

# Accendo

## MARKETS

# CFD Guide



CFDs ● Spread Betting ● Shares ● FX

# CFD Trading Examples

Education

Leveraged products involve a high level of risk and you can lose more than your original investment. They are not suitable for everyone so please ensure you understand the risks involved and if necessary please obtain investment advice from a financial adviser before investing. This report is not a personal recommendation and does not take into account your personal circumstances or appetite for risk.

Before you begin trading CFDs with Accendo markets, we'd like to ensure that you are familiar with the mechanics of CFDs and take the time to look through some trading examples which demonstrate some potential trading scenarios.

In these comparisons with trades involving physical/traditional shares, we assume that stop losses are only available for the CFD trades.

## Going Long

You, the investor, have a positive view on the direction of Anglo American's shares and wish to go Long (Buy) £10,000 worth.

In this example, Accendo Markets offers Anglo American CFDs on a 5% margin (CFD margins vary between 5% and 25% depending on the stock), meaning a deposit of only £500 (£10,000 x 5%) would be required in order for you to gain the full £10,000 exposure.

Note that the Initial outlay for a position in traditional shares would of course be the full £10,000.

Let's assume that Anglo American's shares are currently priced at 1,000p (£10), meaning that you would be buying 1,000 CFDs for £10,000 exposure (1,000 CFDs x 1,000p)

Opening Trade	CFDs	Calculation	Opening Trade	Shares	Calculation
Initial value of CFDs	£10,000	1,000 CFDs x 1000p	Initial value of shares	£10,000	1,000 shares x 1000p
Initial outlay/deposit	£500	£10,000 x 5% margin	Initial outlay/deposit	£10,000	£10,000 x 100%
Stamp Duty	-	-	Stamp Duty	£50	£10,000 x 0.5%
Commission*	£25	£10,000 x 0.25%*	Commission*	£25	£10,000 x 0.25%*

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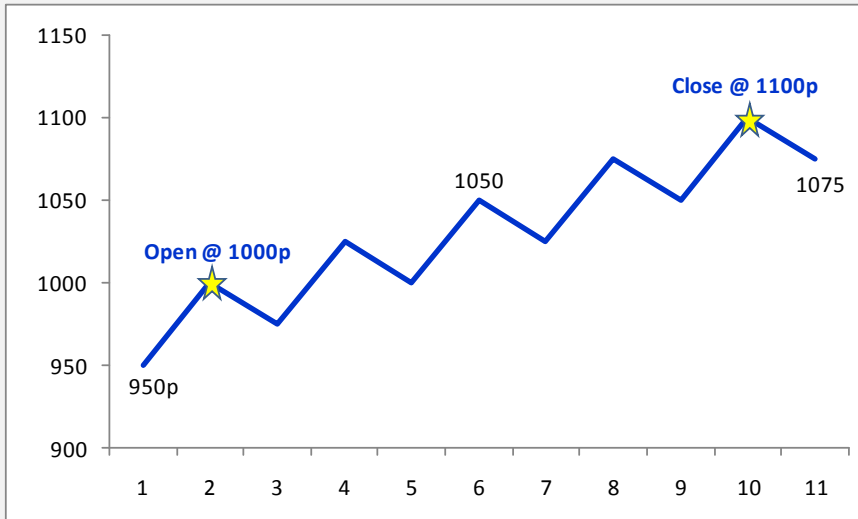
# CFD Trading Examples

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## Example 1 - LONG Trade Results in a Profit

After 8 days, Anglo American's shares have risen by 10% to 1,100p (£11). You decide to close the trade and realise the 100p profit per CFD/share.



	CFDs	Shares
Opening Price (p)	1,000	1,000
Closing Price (p)	1,100	1,100
Deposit	£500	£10,000
Total Profit/Loss	£939.45	£897.50
% Return	187.9%	9.0%

Closing Trade	CFDs	Calculation	Closing Trade	Shares	Calculation
Closing value of CFDs	£11,000	1,000 CFDs x 1000p	Closing value of shares	£11,000	1,000 shares x 1000p
Change in value	£1,000	£11,000 - £10,000	Change in value	£1,000	£11,000 - £10,000
Commission (0.25%)*	£27.50	£11,000 x 0.25%*	Commission (0.25%)*	£27.50	£11,000 x 0.25%*
Financing**	£8.05	See last page**	Financing	-	-
Total Costs	£60.55	£25 + £27.5 + £8.05	Total Costs	£102.50	£50 + £25 + £27.5
Total Profit/Loss	£939.45	£1,000 - £60.55	Total Profit/Loss	£897.50	£1,000 - £102.5
% Return	187.9%	£939.45 / £500 * 100	% Return	9.0%	£897.5 / £10,000 * 100

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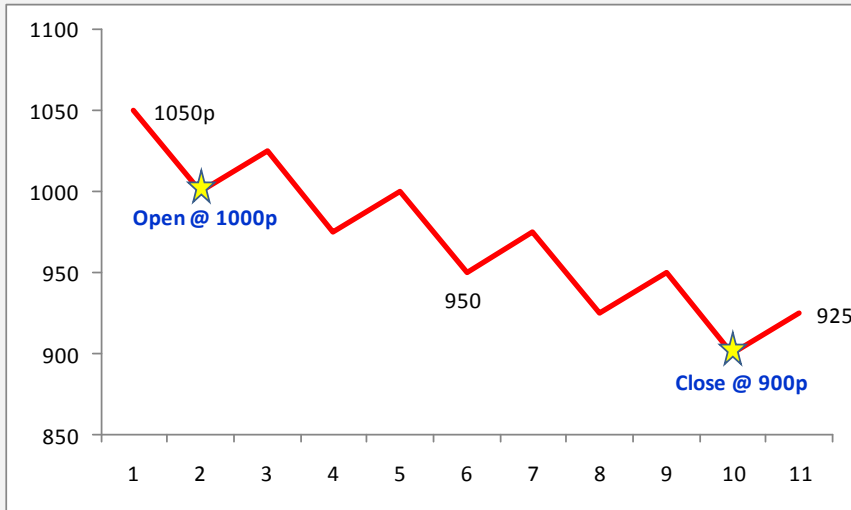
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## Example 2 - LONG Trade Results in a Loss

Alternatively, after 8 days, Anglo American's shares have fallen by 10% to 900p. You decide to close the trade and realise the 100p loss per CFD/share.



	CFDs	Shares
Opening Price (p)	1,000	1,000
Closing Price (p)	900	900
Deposit	£500	£10,000
Total Profit/Loss	-£1,057.29	-£1,100
% Return	n/a	n/a

Closing Trade	CFDs	Calculation	Closing Trade	Shares	Calculation
Closing value of CFDs	£9,000	1,000 CFDs x 900p	Closing value of shares	£9,000	1,000 shares x 900p
Change in value	-£1,000	£9,000 - £10,000	Change in value	-£1,000	£9,000 - £10,000
Commission (0.25%)*	£25	£9,000 x 0.25%*	Commission (0.25%)*	£25	£9,000 x 0.25%*
Financing**	£7.29	See last page**	Financing	-	-
Total Costs	£57.29	£25 + £25 + £7.29	Total Costs	£100	£50 + £25 + £25
Total Profit/Loss	-£1,057.29	-£1,000 - £57.29	Total Profit/Loss	-£1,100	-£1,000 - £100
% Return	n/a	n/a	% Return	n/a	n/a

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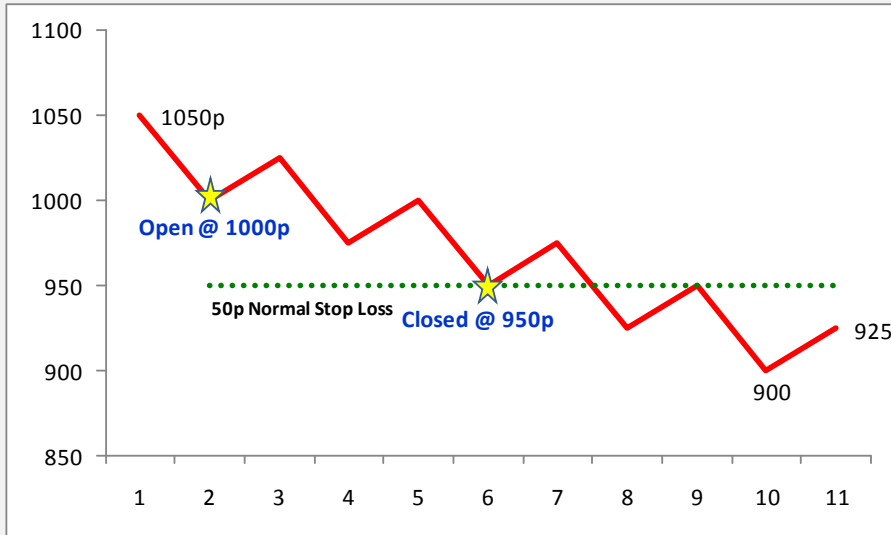
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## Example 3 - LONG Trade Results in a Loss, with Normal Stop Loss (1)

Stop Loss: Alternatively, after 10 days, Anglo American's shares have fallen by 10% to 900p. However, with a stop loss placed at 950p, this limited the loss to 50p per CFD/share.



	CFDs	Shares
Opening Price (p)	1,000	1,000
Closing Price (p)	950	900
Deposit	£500	£10,000
Total Profit/Loss	-£553.74	-£1,100
% Return	n/a	n/a

Closing Trade	CFDs	Calculation	Closing Trade	Shares	Calculation
Closing value of CFDs	£9,500	1,000 CFDs x 950p	Closing value of shares	£9,000	1,000 shares x 900p
Change in value	-£500	£9,500 - £10,000	Change in value	-£1,000	£9,000 - £10,000
Commission (0.25%)*	£25	£9,500 x 0.25%*	Commission (0.25%)*	£25	£9,000 x 0.25%*
Financing**	£3.74	See last page**	Financing	-	-
Total Costs	£53.74	£25 + £25 + £3.74	Total Costs	£100	£50 + £25 + £25
Total Profit/Loss	-£553.74	-£500 - £53.74	Total Profit/Loss	-£1,100	-£1,000 - £100
% Return	n/a	n/a	% Return	n/a	n/a

(1) Stop losses are used to limit losses or to protect running profits. Standard stops subject to slippage/gapping. Standard stops have no cost.

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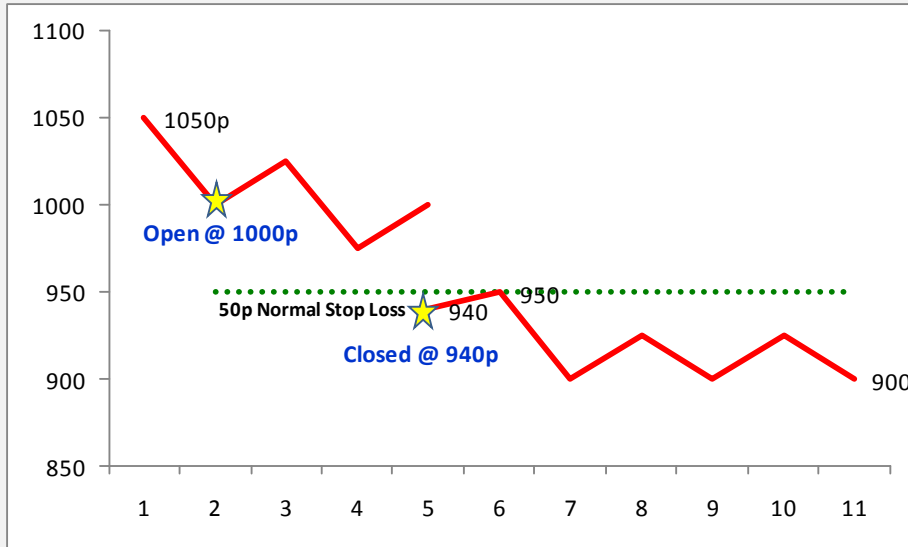
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## Example 4 - LONG Trade Results in a Loss, with Normal Stop Loss(2) and Gapping

Taking Example 3 a step further, should the shares be particularly volatile and gap (trade straight through) the 950p stop loss, the position would be closed out at the next available price, in this example at 940p, resulting in a loss of 60p per CFD/share.



	CFDs	Shares
Opening Price (p)	1,000	1,000
Closing Price (p)	940	900
Deposit	£500	£10,000
Total Profit/Loss	-£652.79	-£1,100
% Return	n/a	n/a

Closing Trade	CFDs	Calculation	Closing Trade	Shares	Calculation
Closing value of CFDs	£9,400	1,000 CFDs x 940p	Closing value of shares	£9,000	1,000 shares x 900p
Change in value	-£600	£9,400 - £10,000	Change in value	-£1,000	£9,000 - £10,000
Commission (0.25%)*	£25	£9,400 x 0.25%*	Commission (0.25%)*	£25	£9,000 x 0.25%*
Financing**	£2.79	See last page**	Financing	-	-
Total Costs	£52.79	£25 + £25 + £2.79	Total Costs	£100	£50 + £25 + £25
Total Profit/Loss	-£652.79	-£600 - £52.79	Total Profit/Loss	-£1,100	-£1,000 - £110
% Return	n/a	n/a	% Return	n/a	n/a

(2) Stop losses are used to limit losses or to protect running profits

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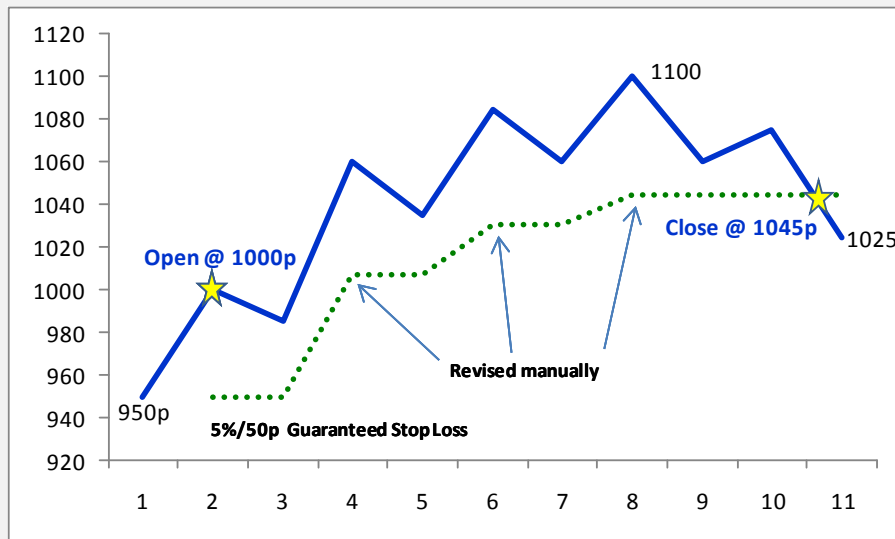
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## Example 5 - LONG Trade Results in a Gain, with Guaranteed Stop Loss(3)

After 8 days, Anglo American's shares had risen as high as 1,100p before falling back to 1025p. A 5% Guaranteed Stop Loss was initially set at 950p (1,000p x 5% = 50p distance), however, when the share price rose to 1,100p, you were able to manually revise your stop to remain 5% away and lock in a gain of 45p per CFD/share. An additional cost (0.3%-1.0% of initial value) is payable for the peace of mind of a guaranteed stop. The nearest a guaranteed stop can be is 5%; in some cases it cannot be as near as this, and in others it will not be available at all(4).



	CFDs	Shares
Opening Price (p)	1,000	1,000
Closing Price (p)	1,045	1,025
Deposit	£500	£10,000
Total Profit/Loss	£361.03	£149.38
% Return	72.2%	1.5%

Closing Trade	CFDs	Calculation	Closing Trade	Shares	Calculation
Closing value of CFDs	£10,450	1,000 CFDs x 1045p	Closing value of shares	£10,250	1,000 shares x £1,025p
Change in value	£450	£10,450 - £10,000	Change in value	£250	£10,250 - £10,000
Commission (0.25%)*	£26.13	£10,450 x 0.25%*	Commission (0.25%)*	£25.63	£10,250 x 0.25%*
Financing**	£7.84	See last page**	Financing	-	-
Limited Risk Premium	£30	£10,000 x 0.3%	Limited Risk Premium	-	-
Total Costs	£88.97	£25 + £26.13 + £7.84 + £30	Total Costs	£100.63	£50 + £25 + £25.63
Total Profit/Loss	£361.03	£450 - £88.97	Total Profit/Loss	£149.38	£250.0 - £100.63
% Return	72.2%	£361.03 / £500 * 100	% Return	1.5%	£149.38 / £10,000 * 100

(3) Stop losses are used to limit losses or to protect running profits

(4) When revising a Guaranteed Stop, the initial distance is subject to change by IG Markets, depending on volatility/liquidity

PTO

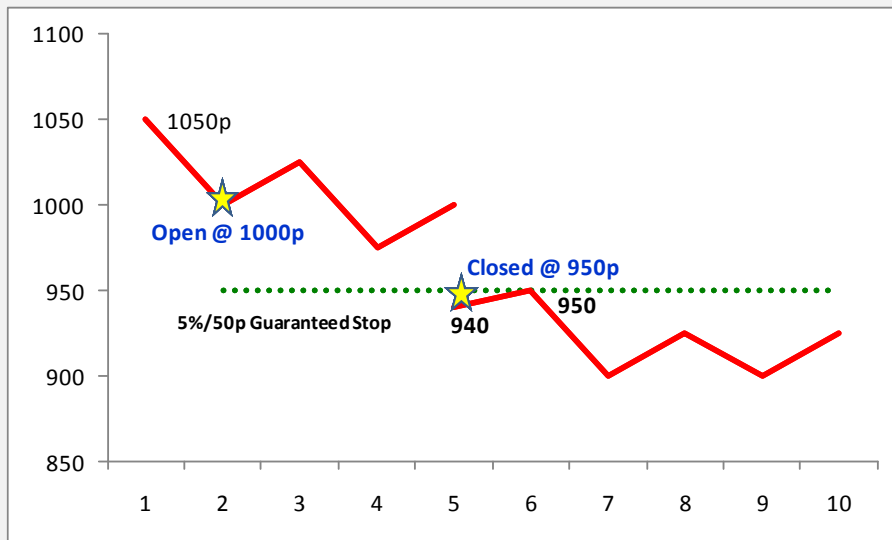
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## Example 6 - LONG Trade Results in a Loss, with Guaranteed Stop Loss(5)

After 10 days, Anglo American's shares have fallen by 10% to 900p. A Guaranteed stop loss was placed at 950p (5%/50p away) in order to reduce the potential loss to 50p per share. While the shares gapped through 950p and down to 940p on day 4, the position was closed at 950p resulting in a loss of only 50p per CFD/share. An additional cost (0.3%-1.0% of initial value) is payable for the peace of mind of a guaranteed stop. The nearest a guaranteed stop can be is 5%; in some cases it cannot be as near as this, and in others it will not be available at all(6).



	CFDs	Shares
Opening Price (p)	1,000	1,000
Closing Price (p)	950	900
Deposit	£500	£10,000
Total Profit/Loss	-£582.80	-£1,100
% Return	n/a	n/a

Closing Trade	CFDs	Calculation	Closing Trade	Shares	Calculation
Closing value of CFDs	£9,500	1,000 CFDs x 950p	Closing value of shares	£9,000	1,000 shares x 900p
Change in value	-£500	£9,500 - £10,000	Change in value	-£1,000	£9,000 - £10,000
Commission (0.25%)*	£25.00	£9,500 x 0.25%*	Commission (0.25%)*	£25.00	£9,000 x 0.25%*
Financing**	£2.80	See last page**	Financing	-	-
Limited Risk Premium	£30	£10,000 x 0.3%	Limited Risk Premium	-	-
Total Costs	£82.80	£25 + £25 + £2.80 + £30	Total Costs	£100.00	£50 + £25 + £25
Total Profit/Loss	-£582.80	-£500 - £82.8	Total Profit/Loss	-£1,100.00	-£1,000 - £100
% Return	n/a	n/a	% Return	n/a	n/a

(5) Stop losses are used to limit losses or to protect running profits

(6) When revising a Guaranteed Stop, the initial distance is subject to change by IG Markets, depending on volatility/liquidity

PTO



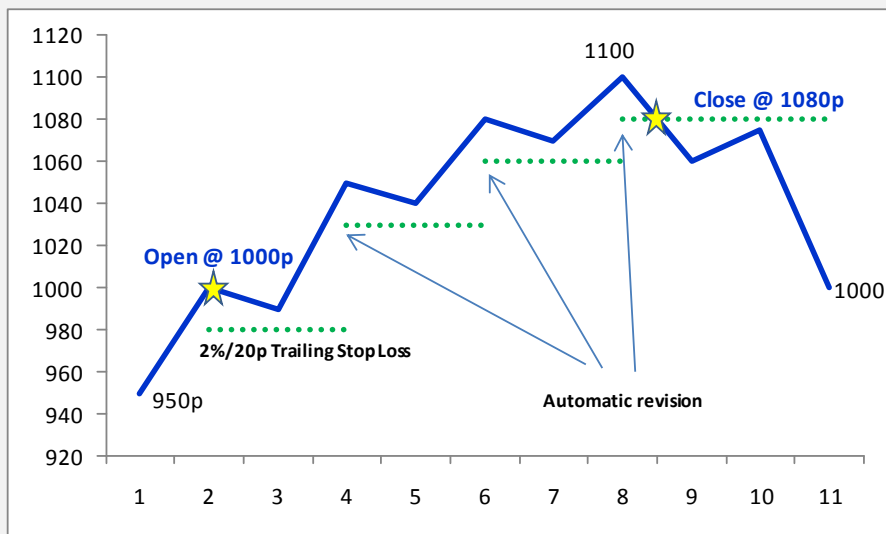
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## Example 7 - LONG Trade Results in a Gain, with Trailing Stop Loss(7)

After 8 days Anglo American's shares had risen as high as 1,100p and then fallen back to 1,000p. Given that a 2% Trailing Stop Loss had been placed when the trade was opened, the initial stop at 980p followed the shares up to the high of 1,100p and revised the stop to 1,080p, locking in a gain of 80p per CFD/share. Note, as in the example of a Normal Stop Loss, the possibility of slippage remains and the position could be closed out below the revised stop depending on where the order can be executed. Trailing stops incur no additional cost. Trailing stops can never be placed nearer than 1% from the current share price(8).



	CFDs	Shares
Opening Price (p)	1,000	1,000
Closing Price (p)	1,080	1,000
Deposit	£500	£10,000
Total Profit/Loss	£742.02	-£100
% Return	148.4%	N/A

Closing Trade	CFDs	Calculation	Closing Trade	Shares	Calculation
Closing value of CFDs	£10,800	1,000 CFDs x 1,080p	Closing value of shares	£10,000	1,000 shares x £1,000p
Change in value	£800	£10,800 - £10,000	Change in value	£0	£10,000 - £10,000
Commission (0.25%)*	£27.00	£10,800 x 0.25%*	Commission (0.25%)*	£25	£10,000 x 0.25%*
Financing**	£5.98	See last page**	Financing	-	-
Total Costs	£57.98	£25 + £27 + £5.98	Total Costs	£100	£50 + £25 + £25
Total Profit/Loss	£742.02	£800 - £57.98	Total Profit/Loss	-£100	£0 - £100
% Return	148.4%	£742.02 / £500 * 100	% Return	N/A	N/A

(7) Stop losses are used to limit losses or to protect running profits

(8) Revisions take place automatically when position moves in your favour. Minimum increment for revision = 1%.

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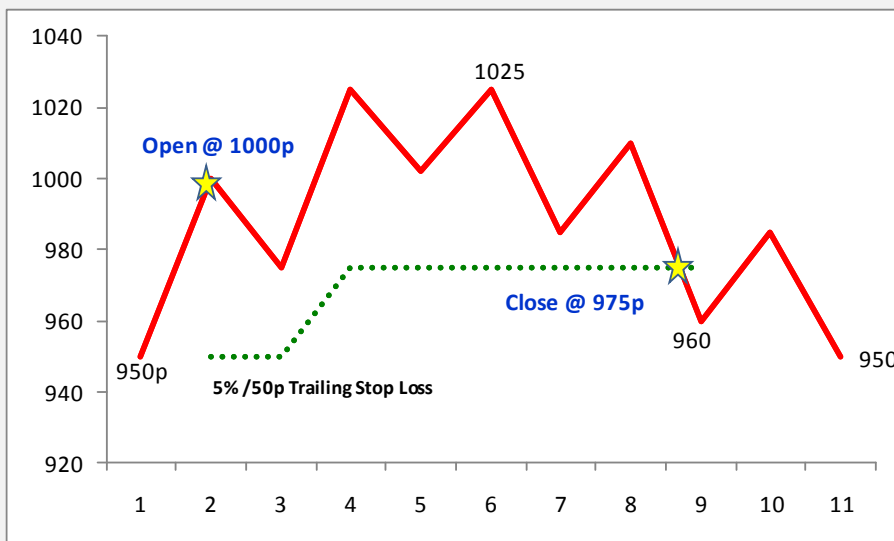
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## Example 8 - LONG Trade Results in a Loss, with Trailing Stop Loss(9)

After 10 days Anglo American's shares had risen as high as 1,025p and then fallen back to 950p. Given that a 5% (50p) Trailing Stop Loss had been placed when the trade was opened, the initial stop at 950p followed the shares up to the high of 1,025p and revised the stop to 975p, reducing the potential loss to 25p per CFD/share. Note, as in the example of a Normal Stop Loss, the possibility of slippage remains and the position could be closed out below the revised stop depending on where the order can be executed. Trailing stops incur no additional cost. Trailing stops can never be placed nearer than 1% from the current share price(10).



	CFDs	Shares
Opening Price (p)	1,000	1,000
Closing Price (p)	975	950
Deposit	£500	£10,000
Total Profit/Loss	-£305.68	-£600
% Return	n/a	n/a

Closing Trade	CFDs	Calculation	Closing Trade	Shares	Calculation
Closing value of CFDs	£9,750	1,000 CFDs x 975p	Closing value of shares	£9,500	1,000 shares x £950p
Change in value	-£250	-£9,750 - £10,000	Change in value	-£500	£9,500 - £10,000
Commission (0.25%)*	£25	£9,750 x 0.25%*	Commission (0.25%)*	£25	£9,500 x 0.25%*
Financing**	£5.68	See last page**	Financing	-	-
Total Costs	£55.68	£25 + £25 + £5.68	Total Costs	£100	£50 + £25 + £25
Total Profit/Loss	-£305.68	-£250 - £55.68	Total Profit/Loss	-£600	-£500 - £100.0
% Return	n/a	n/a	% Return	n/a	n/a

(9) Stop losses are used to limit losses or to protect running profits

(10) Revisions take place automatically when position moves in your favour. Minimum increment for revision = 1%.

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### LONG Notes:

\* Commission Charges: 0.25% of the total exposure (£25 minimum). Note that when a share price falls, less commission is payable on exit as the total exposure has fallen.

\*\* Financing based on total exposure and calculated daily.

Daily cost calculation = Exposure \* (LIBOR + 3.0%) / 365. Eg. £10,000 \* (0.5% + 3.0%) / 365 = £0.96

In the case of a short position, financing is calculated based on LIBOR minus 3%. Your account is thus credited with interest unless LIBOR is less than 3.0%, in which case short positions will incur a debit. LIBOR subject to change without notice

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## CFD Trading Examples - Shorting

Before you begin short-selling CFDs with Accendo markets, we'd like to ensure that you are familiar with the mechanics involved and take some time to look through a few trading examples demonstrating potential trading scenarios you may come experience.

**Given that the short selling of physical/traditional shares is not usually available to retail investors, in the examples we offer no comparisons.**

### Going Short

You, the investor, have a negative view on the direction of Anglo American's shares and wish to go Short (Sell) £10,000 worth.

In this example, Accendo Markets offers Anglo American CFDs on a 5% margin (CFD margins vary between 5% and 25% depending on the stock), meaning a deposit of only £500 (£10,000 x 5%) would be required in order for you to gain the full £10,000 exposure.

Let's assume that Anglo American's shares are currently priced at 1,000p (£10), meaning that you would be selling 1,000 CFDs for £10,000 exposure (1,000 CFDs x 1000p)

Opening Trade	CFDs	Calculation
Initial value of CFDs	£10,000	1,000 CFDs x 1000p
Initial outlay/deposit	£500	£10,000 x 5% margin
Stamp Duty	-	-
Commission*	£25	£10,000 x 0.25%*

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# CFD Trading Examples

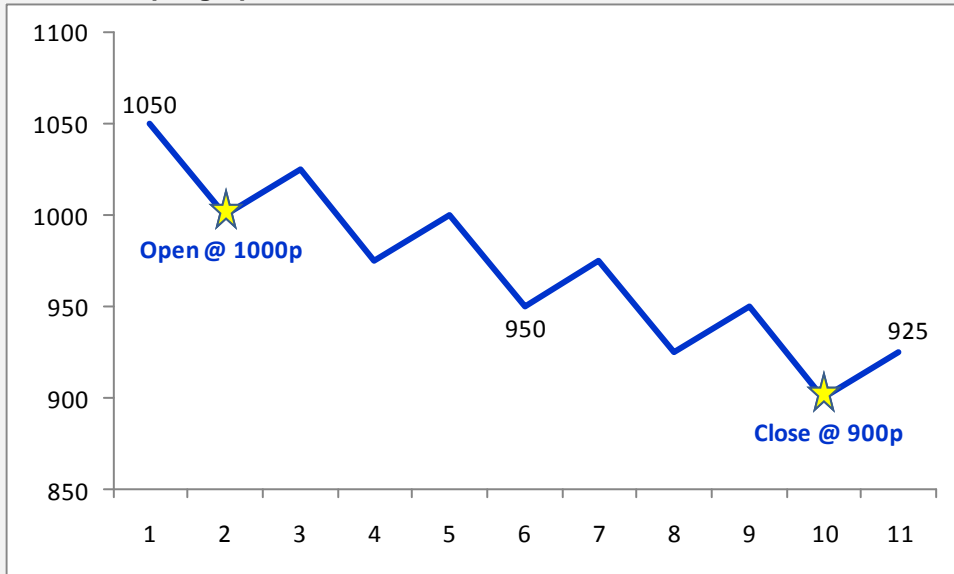
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## Example 1 – SHORT Trade Results in a Profit

After 8 days, Anglo American's shares have fallen by 10% to 900p (£9). You decide to close the trade and realise the 100p profit per CFD/share.

### Trade example graph



	CFDs
Opening Price (p)	1,000
Closing Price (p)	900
Deposit	£500
Total Profit/Loss	£942.71
% Return	188.5%

Closing Trade	CFDs	Calculation
Closing value of CFDs	£9,000	1,000 CFDs x 900p
Change in value	-£1,000	£9,000 - £10,000
Commission (0.25%)*	£25	£9,000 x 0.25%*
Financing**	£7.29	See last page**
Total Costs	£57.29	£25 + £25 + £7.29
Total Profit/Loss	£942.71	-£1,000 - £57.29
% Return	188.5%	£942.71 / £500 * 100

**NB: Shorting without using Stops (normal, trailing, guaranteed) means trade carries risk of unlimited losses**

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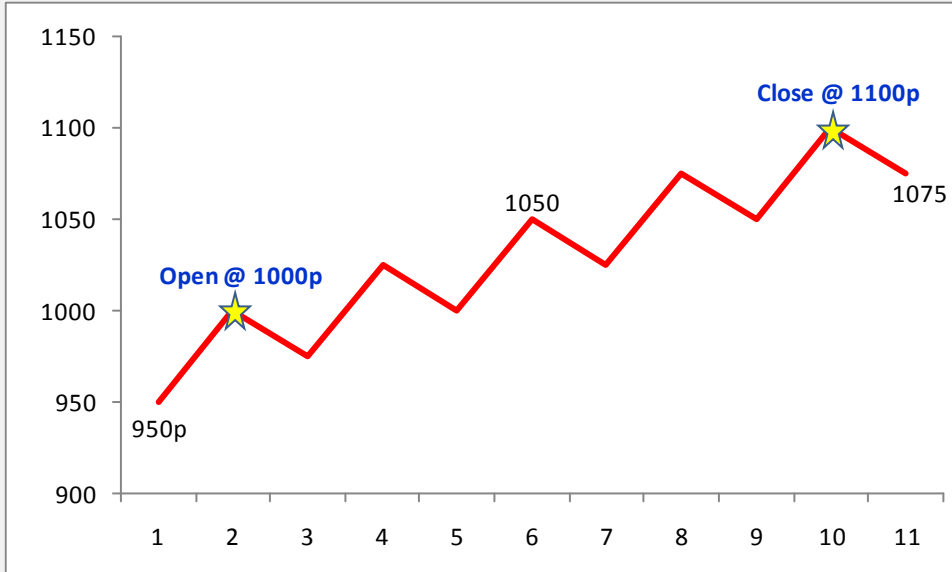
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## Example 2 - SHORT Trade Results in a Loss

Alternatively, after 8 days, Anglo American's shares have risen by 10% to 1100p. You decide to close the trade and realise the 100p loss per CFD/share.

### Trade example graph



	CFDs
Opening Price (p)	1,000
Closing Price (p)	1,100
Deposit	£500
Total Profit/Loss	-£1,060.55
% Return	n/a

Closing Trade	CFDs	Calculation
Closing value of CFDs	£11,000	1,000 CFDs x 1100p
Change in value	£1,000	£11,000 - £10,000
Commission (0.25%)*	£27.5	£11,000 x 0.25%*
Financing**	£8.05	See last page**
Total Costs	£60.55	£25 + £27.5 + £8.05
Total Profit/Loss	-£1,060.55	£1,000 - £60.55
% Return	n/a	n/a

**NB: Shorting without using Stops (normal, trailing, guaranteed) means trade carries risk of unlimited losses**

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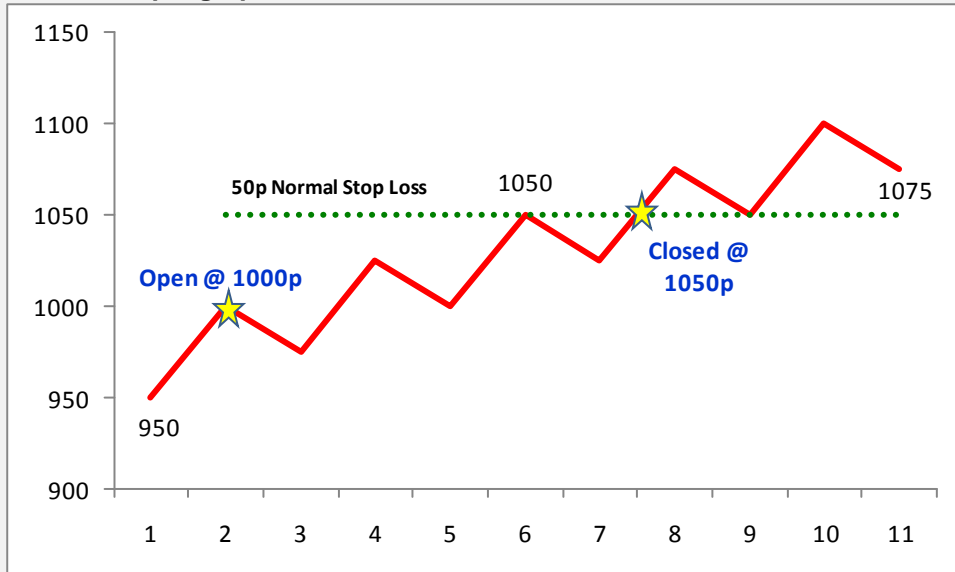
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## Example 3 - SHORT Trade Results in a Loss, with Normal Stop Loss (1)

Stop Loss: Alternatively, after 10 days, Anglo American's shares have risen by 10% to 1,100p. However, with a stop loss placed at 1,050p, this limited the loss to 50p per CFD/share.

### Trade example graph



	CFDs
Opening Price (p)	1,000
Closing Price (p)	1,050
Deposit	£500
Total Profit/Loss	-£559.11
% Return	n/a

Closing Trade	CFDs	Calculation
Closing value of CFDs	£10,500	1,000 CFDs x 1050p
Change in value	£500	£10,500 - £10,000
Commission (0.25%)*	£26.3	£10,500 x 0.25%*
Financing**	£7.86	See last page**
Total Costs	£59.11	£25 + £26.3 + £7.86
Total Profit/Loss	-£559.11	-£500 - £59.11
% Return	n/a	n/a

**NB: Shorting without using Stops (normal, trailing, guaranteed) means trade carries risk of unlimited losses**

(1) Stop losses are used to limit losses or to protect running profits

PTO

# CFD Trading Examples

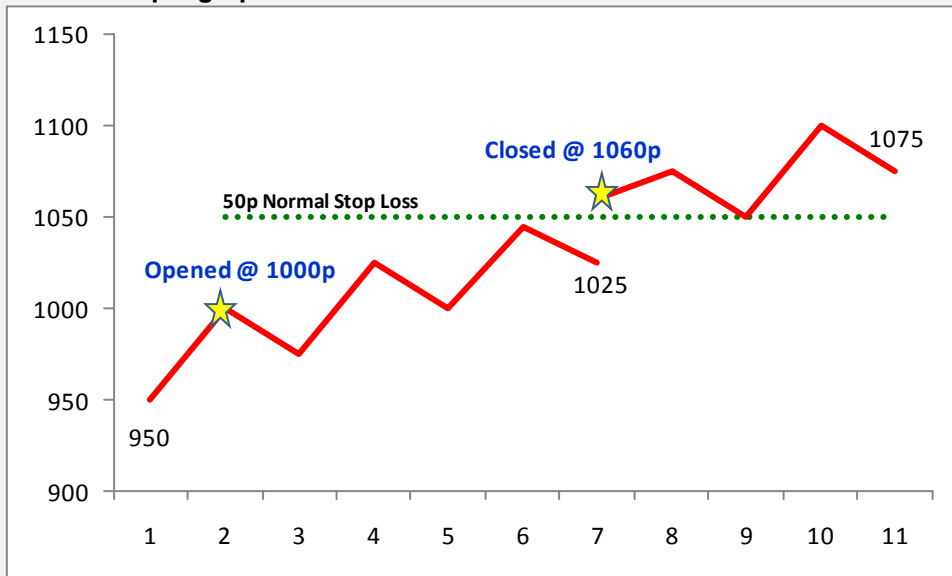
Education

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## Example 4 - SHORT Trade Results in a Loss, with Normal Stop Loss(2) and Gapping

Taking Example 3 a step further, should the shares be particularly volatile and gap (trade straight through) the 1,050p stop loss, the position would be closed out at the next available price, in this example at 1,060p, resulting in a loss of 60p per CFD/share.

### Trade example graph



	CFDs
Opening Price (p)	1,000
Closing Price (p)	1,060
Deposit	£500
Total Profit/Loss	-£659.40
% Return	n/a

Closing Trade	CFDs	Calculation
Closing value of CFDs	£10,600	1,000 CFDs x 1060p
Change in value	£600	£10,600 - £10,000
Commission (0.25%)*	£26.5	£10,600 x 0.25%*
Financing**	£7.90	See last page**
Total Costs	£59.40	£25 + £26.5 + £7.90
Total Profit/Loss	-£659.40	-£600 - £59.4
% Return	n/a	n/a

**NB: Shorting without using Stops (normal, trailing, guaranteed) means trade carries risk of unlimited losses**

(2) Stop losses are used to limit losses or to protect running profits

PTO

# CFD Trading Examples

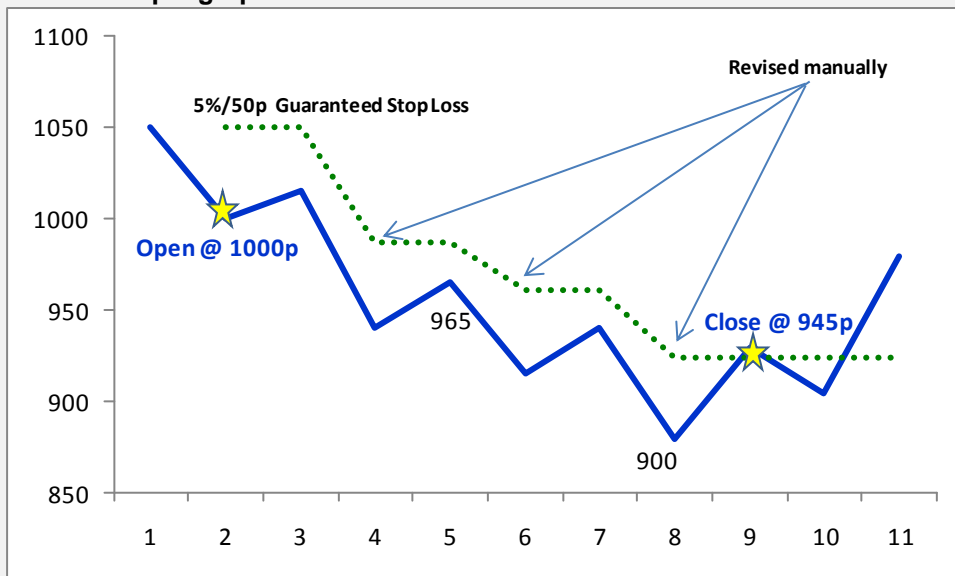
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## Example 5 - SHORT Trade Results in a Gain, with Guaranteed Stop Loss(3)

After 8 days, Anglo American's shares have fallen as low as 900p before rising back to 975p. A 5% Guaranteed Stop Loss was initially set at 1,050p (1,000p x 5% = 50p distance), however, when the share price fell to 900p, you were able to manually revise your stop to remain 5% away and lock in a gain of 55p per CFD/share. An additional cost (0.3%-1.0% of initial value) is payable for the peace of mind of a guaranteed stop. The nearest a guaranteed stop can be is 5%; in some cases it cannot be as near as this, and in others it will not be available at all(4).

### Trade example graph



	CFDs
Opening Price (p)	1,000
Closing Price (p)	945
Deposit	£500
Total Profit/Loss	£462.54
% Return	92.5%

Closing Trade	CFDs	Calculation
Closing value of CFDs	£9,450	1,000 CFDs x 945p
Change in value	-£550	£9,450 - £10,000
Commission (0.25%)*	£25.00	£9,450 x 0.25%*
Financing**	£7.46	See last page**
Limited Risk Premium	£30	£10,000 * 0.3%
Total Costs	£87.46	£25 + £25 + £7.46 + £30
Total Profit/Loss	£462.54	£442.54 - £87.46
% Return	92.5%	£462.54 / £500 * 100

**NB: Shorting without using Stops (normal, trailing, guaranteed) means trade carries risk of unlimited losses**

(3) Stop losses are used to limit losses or to protect running profits

(4) When revising a Guaranteed Stop, the initial distance is subject to change by IG Markets, depending on volatility/liquidity

PTO



# CFD Trading Examples

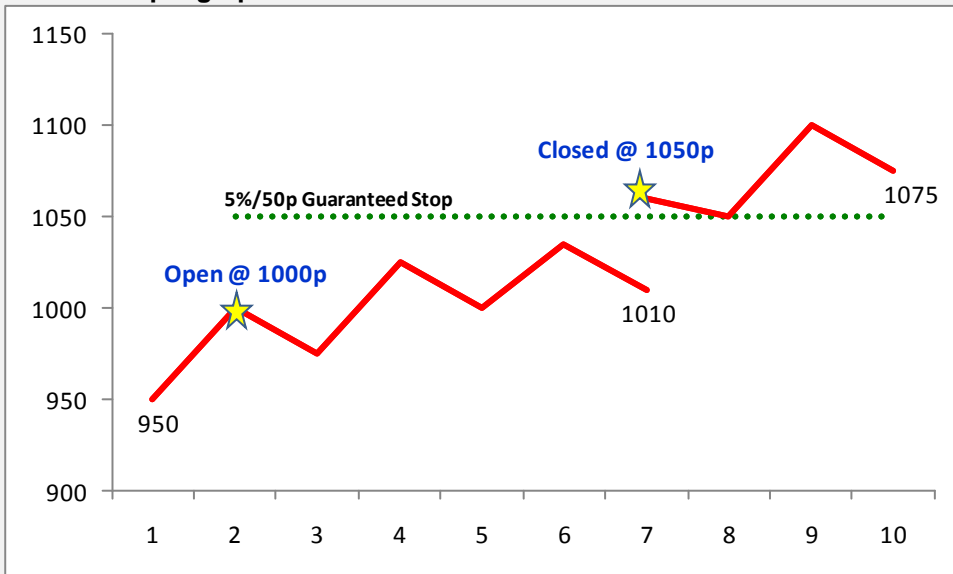
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## Example 6 - SHORT Trade Results in a Loss, with Guaranteed Stop Loss(5)

After 10 days, Anglo American's shares have risen by 10% to 1,100p. A Guaranteed stop loss was placed at 1,050p (5%/50p away) in order to reduce the potential loss to 50p per share. While the shares gapped through 1,050p and up to 1,060p on day 4, the position was closed at 1,050p resulting in a loss of only 50p per CFD/share. An additional cost (0.3%-1.0% of initial value) is payable for the peace of mind of a guaranteed stop. The nearest a guaranteed stop can be is 5%; in some cases it cannot be as near as this, and in others it will not be available at all(6).

### Trade example graph



	CFDs
Opening Price (p)	1,000
Closing Price (p)	1,050
Deposit	£500
Total Profit/Loss	-£584.20
% Return	n/a

Closing Trade	CFDs	Calculation
Closing value of CFDs	£10,500	1,000 CFDs x 1050p
Change in value	£500	£10,500 - £10,000
Commission (0.25%)*	£26	£10,500 x 0.25%*
Financing**	£2.95	See last page**
Limited Risk Premium	£30	£10,000 * 0.3%
Total Costs	£84.20	£25 + £26 + £2.95 + £30
Total Profit/Loss	-£584.20	-£500 - £84.2
% Return	n/a	n/a

**NB: Shorting without using Stops (normal, trailing, guaranteed) means trade carries risk of unlimited losses**

(5) Stop losses are used to limit losses or to protect running profits

(6) When revising a Guaranteed Stop, the initial distance is subject to change by IG Markets, depending on volatility/liquidity

PTO

# CFD Trading Examples

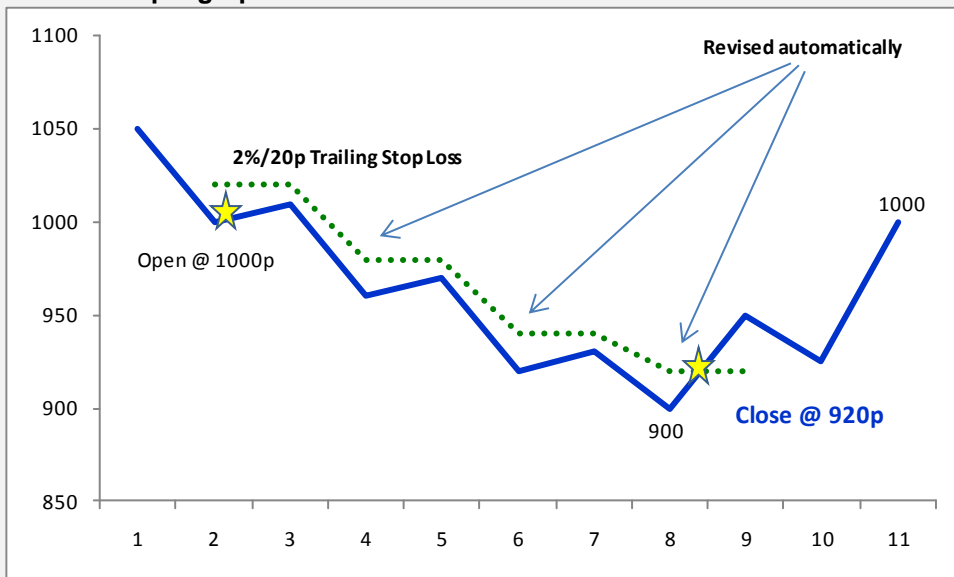
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## Example 7 - SHORT Trade Results in a Gain, with Trailing Stop Loss(7)

After 8 days Anglo American's shares had fallen as low as 900p and then risen back to 1,000p. Given that a 2% Trailing Stop Loss had been placed when the trade was opened, the initial stop at 1,020p followed the shares down to the low of 900p and revised the stop to 920p, locking in a gain of 80p per CFD/share. Note, as in the example of a Normal Stop Loss, the possibility of slippage remains and the position could be closed out below the revised stop depending on where the order can be executed. Trailing stops incur no additional cost. Trailing stops can never be placed nearer than 1% from the current share price(8).

Trade example graph



	CFDs
Opening Price (p)	1,000
Closing Price (p)	920
Deposit	£500
Total Profit/Loss	£744.48
% Return	148.9%

Closing Trade	CFDs	Calculation
Closing value of CFDs	£9,200	1,000 CFDs x 920p
Change in value	-£800	£9,200 - £10,000
Commission (0.25%)*	£25.00	£9,200 x 0.25%*
Financing**	£5.52	See last page**
Total Costs	£55.52	£25 + £25 + £5.52
Total Profit/Loss	£744.48	£-800 - £55.52
% Return	148.90%	£744.48 / £500 * 100

**NB: Shorting without using Stops (normal, trailing, guaranteed) means trade carries risk of unlimited losses**

(7) Stop losses are used to limit losses or to protect running profits

(8) Revisions take place automatically when position moves in your favour profit. Minimum increment for revision = 1%.

PTO

# CFD Trading Examples

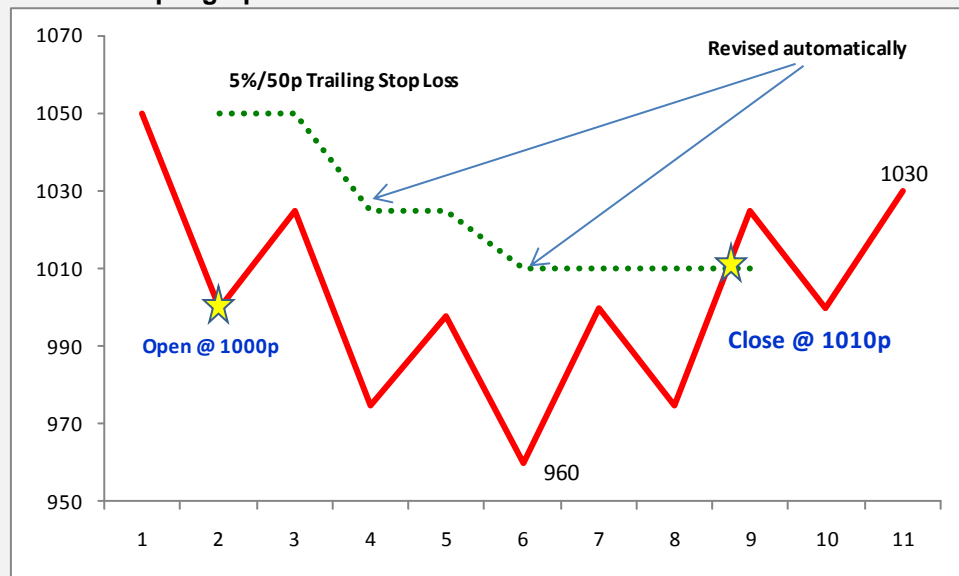
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## Example 8 - SHORT Trade Results in a Loss, with Trailing Stop Loss(9)

After 10 days Anglo American's shares had fallen as low as 960p and then risen back to 1030p. Given that a 5% (50p) Trailing Stop Loss had been placed when the trade was opened, the initial stop at 1,050p followed the shares down to the low of 960p and revised the stop to 1010p, reducing the potential loss to 10p per CFD/share. Note, as in the example of a Normal Stop Loss, the possibility of slippage remains and the position could be closed out below the revised stop depending on where the order can be executed. Trailing stops incur no additional cost. Trailing stops can never be placed nearer than 1% from the current share price(10).

Trade example graph



	CFDs
Opening Price (p)	1,000
Closing Price (p)	1,010
Deposit	£500
Total Profit/Loss	-£156.03
% Return	n/a

Closing Trade	CFDs	Calculation
Closing value of CFDs	£10,100	1,000 CFDs x 1010p
Change in value	£100	-£10,100 - £10,000
Commission (0.25%)*	£25	£10,100 x 0.25%*
Financing**	£5.78	See last page**
Total Costs	£56.03	£25 + £25 + £5.78
Total Profit/Loss	-£156.03	-£100 - £56.03
% Return	n/a	n/a

**NB: Shorting without using Stops (normal, trailing, guaranteed) means trade carries risk of unlimited losses**

(9) Stop losses are used to limit losses or to protect running profits

(10) Revisions take place automatically when position moves into profit. Minimum increment for revision = 1%

PTO

### SHORT Notes:

\* Commission Charges: 0.25% of the total exposure (£25 minimum). Note that when a share price falls, less commission is payable on exit as the total exposure has fallen.

\*\* Financing based on total exposure and calculated daily.

Daily cost calculation = Exposure \* (LIBOR + 3.0%) / 365. Eg. £10,000 \* (0.5%+3.0%) / 365 = £0.96

In the case of a short position, financing is calculated based on LIBOR minus 3%. Your account is thus credited with interest unless LIBOR is less than 3.0% in which case short positions will incur a debit. LIBOR subject to change without notice