Accredited Investment Management

Australian Dollar example carry trade, if you have any questions at any time please call me on US+949-376-8020 click here for U.S. and international toll free numbers.

1) Identify the interest rate differential between the U.S. and Australian dollar, at the time of this report it was 4.03%.

Click here for current U.S. Interest rates

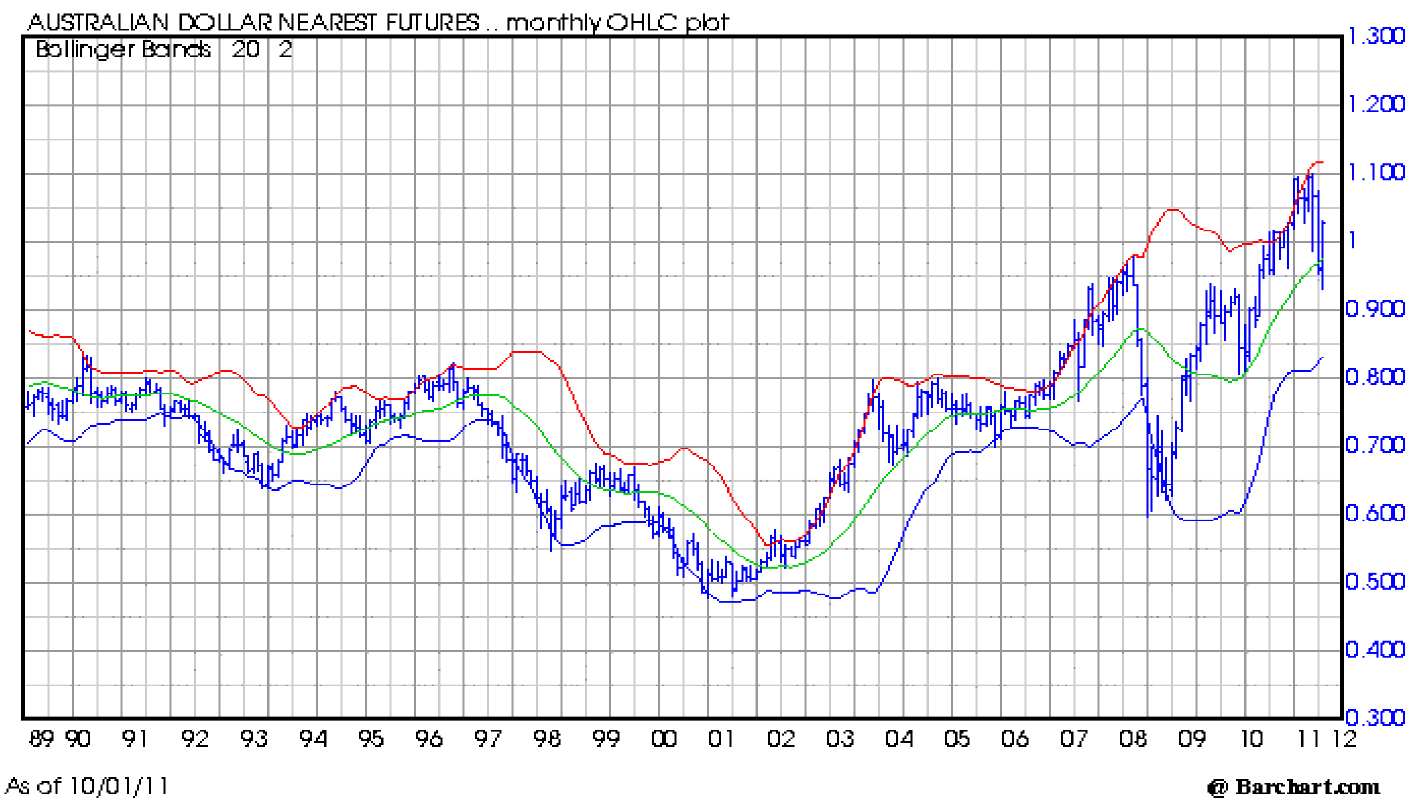
U.S.	COUPON	MATURITY	YIELD
12-Month	0.000	10/18/2012	0.11

Click here for current Australian Dollar rates

Australia	COUPON	MATURITY	YIELD
1-Year	4.750	11/15/2012	4.14

2) Identify the overall trend in the Australian Dollar, at the time of this report the Aussie was in uptrend indicated by the green line on the pre programmed chart parameters below.

Click here for the Australian Dollar long term chart



3) Check the overall technical opinion , the overall indicators at the time of this report were 8% buy confirming the pre programmed chart indicators above.

Click here for current opinion

Composite Indicator		Signal	
Trend Spotter		Hold	

Short Term Indicators			
7 Day Average Directional Indicator	Buy		
10 - 8 Day Moving Average Hilo Channel	Buy		
20 Day Moving Average vs Price	Buy		
20 - 50 Day MACD Oscillator			Sell
20 Day Bollinger Bands		Hold	

Short Term Indicators Average: 40% Buy

20-Day Average Volume - 63

Medium Term Indicators			
40 Day Commodity Channel Index		Hold	
50 Day Moving Average vs Price	Buy		
20 - 100 Day MACD Oscillator			Sell
50 Day Parabolic Time/Price	Buy		

Medium Term Indicators Average: 25% Buy

50-Day Average Volume - 0

Long Term Indicators			
60 Day Commodity Channel Index		Hold	
100 Day Moving Average vs Price			Sell
50 - 100 Day MACD Oscillator			Sell

Long Term Indicators Average: 67% Sell

100-Day Average Volume - 0

Overall Barchart Opinion: 8% Buy

We have confirmation of overall trend from the long term chart and overall technical opinion.

4) Establish the trade by buying an IMM Australian dollar futures contract. In this example we're buying the Dec 2011 at 1.0255. Total value of the contract at 1.02550 = $102,550, total annual carry from the interest rate differential $3,773.84 or $10.33 per day per contract) . Total margin requirement for this position when properly hedged $2,000. Click here for current Australian Dollar futures quotes

Australian Dollar
Delayed Futures - 02:29 - Sunday, October 23rd
[Go to Daily] [Options] [Profile] (Click on Contract for Chart)

Contract	Last	Change	Open	High	Low	Volume	Prev. Stl.
Dec '11 (A6Z11) BUY	1.02550	+0.00810	1.01550	1.03140	1.01320	137114	1.01840
Mar '12 (A6H12)	1.01430	+0.00790	1.00680	1.01980	1.00680	39	1.00840
Jun '12 (A6M12)	1.00630	+0.00780	0.00000	1.00730	0.99950	0	0.99950
Sep '12 (A6U12)	0.99760	+0.00750	0.00000	0.99860	0.99110	0	0.99110
Dec '12 (A6Z12)	0.98870	+0.00730	0.00000	0.98970	0.98240	0	0.98240
Mar '13 (A6H13)	0.97990	+0.00720	0.00000	0.98090	0.97370	0	0.97370

5) Hedge the currency risk using an option collar (click here for more information on option collars) The Market is at 1.0255 SELL the 1.0350 call BUY the 1.0150 put

Click here for current Australian dollar option quotes

Quotes & Charts

Futures Main | Custom Quotes | Custom Charts |

Quote View:	Merged | Split
Options Expiration:	12/09/11
Days to Expiration:	**49**
Australian Dollar Dec 2011:	**1.02550**
Price Value of Option Point:	$100,000

Australian Dollar December 2011 Options

Select Month - Select a contract

Delayed Options :-21:00 - Friday, 21 October

[Go to Daily] [Futures Prices] [Profile]

Strike	Open	High	Low	Current	Change	Time	Prem ($)
1.01500 Put BUY		0.02670	0.02310	0.02310s	-0.00360	16:13	2310.00
1.02000C		0.03150	0.02720	0.03150s	+0.00430	16:13	3150.00
1.02000P		0.02880	0.02500	0.02500s	-0.00380	16:13	2500.00
1.02500C		0.02850	0.02450	0.02850s	+0.00400	16:13	2850.00
1.02500P		0.03110	0.02700	0.02700s	-0.00410	16:13	2700.00
1.03000C	0.02550	0.02560	0.02190	0.02560s	+0.00370	16:13	2560.00
1.03000P		0.03350	0.02910	0.02910s	-0.00440	16:13	2910.00
1.03500 Call SELL		0.02300	0.01950	0.02300s	+0.00350	16:13	2300.00
1.03500P		0.03610	0.03150	0.03150s	-0.00460	16:13	3150.00
1.04000C	0.02100	0.02110	0.01730	0.02050s	+0.00320	16:13	2050.00
1.04000P		0.03890	0.03400	0.03400s	-0.00490	16:13	3400.00

6) <u>Trade Summary</u>

Sell the 1.035 Dec 2011 AD Call	**Collecting $2,300** minus $35 for bid/ask spreads, commission, clearing, exchange and regulatory fees or **+$2,265 net.** The only way the 1.0255 position can be called away is at a profit or 95 points.
Long Dec 2011 Futures1.0255	**Total value of the contract $102,550, annual carry collected $3,680 or $494 for the 49 days to expiration. Less all costs $35 or +$459 net.**
Buy the 1.015 Dec 2011 Put	**Paying $2,310** plus $35 for bid/ask spreads, commission, clearing, exchange and regulatory fees or **-$2,345 net**. Protects the 1.0255 long position for any move below 1.0150

Total cost of the option hedge "all in" -$80

7) <u>Benefits</u>

Properly capitalized zero chance for a margin call or debit balance.
Defined risk and trade frequency on every trade and for every trading period.
This position cannot be stopped out for any reason regardless of market volatility.
If the 10 year up trend continues during the next 49 days we will be profitable.
If the Australian dollar stays the same you'll collect the carry of $10.08 per day or +458 for the 49 days until expiration.

8) <u>Worst case scenario the Australian dollar drops to zero and stays there</u>

Short	**1.03500 Call**		**+$2,265**	**(net premium collected)**
Long	**Dec 12 AD**	**1.02550**	**-$102,567**	**(net loss after fees on the Dec 2011 futures position)**
Long	**1.01500 Put**		**+$99,137**	**(put option engages at 1.0150 or +$1.01500 less option premium paid -$1,165 and all costs of -$35.**
Net loss "all in"			**-$1,165**	

9) <u>The Australian dollar stays the same</u>

Short	**1.03500 Call**		**+$2,265**	**(net premium collected expires worthless)**
Long	**Dec 12 AD**	**1.02550**	**+$458**	**($9.36 per day carry collected for 49 days)**
Long	**1.01500 Put**		**-$2,345**	**(net premium paid expires worthless)**
Net Profit "all in"			**$378**	

10) <u>The Australian Dollar continues its ten year up trend</u>

Short	**1.03500 Call**		**+$2,265**	**(net premium collected)**
Long	**Dec 12 AD**	**1.02550**	**+915**	**(in 1.0255 called away at 1.0350 +$950 or +$915 net)**
Long	**1.01500 Put**		**-$2,345**	**(net premium paid expires worthless)**
Net Profit "all in"			**$835**	

If you have any questions or need additional information please call me on US + 949-376-8020

Regards,

Peter Catranis

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The high degree of leverage that is often obtainable in commodity trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

In some cases, managed commodity accounts are subject to substantial charges for management and advisory fees. It may be necessary for those accounts that are subject to these charges to make substantial trading profits to avoid depletion or exhaustion of their assets. The disclosure document of a commodity trading advisor ("CTA") contains a complete description of the principal risk factors and each fee to be charged to your account by the CTA.

The regulations of the Commodity Futures Trading Commission ("CFTC") require that prospective clients of a CTA receive a disclosure document when they are solicited to enter into an agreement whereby the CTA will direct or guide the client's commodity interest trading and that certain risk factors be highlighted. This document can be obtained directly from the CTA. This brief statement cannot disclose all of the risks and other significant aspects of the commodity markets. Therefore, you should proceed directly to the disclosure document and study it carefully to determine whether such trading is appropriate for you in light of your financial condition. The CFTC has not passed upon the merits of participating in the trading program of any CTA nor on the adequacy or accuracy of a CTA's disclosure document. Other disclosure statements are required to be provided you before a commodity account may be opened for you.

All information contained in this report is based upon information obtained from specific CTA disclosure documents, fund prospectuses, or the CTAs themselves. While the information is believed to be reliable, because of the complexities involved with the data and the fact that it has not been verified, we cannot guarantee its completeness or accuracy.

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