TRADING EXAMPLES

FOREIGN EXCHANGE

Halifax Investment Services Limited
Australian Financial Services Licence No. 225973
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TRADING EXAMPLES

Example 1: Going Long

If you expect the Australian dollar to increase because of solid trade figures and anticipate its price to rise by 3.8 cents over the next 12 days.

Open Position

Buy Quantity	$100,000 US
Price	105.20 US cents
Contract Value $100,000 US x	$100,000 US x 105.20 US cents
Initial Margin	$1,000 US
Commission	2.5 pips

Close Position

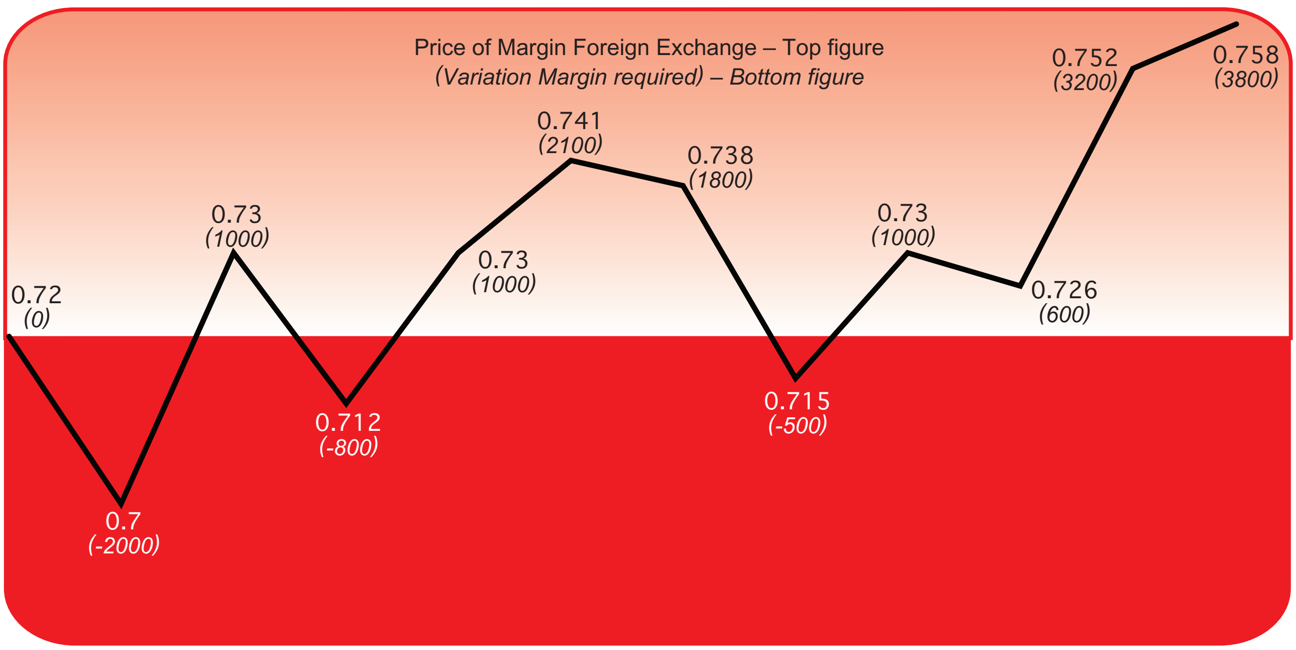
Sell Quantity	$100,000 US
Price	105.80 US cents
Contract Value	$100,000 US x 105.80 US cents
Commission	2.5 pips
Gross Profit	$400.00 US
Commission (Bought & Sold) 5 pips	$50.00 US
Net Profit	**$350.00 USD**

WARNING

You can potentially lose more money than is in your trading account. As a result of a loss, if your account does not have sufficient funds to cover the loss, you will be required to fund the shortfall immediately. You may face potential financial penalties, legal action or credit agency default.

Foreign Exchange

AUD USD chart long/profit



In this example, the investor wants the price to rise and thus the darkened shaded area represents where the investor's capital required (variation margin) to hold the position, will increase or decrease in real time, until the ultimate closing out of the trade. In this example we have assumed no increase or decrease in initial margin requirements.

Alternatively: your expectations prove to be incorrect and your stop loss is triggered.

Close Position

Sell Quantity	$100,000 US
Price	104.8
Contract Value	$100,000 US x 104.60 US cents
Commission	2.5 pips
Gross Loss	$600.00 US
Commission (Bought & Sold) 5 pips	$50.00 US
Net Profit (loss)	**($650.00) US**

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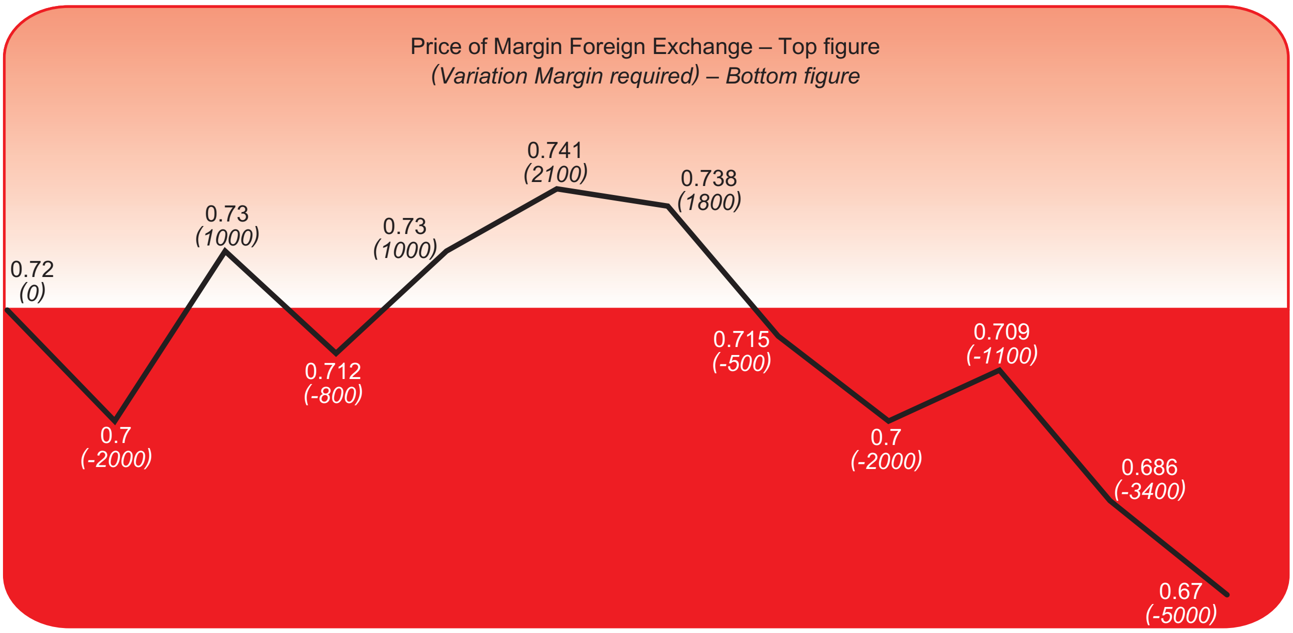
Foreign Exchange

AUD USD chart long/loss



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Example 2: Going Short

If you expect the US dollar to fall against the Euro because of bad economic data and that it could fall by as much as 5 cents over the next 5 days.

Open Position

Sell Quantity	$100,000
Price	$1.32 US
Contract Value	$100,000 x 1.32 US
Initial Margin	$1,000
Commission	.01%

Close Position

Buy Quantity	$100,000
Price	$1.27 US
Contract Value	$1.27 x $100,000
Commission	.01%
Gross Profit	$5,000 US
Commission (Sold & Bought)	$20
Net Profit	**$4,980**

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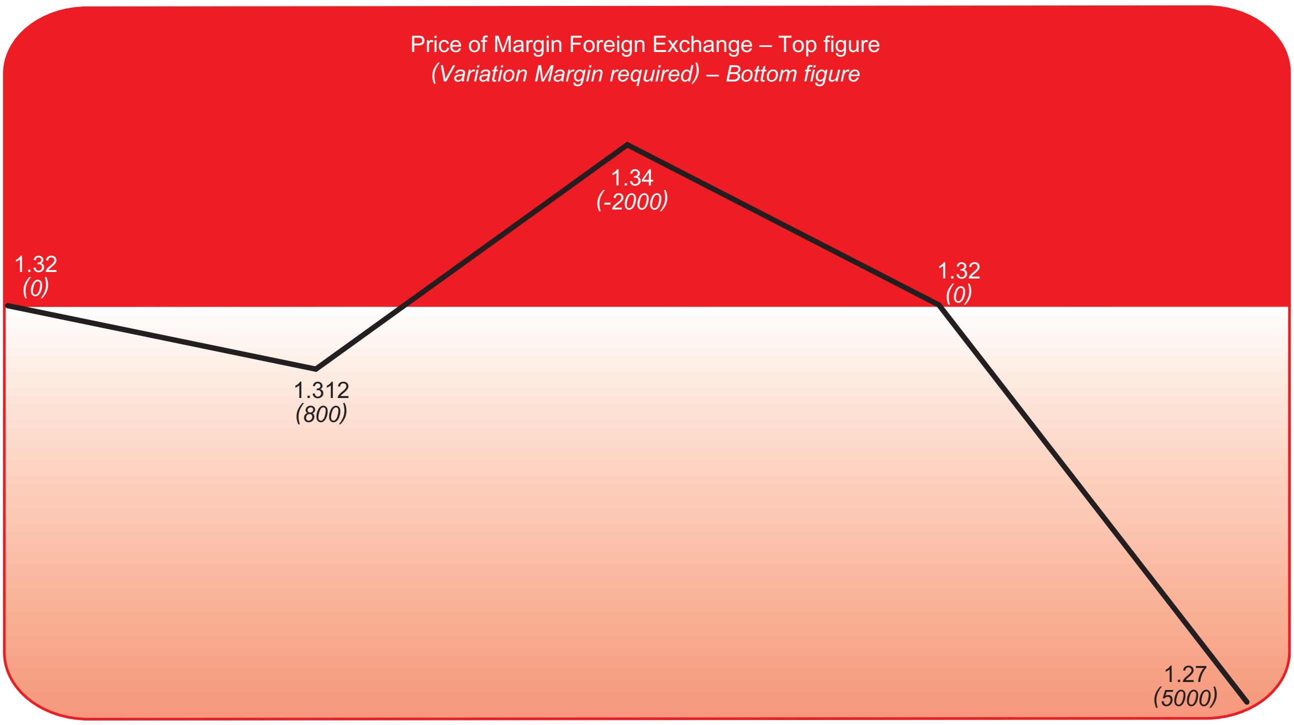
Foreign Exchange

EUR USD chart short/profit



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Alternatively: your expectations prove to be incorrect and your stop loss is triggered.

Close Position

Buy Quantity	$100,000
Price	$1.37
Contract Value	$100,000 x $1.37
Commission	0.01%
Gross Loss	$5,000
Commission (Sold & Bought)	$20
Net Loss (loss)	**$5,020**

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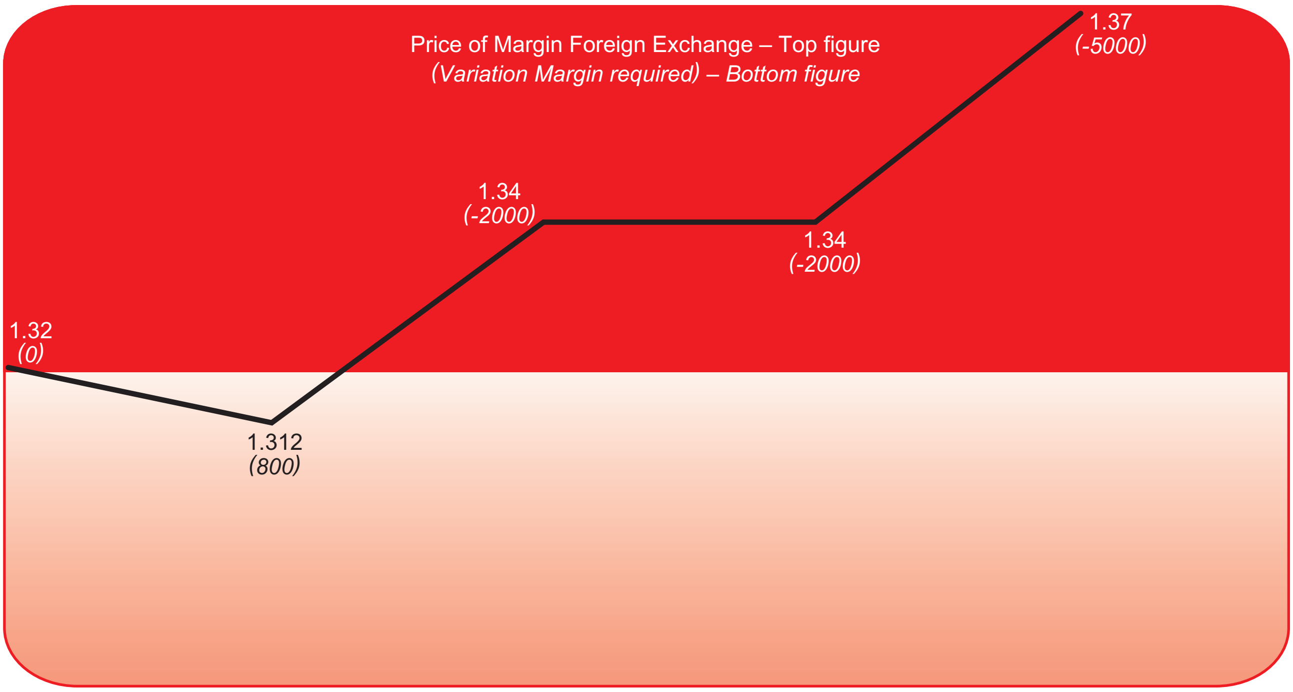
Foreign Exchange

EUR USD chart short/loss



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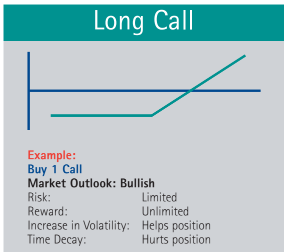
Option Examples

Example 3: Buying a Call Option

You think the Australian Dollar is going to increase because of solid trade figures and anticipate the price to rise by 3.8 cents over the next 4 days.

You decide instead of buying the currency directly to buy a Call Option, as this will limit the loss only to the amount you pay for the Option.

You think the greatest increase (Delta) will be the .73 strike.



The Strike prices (Day 1)	Price
0.70	0.288
0.71	0.165
0.72	0.030
0.73	0.015
0.74	0.002
0.75	0.001

Open position

Buy Quantity	1 x .73 Call Option
Buy Date	Day 1
Price	.015
Contract Value	$100,000 x .015 US cents
Initial Margin	The cost of the option ($150 US)
Commission	$25 US

Close Position

Sell Quantity	1 x .73 Call Option
Sell Date	Expiry Day 4
Price	.28
Contact Value	$100,000 x .28 US cents
Commission	$25 US
Commission (Bought and Sold)	$50 US
Net Profit	**$2,600 US**

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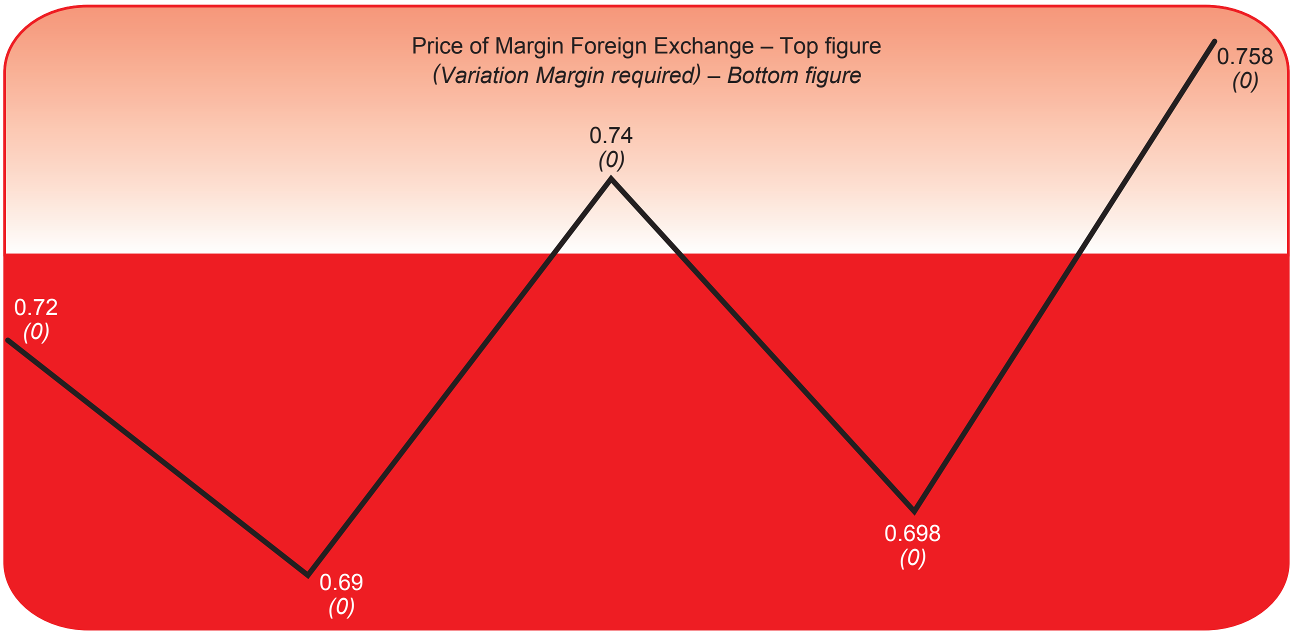
Foreign Exchange

AUD USD chart long/profit



In this example, the investor wants the price to rise and thus the darkened shaded area represents where the investor's capital required (variation margin) to hold the position, will increase or decrease in real time, until the ultimate closing out of the trade. In this example we have assumed no increase or decrease in initial margin requirements.

Option Examples

Example 4: Selling a Call Option

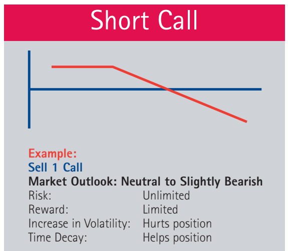
With both Call Options or Put Options you can buy or sell the Option. As we have seen in the previous example Buying the call or Option has a reduced risk as you can only lose what you pay for the Option.

Selling Options as more detailed in section 12.2 of the Foreign Exchange PDS can be inherently more risky as the cost can technically be unlimited and could require greater capital reserves to cover increases in both variation and initial margin.

If you thought the Australian Dollar was not able to increase beyond the price of .73 US cents at the expiry of 4 days you could Sell a .73 US cents Call Option.

Open position

Sell Quantity	1 x .73 Call Option
Sell Date	Day 1
Price	.015
Contract Value	$100,000 x .15 US cents
Initial Margin Set	Can Increase up to $1000
Commission	$25 US
Close Position	
Buy Quantity	1 x .73 Call Option
Buy Date	Expiry Day 4
Price	.28
Contact Value	$100,000 x .28 US cents
Commission	$25 US
Commission (Bought and Sold)	$50 US
Net Loss	**$2,650 US**



The Strike prices (Day 1)	Price
0.7	0.288
0.71	0.165
0.72	0.030
0.73	0.015
0.74	0.002
0.75	0.001

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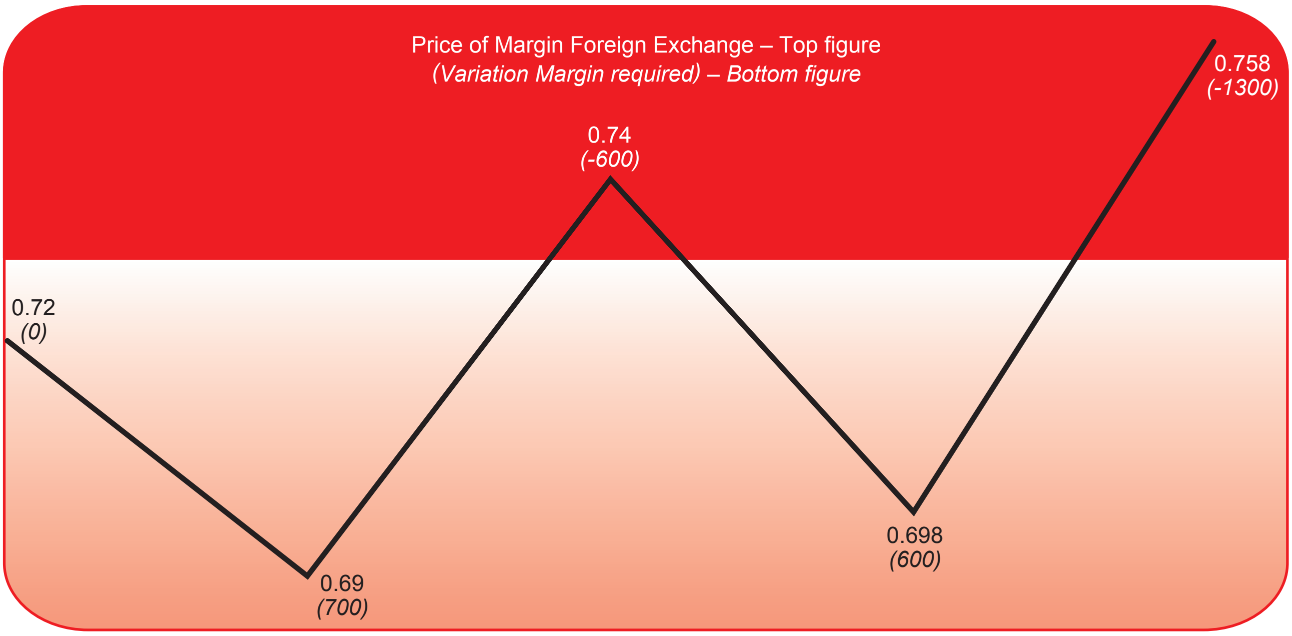
AUD USD chart long/loss



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TRADING EXAMPLES

An example of Spot Foreign Exchange

You are currently holding the Australian Dollar against the US Dollar Monday morning at .7501

If you hold spot currency over the period where the daily Revalution occurs your position will automatcally Roll to the price incorporating the Interest Rate differential.

Below is a snap shot of trading over 2 days to show how a Revaluation can work.

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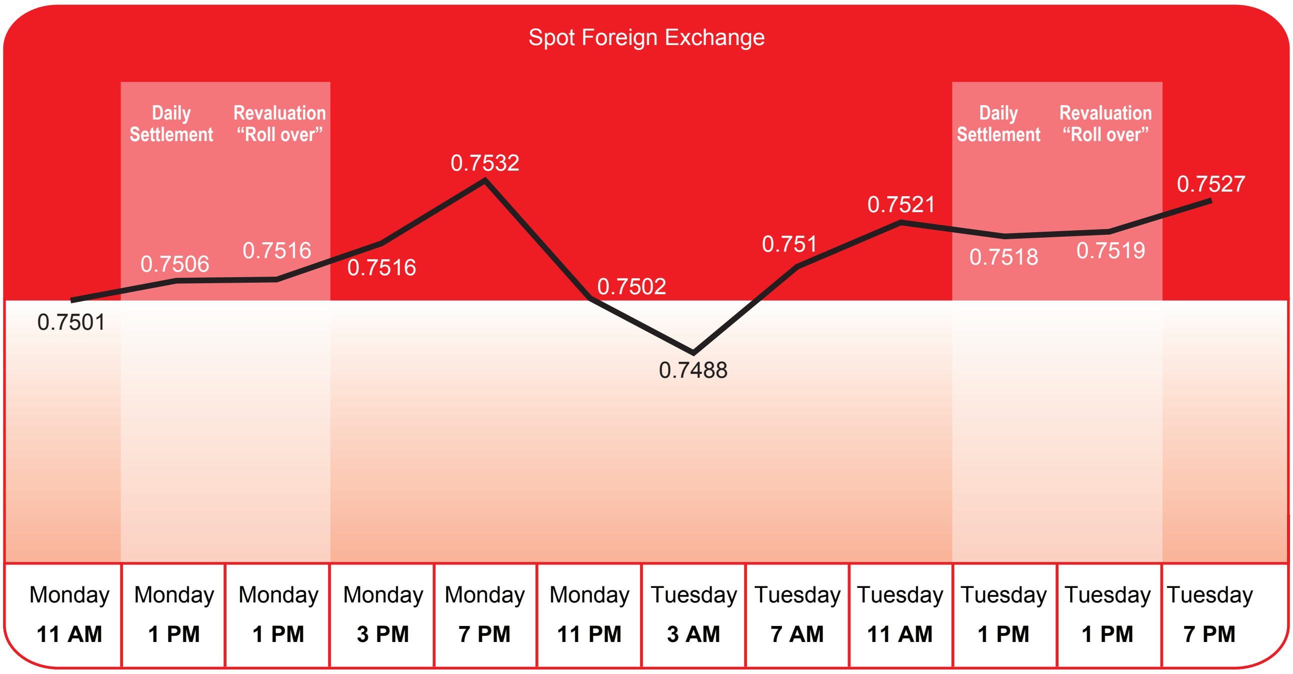
Example



The example above does not incorporate Initial and Variation margin to maintain the position. The Revaluation will add a cost to be determined by Halifax and incorporates the Interest Rate differential. Whether you’re Long or Short the postion is maintained and continually Rolled until you close the position. The daily Settlement will mean the re-booked price in this example will be the Revaluation.

Foreign Exchange

Example of Strategy – Profit

Open Position

Buy Quantity	$100,000 US
Price	105.20 US cents
Contract Value $100,000 US x	$100,000 US x 105.20 US cents
Initial Margin	$1,000 US
Commission	2.5 pips

Close Position

Sell Quantity	$100,000 US
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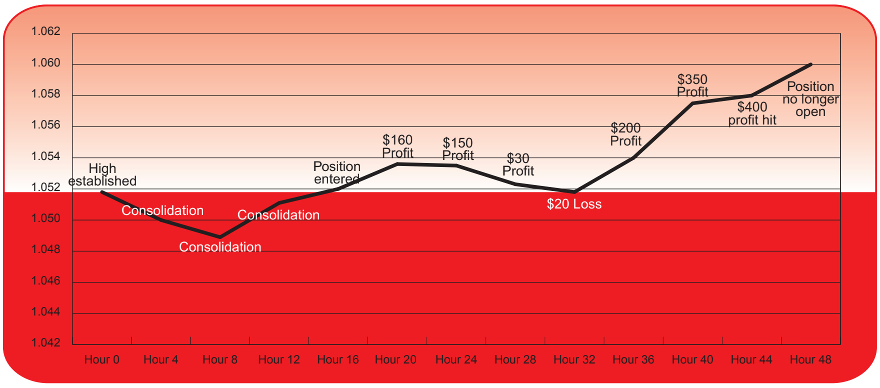

Example of Strategy – Loss

Close Position

Sell Quantity	$100,000 US
Price	104.60 US cents
Contract Value	$100,000 US x 104.60 US cents
Commission	2.5 pips
Gross Loss	$600.00 US
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