

# CFD Trading

FREDERICK  
&  
OLIVER

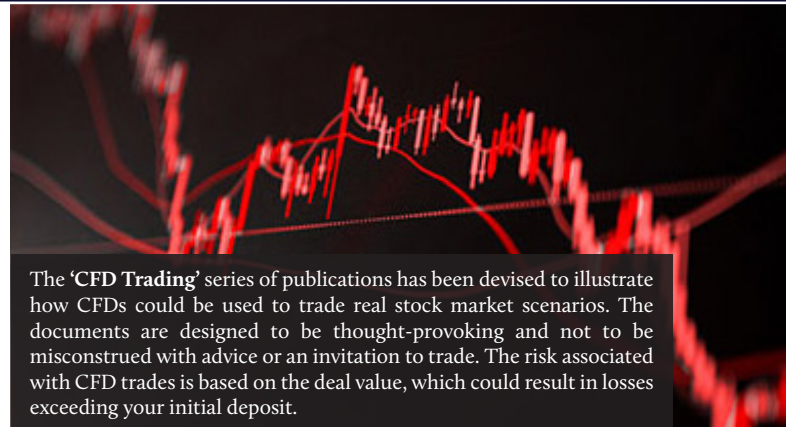


Friday 24th February 2023

Examples of how traders can utilise CFDs

## WHAT GOES UP... COULD YOU MAKE £20K FROM THE FTSE 100 FALLING?

- THE FTSE 100 HAS RECENTLY HIT A RECORD-HIGH, TRADING ABOVE 8,000pts FOR THE FIRST TIME
- INVESTOR PORTFOLIOS HAVE IMPROVED GREATLY IN RECENT MONTHS - IS THIS ABOUT TO CHANGE?



The 'CFD Trading' series of publications has been devised to illustrate how CFDs could be used to trade real stock market scenarios. The documents are designed to be thought-provoking and not to be misconstrued with advice or an invitation to trade. The risk associated with CFD trades is based on the deal value, which could result in losses exceeding your initial deposit.

### INTRODUCTION

The FTSE 100 has rallied to a record-high, mostly due to a rally in stocks associated with the reopening of China's economy.

Investors' portfolios have seen great improvements with popular names such as **Lloyds, Rolls Royce, IAG, Netflix, Meta** and **Tesla** posting gains of between 40% and over 100% in recent months.

But with stocks and indices flying high, is now the time take profits, hedge positions or speculate on a decline, as inflation, interest rate hikes, Russia/Ukraine, US/China, Covid, cost of living crisis and the threat of recession continue to dominate news headlines?

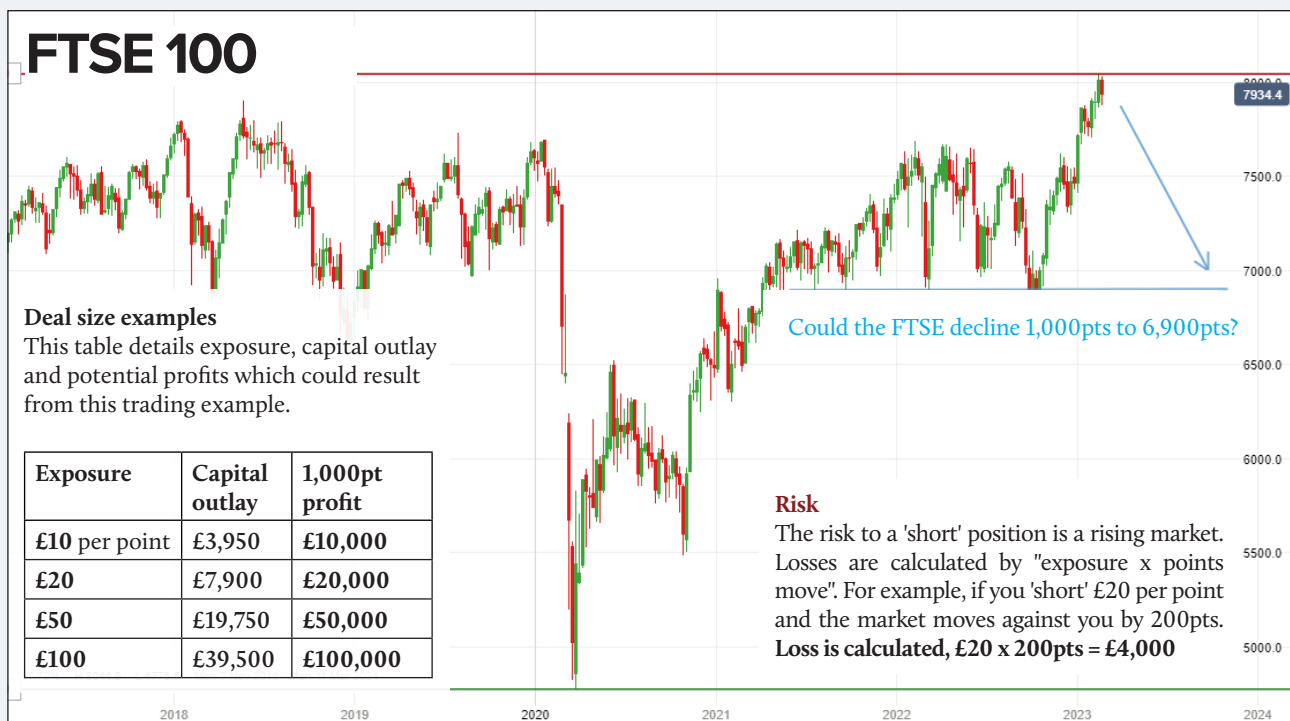
### TRADING EXAMPLE

Using CFDs, retail investors can trade the value of an index.

Traders can 'go long' (buy) or 'short' (bet on a decline). Here is how you could potentially make £20k from the FTSE 100 falling.

The FTSE 100 is trading at 7,900pts. You undertake a 'short' position, fearing Russia will invade Ukraine. You choose to wage £20 per point (make or lose £20 every point the index moves).

**Should the FTSE 100 decline to 6,900pts, profit is calculated at £20 times by a 1,000pt move in your favour = £20,000 profit.**



### RISK WARNING

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CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **82.7% of retail investor accounts lose money when trading CFDs with this provider.** You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money. Frederick & Oliver (F&O) is an Appointed Representative of Axi Financial Services (UK) Ltd (trading as One Financial Markets). Your account is held with Axi Financial Services (UK) Ltd and all dealing, administration and settlement is carried out by them. Axi Financial Services (UK) Ltd is registered in England with company number 6050593.