



Commodity MINIs

Leveraged Trackers Overview

Equities Structured Products & Warrants



Commodity MINIs are leveraged trackers that enable active traders to participate in the movement of an underlying asset.

MINIs – key features at a glance

- No set expiry dates or maturity restrictions
- Ability to hold leveraged positions without having to hold the underlying assets
- Stop Loss Levels ensure losses are limited to initial Capital Outlay
- Funding costs charged on a daily basis (not intra-day)
- No margin requirements
- An efficient way to short-sell and potentially profit from market falls
- Listed and traded on the ASX, a supervised market

For a small initial outlay, you can now participate in the movement of selected commodity underlyings including Gold, Silver, Copper and Oil. Commodity MINI Longs give traders a leveraged position in a rising market; Commodity MINI Shorts give traders a leveraged position in a falling market. There are no set expiry dates and they offer a free Stop Loss feature that ensures that you will never lose more than your initial capital outlay. Commodity MINIs mirror the performance of the selected commodity futures contract (“Underlying Commodity”) and offer the benefits of trading without having to pay the full amount of the transaction.

Commodity MINIs are issued by RBS Group (Australia) Pty Limited or The Royal Bank of Scotland plc (in each case “RBS”) and traded on the Australian Stock Exchange (“ASX”).

How Commodity MINIs work

A Commodity MINI is a listed warrant which tracks the price of selected commodity futures contracts, including:

Comex Gold futures
Comex Silver futures
Comex Copper futures
Nymex Oil futures
Natural Gas Futures

About Comex Futures - The Commodity Exchange, Inc (COMEX) is the primary market for trading metals such as gold, silver, copper and aluminium and provides an alternative to traditional means of investing in commodities. Comex Futures are listed on the CME Globe x trading platform.

COMEX Gold is denominated in USD and cents per troy ounce
 COMEX Silver is denominated in US cents per troy ounce
 COMEX Copper is denominated in US cents per pound

About Nymex Futures – Crude Oil is the world’s most traded commodity. Light Sweet Crude Oil Futures are traded on the CME Globe x trading platform and is the most liquid forum for crude oil trading. The contract is denominated in USD per barrel of oil and is used as a principal international pricing benchmark. Light, sweet crudes are used by refiners and because of their low sulphur content and relatively high yields produce high value products such as gasoline, diesel fuel, petrol, heating oil and jet fuel.

The pricing components of a Commodity MINI:

Value of a Commodity MINI Long =

[(Level of the Commodity Futures – Strike Price) x Multiplier / Exchange Rate]

Value of a Commodity MINI Short =

[(Strike Price – Level of the Commodity Futures) x Multiplier / Exchange Rate]

The Exchange rate in the formula is applied if the Underlying Commodity is denominated in foreign currency.

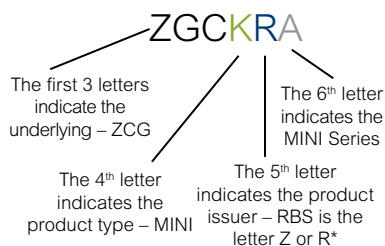
Frequently asked questions

1. How do I trade Commodity MINIs?

Commodity MINIs trade on the ASX. You can place an order with an approved stockbroker or financial advisor.

2. How can I identify a Commodity MINI issued by RBS?

All Commodity MINIs listed on the ASX have six letter codes. For example, a Commodity MINI Long over Commodity Gold Futures would have the following code:



*The ‘R’ in this code indicates that the MINI has been issued by The Royal Bank of Scotland plc. If the 5th letter is a ‘Z’, this shows that RBS Group (Australia) Pty Limited has issued the MINI.

Strike Prices set daily

To purchase a Commodity MINI, you will need to pay a fraction of the price of the Underlying Commodity upfront (“Capital Outlay”). The Strike Price (the leverage incorporated into a MINI) is set daily*. You do not have to pay for funding costs upfront – they are generally added to the Strike Price daily for Commodity MINI Longs and deducted from the Strike Price daily for Commodity MINI Shorts. Please refer to the PDS for further information regarding funding costs.

No set expiry dates

Commodity MINIs do not have a set expiry date. This removes the traditional hassles such as decision to exercise, paperwork and fees.

Stop Loss protection feature

Commodity MINIs feature a free Stop Loss Level which ensures that the value of the Commodity MINI can never be negative. In a worst case scenario, you can never lose more than your initial Capital Outlay. The Stop Loss Level is free.

Trading Example – Gold MINI Long

Action	Units	Futures Level (USD)	Strike Price	AUD/USD Exchange Rate	MINIs Price in AUD (per unit)	Stop Loss Level	Profit/ (Loss) per unit	% Return
BUY	1,000	1,000	750	USD 0.90	\$2.78	825		
Scenario 1: Futures level rises to 1,100								
SELL (same day)	1,000	1,100	750	USD 0.90	\$3.88	825	\$1.11	40.0%
Scenario 2: Futures level falls to 900								
SELL (same day)	1,000	900	750	USD 0.90	\$1.67	825	-\$1.11	-40.0%

The example above shows that if the Commodity Futures Level increases by 10%, the investor who buys MINI Longs will make a trading profit of 40%. If however the Commodity Futures Level falls by 10%, the investor could lose 40%.

Benefits of trading Commodity MINIs

Leveraged trading

Commodity MINIs are traded using leverage. This can be a more efficient use of your trading dollars because you only have to allocate a small proportion of the total value of your position to secure a trade, while maintaining full exposure to the market.

Stop Loss protection feature

Commodity MINIs feature a free Stop Loss Level which ensures that the value of the Commodity MINI can never be negative. So in a worst case scenario, you can never lose more than your initial Capital Outlay.

ASX Listed Market

Commodity MINIs are traded on the ASX a supervised market.

Shorting

Commodity MINIs may provide an efficient way to profit from market falls by taking a short position over the Underlying Commodity.

Risks of trading Commodity MINIs

Investing in Commodity MINIs involves a degree of risk. Potential investors should take into consideration all investment risk and ensure that they are fully aware of such risks prior to an investment in the Commodity MINI. Some of this risk includes:

- The leverage provided by investing in MINIs means the risks may be greater than investing in the Underlying Commodity;
- Commodity MINIs being a speculative investment;
- Performance by the Issuer and/or (where applicable) Guarantor;
- Market factors affecting value of the Commodity MINIs;
- Possible illiquidity of the trading market and/or the Underlying Commodity;
- If a Stop Loss Event occurs, your investment will expire early and you may lose your initial Capital Outlay;
- Suspension of warrant trading by the ASX; and
- Extraordinary events and potential changes to the Commodity MINI Terms.

*The Strike Price (or Financing Level) is the portion of the underlying share price that RBS funds on behalf of the investor.

Information regarding Strike Price changes and Stop Loss levels are available daily at www.rbs.com.au/warrants. You can also subscribe to RBS's Daily Round-Up enewsletter to get trading ideas and market information daily.

	Commodity MINIs
Leveraged exposure	✓
No maturity dates	✓
No margin payments	✓
ASX-listed and supervised	✓
Lower brokerage and funding costs*	✓
Free Stop Loss Level feature so value is never negative	✓
Limited recourse loan	✓
Funding costs accrue daily	✓

* You are charged brokerage on the price of the MINI, not the nominal value of the Underlying Commodity. Your funding costs are charged on the Strike Price of the MINI, not the nominal value of the Underlying Commodity.

This list is not exhaustive. Before making an investment decision in the Commodity MINIs you should refer to the PDS for a detailed explanation about these investment risks.

For more information, contact your financial advisor or RBS on **1800 450 005** or visit www.rbs.com.au/warrants

All warrants issued by RBS Group (Australia) Pty Limited ABN 78 000 862 797 AFSL 247013 are denoted by 'Z' in the fifth letter of the ASX code. All warrants issued by The Royal Bank of Scotland plc ABN 30 101 464 528 AFSL 241114 are denoted by 'R' in the fifth letter of the ASX code.

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In Asia Pacific we serve corporate, institutional and public sector clients in 11 countries. RBS Group (Australia) Pty Limited and The Royal Bank of Scotland plc are leading providers of corporate and financial services. We have had a local presence since 1974 and work on some of the local market's largest and most complex transactions and projects for our corporate, institutional and public sector clients.

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To find out more about Commodity MINIs

Log on to www.rbs.com.au/warrants or call 1800 450 005



Warrant Issuer: RBS Group (Australia) Pty Limited ABN 78 000 862 797, AFSL: 247013 or The Royal Bank of Scotland plc ABN 30 101 464 528, AFSL: 241114 (as applicable)
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