make a decision on a corporate event earlier than if you owned the underlying instrument;
- the options we make available to you might be more restricted and less advantageous to you than if you owned the underlying instrument; and/or
- where you have a Stop attached to your open share position, the treatment that you will receive from us will always, to the greatest extent possible, aim to preserve the economic equivalent of the rights and obligations attached to your Contract with us immediately prior to the corporate event taking place. Going short on individual shares. Going short on an individual share via a CFD carries some additional risks. These risks include but are not limited to:
- forced buy-back due to changes in regulatory or stock-borrowing conditions;
- imposition of, and increase in, borrowing charges over the lifetime of the Contract; and/or
- the obligation to take the other side of purchase opportunities (eg rights issues) afforded to clients who are long on the same stock. This might result in the obligation to go further short at unfavourable market prices

In addition, you should be aware that corporate events affecting obligations of short sellers can often be announced at very short notice, leaving no opportunity (or choice) to close Contracts out and avoid participation.

Tax

In the event that we are obliged to pay any tax in respect of your personal liability for CFDs undertaken with us, the Customer Agreement contains an indemnity that would allow us to recover such payments from you.

GENERAL TRADING RISKS

It is important that you understand the risks associated with trading in the relevant underlying market because fluctuations in the price of the underlying market will affect your instruments and the profitability of your trades. CFDs are financial products that allow you to speculate on price movements in underlying markets and although the prices at which you trade these products are set by us, our prices are derived from the underlying market.

THE VALUE OF INVESTMENTS CAN DECREASE AS WELL AS INCREASE

The value of investments purchased through your Share Trading Account can go down as well as up and you may end up with less than you originally invested. Some shares, such as unlisted shares, shares in some smaller companies and penny shares may present a higher risk than others and may prove difficult to dispose of at short notice. If you are in a position where you wish to sell these types of shares at short notice after buying them, you may find that the sell price is far lower than the price at which you bought them. In markets other than Australia, the risks of investing through your Share Trading Account may be greater than for Australian markets.

PAST PERFORMANCE

Past performance is not an indication of future performance. The value of investments can go down as well as up. Contracts you enter into with us are legally enforceable by both parties.

CURRENCY

If you trade in a market other than your base currency market, currency exchange fluctuations will impact your profits and losses.

VOLATILITY

Movements in the price of underlying markets can be volatile and unpredictable. This will have a direct impact on your profits and losses. Knowing the volatility of an underlying market will help guide you as to where any Stops should be placed.

GAPPING

Gapping is a sudden shift in the price of an underlying market from one level to another. Various factors can lead to gapping (for example, economic events or market announcements) and gapping can occur both when the underlying market is open and when it is closed. When these factors occur when the underlying market is closed, the price of the underlying market when it reopens (and therefore our derived price) can be markedly different from the closing price, with no opportunity to sell your instruments before the market opens. A Non-guaranteed Stop will not protect you against the risk of gapping, whereas a Guaranteed Stop will protect you against the market gapping.

MARKET LIQUIDITY

In setting our prices, spreads and the sizes in which we deal, we take into account the market or markets for the relevant underlying instruments. Market conditions can change significantly in a very short period of time, so that if you wish to sell an instrument or close a Contract, you may not be able to do so under the same terms as when you purchased or opened it. Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted.

CLEARING HOUSE PROTECTIONS

On many exchanges, the performance of a transaction by us (or third-party with whom we are dealing on your behalf) is 'guaranteed' by the exchange or clearing house and we may have the benefit of certain legal protections from our clearing member. However, it is unlikely that in most circumstances this guarantee or legal protections will cover you, the customer, and may not protect you if we or, another party were to default on obligations owed to you.

INSOLVENCY

The insolvency or default of any other brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets that you lodged as collateral and you may have to accept any available payments in cash. On request, we will provide you with an explanation of the extent to which we will accept liability for any insolvency of, or default by, other firms involved with your transactions.

GEARING AND LEVERAGE

Before you are allowed to enter into a Contract with us, you will generally be required to deposit money with us – this is called the margin requirement. This margin requirement will usually be a relatively modest proportion of the overall Contract value, 10% of the Contract value, for example. This means that you will be using 'leverage' or 'gearing' and this can work for or against you; a small price movement in your favour can result in a high return on the margin requirement placed for the Contract, but a small price movement against you may result in substantial losses.

GENERAL TRADING RISKS (CONTINUED)

At all times during which you have open positions, you must ensure that your account balance, taking into account all running profits and losses, is equal to at least the total margin requirement that we require you to have deposited with us. Therefore, if our price moves against you, you may need to provide us with significant additional funds to meet your margin requirement, at short notice, to maintain your open positions. If you do not do this, we will be entitled to close one or more or all of your positions. You will be responsible for any losses incurred as a result.

You should also be aware that under the applicable Customer Agreement we are entitled to increase margin rates at short notice. If we do so, you may be required to deposit additional funds into your account to cover the increased margin rates. If you do not do this, we will be entitled to close one or more or all of your positions. Unless you have taken steps to place an absolute limit on your losses (for example, by attaching a Guaranteed Stop) it is possible for adverse market movements to result in the loss of the whole of your account balance and more, so that you owe additional money to us. We offer a range of risk management tools to help you to manage this risk.

The need to monitor your positions is of greater importance when you have entered into Contracts with us because of the effect of gearing. Gearing magnifies the rate at which profits or losses can be incurred and, as a result, it is important that you monitor your positions closely.

REGULATORY AND LEGAL RISK

The risk that a change in laws and regulations will materially impact a security and investments in a sector or market. A change in laws or regulations made by the government or a regulatory body can increase the costs of operating a business, reduce the attractiveness of investment and/or change the competitive landscape and as such alter the profit potential of an investment.

This risk is unpredictable and may vary from market to market. In emerging markets such risk may be higher as in more developed markets. For example in emerging markets the inadequacy or absence of regulatory measures can give rise to an increased danger of market manipulation, insider trading or the absence of financial market supervision can affect the enforceability of legal rights.