

A COMPARISON OF BUYING & HOLDING SHARES VS TRADING CFD'S (using Trade Mechanics)

Rio Tinto

	<u>No.</u>	<u>\$</u>
Total Trading Days	2221	
<u>Buy and Hold One Share</u>		
Share Price	4-Jan-00	\$32.75
Share Price	2-Feb-06	\$74.69
Capital Profit		\$41.94

Trade Mechanics Results for One Share CFD for Rio Tinto

Total No of Trades	249	
Average Net Profit		\$0.7468
Total Net Profit	1 Share	\$185.95
No of Profit Trades	172	
Average Profit		\$1.3788
Total Profits		\$237.16
No of Loss Trades	77	
Average Loss		\$0.6651
Total Losses		\$51.21
Gross Profit Factor	4.631	

Total Net Profit		\$185.95
Less Trade Costs		\$9.21
Net Result		\$176.74
Leverage Multiplier	5	\$883.69
Trade Margin	5%	
Available Leverage	20	

Adopting a conservative approach to leverage; a leverage factor of 5 if share CFD's were traded with the *Trade Mechanics* trade system for Rio Tinto the result using this leverage traded would be a profit of \$883.69
 The unused margin which could be allocated to IBD is 75%
 This compares favourably to the Buy and Hold result for one share of \$41.94
 The Buy and Hold alternative absorbs 100% or the full purchase price of the share
Note: No account is taken of dividends received or interest earned in this example