PULSE CAPITAL INVESTMENTS

Structure Deposit

In today's uncertain markets, investors are increasingly looking to invest in simple plans wich offer full capitañ protection. Our structured solutions with these investors in mind; giving full, uncapped exposure to the world financial market.What's more, the structured deposit is designed to repay your initial deposit in full at maturity.

The credit crisis has intensified the hunt for sources of outperformance with two primary characteristics- positive performace and lack of correlation to tradictional asset classes. Pulse's strustured solutions offers fundamental financial market management that fulfills both ofthese critaeria and this document introduces our approach.

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Structured Solutions

There are a variety of structured deposits being offered in the market today. They have many characteristics that are similar to investments and may be complex. The purpose of this guide is to help you understand what structured deposits are and what you should look out for before investing in such products.

What is a Structured Investment Product?

A Structured Investment Product is a legally binding contract between an investor and a broker. The investor lends money to the broker for the life of the product (typically as short as 1 week to as long as 10 years). At the end of the product life, the investor receives the product return from the broker. The product return is based on a formula, sometimes based on the performance of the prices of individual shares, commodities, foreign currencies, but more typically on a share price index, such as the Dow Jones Industrial Average.

What is a Structured Deposit?

A structured deposit is essentially a combination of a deposit and an investment product, where the return is dependent on the performance of some underlying financial instrument. Typical financial instruments linked to such deposits include market indices, equities, interest rates, fixedincome instruments, foreign exchange or a combination of these.

What are the features of Structured Deposits?

Structured Deposits can provide investors with features that cannot be achieved through "standard" investments such as shares or bonds. For example, some Structured Deposits provide protection against drops in share prices; some deliver returns that increase faster than share prices themselves; and some can provide positive returns even if share prices do not increase at all. Product returns are usually clearly defined and quoted net of all fees and charges. This means that "what you see is what you get" (before tax). However, because all fees and charges are already built into the product, you cannot explicitly see what they are. Structured Deposits are usually designed to provide a tax-efficient outcome for the typical investor. This does not mean that a product will be tax-efficient for everyone. You should always check with your financial adviser that a particular product is tax efficient for your specific circumstances. Structured Deposits are often used as part of a wider investment portfolio. In combination with "standard" investments, structured deposits can make a portfolio's returns better match your needs, for example, by reducing your exposure to negative returns.

Factors to consider

- Consider your liquidity needs as your money will be tied up for a period of time and early withdrawal may result in loss of part of your return and/or principal. Make sure that you have sufficient savings set aside before investing in structured deposits.
- Determine whether you have the risk appetite for these products. Structured deposits are riskier than normal fixed deposits. You should understand the risk involved and what will happen in a worst - case scenario. If you are unsure, seek financial advice form a professional.
- Minimums are £1million, US$1million or €1million; we can combine several clients to achieve this.
- The overall return will depend on market conditions at the time of deposit and ma turity. As structured deposits are tied to underlying financial instruments such as market indices, equities, interest rates, fixed-income instruments, foreign exchange, or a combination of these.
- Past performance is not necessarily a guide to future performance and any exposure to any financial instrument may cause additional fluctuation in the value of any investment.
- Changes in the rates of exchange between currencies (in different cases) may cause the value of your investment to fall.

What else should I consider?

- Nature of the product and how it works, including the underlying financial instruments used.
- Details of the product provider.
- Benefits that are likely to be derived from the product, the amount and timing of benefits and whether the benefits are guaranteed or non-guaranteed. Examples of how structured deposits work, including a worst -case scenario, should be provided. Be wary of headline rates or examples showing benefits that are unrealistic and unlikely to be achieved.
- Risk factors that may affect your returns or put your principal at risk.
- All fees or other charges.
- Early termination clauses including the fact that the principal is only guaranteed if the product is held to maturity.
- Any warnings, exclusions or disclaimers in relation to the product.
- In fact, read our Risk Disclosure Statement and other documentation of the structured deposit carefully before making any commitment. If you do not understand how the product works, seek clarification. Do not buy anything you do not understand.

Product Negatives: Risk of Loss, Caps, No Dividends

Risk of Loss: in some Structured Deposits you also risk losing a proportion or all of your initial investment. Sometimes this risk is somewhat mitigated against a drop in prices to a certain level (typically 50%-90%). This is often referred to as "soft" protection. However, if share prices drop beyond this level the protection is cancelled, meaning that you will most likely lose money.

Caps: many products have an upper limit on the maximum possible return. This means that if share prices perform very well, or if there is a significant amount of inflation, your investment returns may not be so attractive and you could lose money in real terms.

No dividends:structured deposits typically do not pay dividends.

What are the risks?

Your initial investment is at risk in structured deposit with product returns that are not fully protected against falls in share prices. This is not the case for structured deposits (provided you do not withdraw your money early). Your money should be committed for the full life of the product. You need to be reasonably certain that you will not need access to it earlier. Brokers usually (but not always) allow investors to withdraw their funds early, but your return will reflect current market conditions, and since fees and charges are normally taken upfront, you may get back less than you invested. You can lose some or all of your money if the broker backing your product goes bust. You should spread your structured product investments across a range of banks and brokers, and consider carefully which financial service you use. The most widely used measures for assessing brokers' financial strength are the opinions of credit rating agencies such as Standard & Poor's or Moody's. However, following the recent financial crisis, some commentators have questioned the effectiveness of such tools used in isolation. Structured deposit returns are usually based on the performance of share prices excluding dividends – whereas if you were to own shares directly you would expect to receive dividends. Most product returns are based on the performance of a broad stock market index, a measure of average share price performance. This diversifies your risk across a range of companies and business sectors. However, some product returns are based on the performance of the prices of individual shares; with these products you should be careful with the choice of shares. Structured deposit should be simple to explain. As with all investment decisions, if you cannot understand a product when it is explained to you by your financial adviser then you should not invest in it.

Product Benefits: Protection, Gearing, Income

ProtectionStructured Deposits (and some Structured Investment Products) are designed with the aim of returning at least your initial investment, regardless of share prices. But that protection normally only applies at the end of the product life; if you need to access your money early then you may get back less than your initial investment.
Gearing: some products are designed with the aim of creating returns that increase faster than share prices themselves.
Income: some products are designed with the aim of generating income. Normally either your initial investment or the income itself is at risk to the share prices performing badly.

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Some products have a "kick out" feature, which means that they can end early if share prices perform well, but also might run their full life if prices do not perform so well. These products are only likely to be suitable if you can afford to be flexible on the timing of your product return. Structured deposit returns are often calculated using the average level of prices over the last few months of the product life. This reduces the risk of poor returns from a "last minute" decline in share prices. But conversely, it also introduces the risk that you might miss out on a late rise in share prices. You should consider whether the product life is long enough to give you a reasonable chance of growth in share prices. The performance of stock markets over a one year investment horizon is widely expected to be somewhat less reliable than over a five year or longer term. Before deciding on an investment, you should consider the balance between risk and return across your investment portfolio. You may also wish to consider "worst case scenarios" for any potential structured deposit investments, particularly in the context of the performance of your portfolio as a whole. Finally, if you are in any doubt whatsoever about whether an investment is suitable for you, you should always seek financial advice.

How does it work?

Our structured deposits are embedded with derivatives. If you invest in our structured deposits, you are:
· writing a put option in favour of the PCI whereby the PCI has the right to sell, and you have the obligation to buy, the underlying product at a pre-set value called the reference value when certain conditions (as described below) are met; and receiving an option premium in return at maturity in the form of the coupon amount, which may be delivered in cash or in shares of the underlying product.

· The total payout at maturity may either be in cash or the underlying product depending on the fixing value of the underlying product on the determination date: o if the fixing value of the underlying product on the determination date is above its Reference Value, you will receive the Deposit Amount together with the Coupon Amount in cash at maturity.

· if the fixing value of the underlying product on the Determination Date is at or below its Reference Value, you will receive a predefined number of shares of the underlying products reference to its Reference Value calculated as follows: (Deposit Amount + Coupon Amount) / Reference Value In such case, the then market value of the shares delivered to you may be less or substantially less than the Deposit Amount.

Illustrative example:

This illustrative example is hypothetical and provided for illustration purpose only. The following scenarios are not based on the past performance of spot GOLD prices. PCI is not making any prediction of future price movements in spot GOLD prices by virtue of providing the illustrative example. It does not represent all possible outcomes or describe all possible factors that may affect the payout of an investment in our Gold LinkedStructured Deposit.

On 7th January 2011, Spot Gold price (.GOLDS or XAU/USD) is trading at 1,350.00 usd per ounce. If you are investing your money in time deposits but want to obtain returns based on the increase or the decrease in the gold prices, our Gold linked Structured Deposit is just the thing for you. With this structured deposit, you protect your principal while earning interest on your savings. You can open a structured deposit trade linked to the increase or the decrease in the gold prices, and earn interest even if your anticipation turns out to be inaccurate, and earn under any circumstances.

Structured Deposit Account Linked to the increase in the Gold prices:

If you anticipate that spot gold prices (.GOLDS or XAU/USD) will increase in the upcoming period, this structured solution is for you. If the spot gold exchange rate on the index closing date;

is **higher than** the exchange rate on the index opening date, in addition to the minimum interest rate specified at the time of the structured deposit opening, you also earn a portion of the floating interest rate based on the yield of the index.

is **lower than** the exchange rate on the index opening date, you maintain your principal and earn the minimum interest.

Structured Deposit Account Linked to the decrease in the Gold prices:

If you anticipate that spot gold prices (.GOLDS or XAU/USD)will decrease in the upcoming period, this structured solution is for you. If the spot gold exchange rate on the index closing date;

is **lower than** the exchange rate on the index opening date, in addition to the minimum interest rate specified at the time of the structured deposit opening, you also earn a portion of the floating interest rate based on the yield of the index.

is **higher than** the exchange rate on the index opening date, you maintain your principal and earn the minimum interest.

Disclaimers & legal notice

Structured deposit is a form of structured product and is different from the traditional form of time deposit. Therefore, it is not a substitute for regular time deposits and is not inclusive in any local deposit or insurance regulation. Investors shall assume the credit risk of Pulse as their own responsibility. Investment entails risk. Return from the investment is determined by market situation within the investment tenor or the expected time span. The performance of a structured deposit in such a period may be positive or negative, which in turn will affect the return. The return from this product may fall lower than the return of time deposits covering the same period. Investors shall prepare to assume risk, and may not earn the same interest from investment otherwise with the same principal. Investors shall make independent judgment on participation in any of the investment programs cautiously with reference to their own capacity to assume risks, investment experience, investment objectives, financial positions and related conditions (effect on legal, taxation and accounting aspects).

Investment involves risk. Unlike traditional deposits, structured deposits have an investment element and returns may vary. Before entering into a structured deposits with us, you should (i) consult your own advisers on the legal, regulatory, tax, business, investment, financial and accounting implications of the structured deposits; (ii) carefully consider whether the structured deposit is appropriate for you in light of your investment objectives, experience, financial and operational resources, and other relevant circumstances; (iii) understand the nature of the structured deposit and the related contract (and contractual relationship) including, without limitation, the nature and extent of your exposure to risk; and (iv) understand any regulatory requirements and restrictions applicable to you. In the event that you choose not to seek advice from a licensed or an exempt financial adviser, you should carefully consider whether the structured deposit is suitable for you.

Structured deposits may increase your financial exposure to adverse currency movements. There is no guarantee a trigger event will or will not occur. Historical volatility may not be a good predictor of future volatility**A structured deposit cannot be withdrawn, either in full or in part, prior to its Maturity Date**. If the deposit is set to mature against the date of a known liability, you may not be able to meet that liability in a timely fashion if the date the liability is due to be paid changes after the maturity date of the deposit is agreed. If you choose to withdraw a structured deposit before the maturity date, the structured deposit will not be repayable in full and this may result in considerable losses to you.

A structured deposit should only be entered into if its use is consistent with your risk management strategy and financial circumstances. You should refer to the relevant Risk Disclosure Statement, Appointment of Agent, Client Agreement, market information sheets and other supporting documents for details of a particular structured deposit. A structured deposit is not transferable nor negotiable. A structured deposit is not an insured deposit for the purposes any local deposit or insurance regulation. Structured deposits will not be automatically renewed or rolled over upon maturity, unless so agreed between you and us and specified in the confirmation. You agree to reimburse us for all government taxes and duties payable by us in connection with the structured deposits.