



# Lepus Proprietary Trading

## **Introduction**

## Disclaimer

Commodity Futures Trading Commission Futures and FOREX trading has large potential rewards, but also large potential risk. You must be aware of the risks and be willing to accept them in order to invest in the futures and FOREX markets. Don't trade with money you can't afford to lose. This is neither a solicitation nor an offer to Buy/Sell futures or FOREX. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed on this website. The past performance of any trading system or methodology is not necessarily indicative of future results.

Hypothetical or simulated performance results have certain limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not been executed, the results may have under-or-over compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated trading programs, in general, are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profit or losses similar to those shown.

The information contained in this document is for informational and educational purposes only. We are not registered as a securities broker-dealer or as investment advisers. We are neither licensed nor qualified to provide investment advice.

Neither the information contained in this document nor in any other place, is provided to any particular individual with a view toward their individual circumstances nor should nothing in this document be construed as investment or trading advice. Each individual should assume that all information contained in this document is not *trustworthy* unless verified by their own independent research. There is a substantial risk of loss when trading securities and derivatives as they are highly susceptible to the risks and uncertainties of certain economic conditions. For all these reasons and others, your use of the information provided in this document, or any other products or services, should be based upon your own due diligence and judgment of how best to use the information, and subsequently independently verified by a licensed broker, investment advisor or financial planner.

Any statements and/or examples of earnings or income, including hypothetical or simulated performance results, are solely for illustrative purposes and are not to be considered as average earnings. Prior successes and past performance with regards to earnings and income are not an indication of potential future success or performance. There can be no assurances of future success or performance and we will not be responsible for the success or failure of any individual or entity which implements information received from this site.

We do not imply, predict, or guarantee that you will be successful in earning any money whatsoever. If you rely on any figures or information in this document, you must accept the risk of substantial trading losses.

## Contents

<b><i>Learning Outcomes</i></b> _____	4
<b><i>1. Lepus Proprietary Trading</i></b> _____	5
<b>1.1 Australian Financial License Agreement</b> _____	5
<b>1.2 Education Program</b> _____	5
<b>1.3 Foundation Modules</b> _____	5
<b>1.4 Continuing support</b> _____	5
<b><i>2. Financial Markets</i></b> _____	6
<b>2.1 Primary and Secondary Markets</b> _____	6
<b><i>3 Financial Products</i></b> _____	6
<b>3.1 Shares</b> _____	6
<b>3.2 Exchange Traded Options</b> _____	7
<b>3.3 Contracts for Difference</b> _____	7
<b>3.4 Futures</b> _____	7
<b>3.5 Foreign Exchange</b> _____	7
<b><i>4 Trading Verse Investing</i></b> _____	7
<b>4.1 Investing</b> _____	7
<b>4.2 Trading</b> _____	7
<b>4.3 Mechanical Trading</b> _____	7
<b>4.1 Discretionary Trading</b> _____	8
<b>4.2 Day Trading</b> _____	8
<b><i>5 Trading as a Business</i></b> _____	8
<b>5.1 Taxation Implications</b> _____	8
<b><i>6. Risk</i></b> _____	8
<b><i>7. The Importance of Becoming an Educated Trader</i></b> _____	9

# Learning Outcomes

What you will learn:

- the services provided by Lepus Proprietary Trading
- the operation of Financial Markets
- that Financial Markets can be traded for a profit
- the risks of trading Financial Markets

What you will be able to do:

- make use of all of the services provided by Lepus Proprietary Trading
- competently use the Lepus Proprietary Trading website
- describe the operation of Financial Markets, and how they can be traded for a profit
- describe the risks involved in trading Financial Markets

## **1. Lepus Proprietary Trading**

In this course, Richard's challenge is to bring forward his knowledge and share the fundamentals in understanding how to speculate on the currency, commodity and index markets. The increased availability of these instruments has given an opportunity for many new participants to enter this marketplace. As a qualified financial planner, derivatives advisor and investment manager, Richard places a foundation for traders who wish to discover the potential in creating wealth through trading. Richard is also a highly practised trader with over 10 years screen time and successfully trading index futures, currency futures and foreign exchange majors. Contact [richard@jacksoncapital.com.au](mailto:richard@jacksoncapital.com.au)

### **1.1 Australian Financial License Agreement**

Jackson Capital is a registered corporate representative (CAR No. 446944) of JB Alpha (ABN 76 131 376 415) (AFSL 327075). JB Alpha is Australian Financial Services License holder and is regulated by the Australian Financial Services Reform Act (2001). All activities are subject to the oversight of the Australian Securities & Investment Commission (ASIC).

It is essential to understand that Lepus Proprietary Trading provides general advice. This means that we do not consider personal circumstances or objectives when providing financial product advice or trading techniques.

### **1.2 Education Program**

Lepus Proprietary Trading offers a step-by-step program that allows students to become proficient in trading Foreign Exchange only. It is a collaboration of years of experience and research that makes it possible to trade in these markets confidently. Lepus Proprietary Trading compacts all this knowledge into one curriculum. This allows students to; save time in finding the information themselves, hear from experienced traders and learn first class strategies to becoming a successful trader.

### **1.3 Foundation Modules**

The Fundamental Modules, 1-6, are designed to give new traders the opportunity to understand how to trade major Foreign Exchange currency pairs and CFDs over commodities and indices.

### **1.4 Continuing support**

Richard Jackson will allow phone support access to all students who are trading with Lepus Proprietary Trading/ Pepperstone.

## 2. Financial Markets

A **financial market** works as a mechanism that allows people to come together to buy and sell (trade) financial products or securities (stocks and bonds), commodities (precious metals & farming goods) and foreign exchange (currencies). These are typically traded at a low transaction cost and at a price that reflects the current market environment otherwise termed as "efficient market hypothesis". Markets work by placing a large group of buyers and sellers in a single marketplace, therefore making transactions easier for the trader.

Financial markets can be segmented into the following:

- capital markets – (bonds, money, stocks) refers to the raising of capital
- derivatives markets – (futures, FOREX, warrants) refers to the transfer of risk
- currency markets – (foreign exchange) refers to international trade in currencies

### 2.1 Primary and Secondary Markets

A primary market refers to the issuance of securities. Public companies, government bodies and institutions can obtain capital through the sale of new stocks or bond issue. The process of selling a new stock is referred to as an Initial Public Offering (IPO) similarly the selling of bonds is referred to as underwriting.

Once new issues have been placed on into the market they become part of a secondary market. This is where traders can then buy and sell the shares, bonds, futures or foreign exchange. Simply put, a secondary market is open to price speculation and is a place where traders can profit from price fluctuations.

## 3 Financial Products

There are many different financial products that can be traded, such include; shares, warrants, FOREX, contracts for difference, futures, and foreign exchange. All financial products act differently and need to be considered on their own merit. One of the major differences between products is the level of leverage. Ordinary shares have the simplest structure where a loss or win is directly related to the share price. However when dealing with futures and foreign exchange leverage can be available up to 400:1 and even more.

### 3.1 Shares

Share can be described as owning a part of a company. Needless to say, it is commonly a very small part of that company. There are different classes of shares beginning with Fully Paid Ordinary Shares (FPO), Contributing Shares and Preference Shares.

### **3.2 Exchange Traded Options**

FOREX is a derivative product that can be placed over shares, futures and other financial instruments. An option gives the purchaser the right but not the obligation to take the underlying product at a future date and an exercise price.

### **3.3 Contracts for Difference**

A CFD is a derivative product that allows the purchaser of the contract to gain from an underlying price movement of an instrument. The reason that traders may choose to use such a product is its ability to leverage. This leverage allows traders to control an instrument with a margin.

### **3.4 Futures**

A futures contract is a product that allows a commodity of a standardized quality to be bought or sold at a set price at a future date. Traditionally futures are placed on commodities like precious metals and agricultural goods this allows the purchaser to hedge against price fluctuation, so profits can be locked at today's price. Futures can be placed on nontangible assets like a stock index and interest rates and foreign currency.

### **3.5 Foreign Exchange**

Foreign Exchange trading works on the premises of the simultaneous buying of one currency and the selling of the other. It is not traded on an exchange like the ASX or NYSE however through large banks which is referred to as "over the counter" (OTC).

## **4 Trading Verse Investing**

### **4.1 Investing**

Trading and investing needs to be viewed as two separate topics and should not be deemed the same. Investing takes a long-term approach to profiting, commonly with a fundamental characteristic to make an evaluation. News releases, market environment, and economic conditions may influence investor's decisions of when to buy and sell a particular instrument. Notwithstanding separate tax implications, an investor may also make only a few trading decisions during a year.

### **4.2 Trading**

Trading offers an individual the ability to create an alternate income from the markets. Typically, trading is viewed as short-term profiting from the markets keeping trades from a few minutes to a few weeks. A trader certainly considers fundamental factors, however, makes trading decisions solely on technical reasons. This means understanding patterns and indicators helps a trader follow a system to support a reason to enter or exit a trade.

### **4.3 Mechanical Trading**

Mechanical trading offers traders a clearly defined set of rules. This helps the trader choose when to enter and exit a trade. These rules are back-tested over historical

data to see if the rules produce a profit. With a short-term view, markets may function in a habitual manner this suggests that if a set of rules produce a profit in the past that they are likely to continue producing a profit in the future. These set of rules are created by the trader and, with the uses of a computer are programmed to scan and alert when a trade is available.

#### **4.1 Discretionary Trading**

Similarly, discretionary trading uses a set of rules to enter and exit a trade based on market patterns and indicators. However, it does not involve programming complex algorithms into a computer and does not delay the trade execution. It leaves the final decision up to the trader, needless to say if a system gives you a signal you should always take it (assuming it has been backtested).

#### **4.2 Day Trading**

A Daytrader is defined as an individual taking one to several trades and closing out in one day. A day trader typically closes out all positions before the end of the trading day.

### **5 Trading as a Business**

Trading should always be treated as a business. This means keeping accurate records of trades, profit, losses and expenses (commissions).

#### **5.1 Taxation Implications**

Trading has separate taxation implications to investing. You should sort out a tax accountant to verify these details.

### **6. Risk**

When dealing with financial products there will always be a level of risk involved. Some of the risks can be defined in the following.

- **Market Risk** – Refers to the overall market conditions and factor that can influence loss through market movement. Such include; political, economic and legation.
- **Global Risk** – International conditions can also have an influence on markets. These can cause a local market to change especially if there is a strong connection to that local economy.
- **Sector Risk** – Sectors related to an industry can be affected when that supply of demand for the product produced by the industry change. For example, the mining sector can suffer when a major buyer cancels contracts.
- **Specific Risk** – Risk of loss involved with a specific share due to specific company reasons is referred to as specific risk.
- **Timing Risk** – The choice of when to enter and exit a trade can be highlighted as timing risk. If a trade is left too long to enter one could be buying at the

top and not make enough profit. Again one could exit a trade too early and miss potential profit.

- Trading Risk – Trading risk refers to the risk taken on each trade. A decision needs to be made on how much one is prepared to lose if a trade moves against them.

## **7. The Importance of Becoming an Educated Trader**

Understanding the risks involved combined with a tested trading system starts a trader the correct path to becoming a successful trader. When these are not used to in a systematic fashion a trader can become emotional when making decisions.

Trading can be extremely stressful this is why a clear set of rules to enter and exit the market is necessary. Also, referred to as "*trading style*", the instrument and timeframe need to be selected to reflect the personality of the trader.

The most common mistake that a new trader makes is selecting an inappropriate style, not understanding the potential for loss and applying an incorrect amount of capital to a trading float. These combinations of factors lead to an emotional journey for the novice and subsequently lead to losses.