**KENNETH JONES ACA**

9th November 2014

Dear Heloise,

**‘Overnight Momentum Trader’**

In accordance with the email conversations from Heloise Laight of Canonbury Publishing in which I was instructed to audit the trades executed by members of your support team, with a view to checking that the trading strategy which forms the basis of the ‘Overnight Momentum Trader’ (OMT), was the basis of the trading decisions made by the support team members.

In the course of my work, I previewed and thoroughly reviewed the following:

A. The Objectives of the Strategy, provided by Kato, in which he demonstrates and explains the basis behind both the Weekly opening range (WOR) and Monthly opening range (MOR) parts.

B. The Strategy Rules, provided by Kato, which provides the rules behind the WOR and MOR trades, the entry and exit points, and the position sizing, for both the Active OMT (3:1 target) and the Consistent OMT (1:1 target).

C. The weekly results, including the trading charts and commentary.

The Trading Charts showed that the trades were being set-up in accordance with the trading strategies set out for Overnight Momentum Trader.

**Results: ACTIVE OMT (3:1)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Week**  **No:** | **Week**  **Started** | **GBP / USD** | | **EUR / USD** | | **EUR / GBP** | | **USD / JPY** | | **AUD / USD** | | **Total** |
| **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Pips**  **Return** |
| 1 | 06/01/14 | No | - | Yes | (44) | No | - | Yes | (12) | Yes | (12) | **(68)** |
| 2 | 13/01/14 | Yes | (36) | Yes | 109 | No | - | No | - | No | - | **73** |
| 3 | 20/01/14 | No | - | No | - | Yes | 33 | Yes | 147 | Yes | 45 | **225** |
| 4 | 27/01/14 | Yes | 38 | Yes | 146 | Yes | (25) | Yes | (10) | No | - | **149** |
| 5 | 03/02/14 | Yes | (53) | Yes | (26) | Yes | (16) | No | - | Yes | 105 | **10** |
| 6 | 10/02/14 | Yes | 310 | Yes | (22) | Yes | (38) | Yes | (14) | Yes | 43 | **279** |
| 7 | 17/02/14 | No | - | Yes | 21 | No | - | Yes | (25) | Yes | (55) | **(59)** |
| 8 | 24/02/14 | Yes | (56) | Yes | 39 | No | - | No | - | No | - | **(17)** |
| 9 | 03/03/14 | No | - | Yes | (20) | Yes | 32 | Yes | 98 | Yes | 92 | **202** |
| 10 | 10/03/14 | Yes | (17) | Yes | (28) | Yes | 3 | No | - | Yes | (38) | **(80)** |
| 11 | 17/03/14 | Yes | 102 | No | - | Yes | 0 | Yes | (8) | Yes | 0 | **94** |
| 12 | 24/03/14 | No | - | No | - | Yes | (53) | Yes | 14 | Yes | 97 | **58** |
| 13 | 31/03/14 | Yes | 34 | Yes | 47 | Yes | (48) | Yes | 7 | No | - | **40** |
| 14 | 07/04/14 | No | - | No | - | Yes | 11 | Yes | 111 | Yes | 95 | **217** |
| 15 | 14/04/14 | Yes | 47 | No | - | Yes | 15 | No | - | No | - | **62** |
| 16 | 21/04/14 | Yes | (19) | Yes | (20) | Yes | (10) | Yes | (10) | Yes | 0 | **(59)** |
| 17 | 28/04/14 | Yes | 16 | Yes | (10) | Yes | 0 | Yes | (16) | No | - | **(10)** |
|  | **Sub-Total c/f** |  | **366** |  | **192** |  | **(96)** |  | **282** |  | **372** | **1,116** |
| **Week**  **No:** | **Week**  **Started** | **GBP / USD** | | **EUR / USD** | | **EUR / GBP** | | **USD / JPY** | | **AUD / USD** | | **Total** |
|  |  | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Pips**  **Return** |
|  | **Sub-Total b/f** |  | **366** |  | **192** |  | **(96)** |  | **282** |  | **372** | **1,116** |
| 18 | 05/05/14 | Yes | 5 | Yes | 66 | Yes | (19) | Yes | 10 | Yes | 0 | **62** |
| 19 | 12/05/14 | Yes | 52 | Yes | 22 | Yes | (14) | Yes | (25) | Yes | (28) | **7** |
| 20 | 19/05/14 | No | - | Yes | 69 | Yes | 57 | Yes | (49) | No | - | **77** |
| 21 | 26/05/14 | Yes | 90 | Yes | (11) | No | - | Yes | (13) | Yes | (11) | **55** |
| 22 | 02/06/14 | Yes | 25 | Yes | (52) | Yes | (13) | Yes | 0 | Yes | 22 | **(18)** |
| 23 | 09/06/14 | Yes | 120 | No | - | Yes | 102 | No | - | Yes | 25 | **247** |
| 24 | 16/06/14 | Yes | 23 | No | - | No | - | No | - | Yes | (25) | **(2)** |
| 25 | 23/06/14 | No | - | No | - | No | - | Yes | 44 | No | - | **44** |
| 26 | 30/06/14 | Yes | 9 | Yes | 81 | Yes | 48 | Yes | 25 | Yes | 50 | **213** |
| 27 | 07/07/14 | Yes | (52) | No | - | No | - | No | - | No | - | **(52)** |
| 28 | 14/07/14 | No | - | Yes | 71 | Yes | 33 | Yes | (4) | Yes | 10 | **110** |
| 29 | 21/07/14 | Yes | 79 | Yes | 37 | Yes | 0 | No | - | Yes | (21) | **95** |
| 30 | 28/07/14 | Yes | (20) | Yes | 51 | No | - | Yes | 45 | Yes | 96 | **172** |
| 31 | 04/08/14 | Yes | 29 | No | - | Yes | 7 | Yes | 87 | Yes | (32) | **91** |
| 32 | 11/08/14 | Yes | 27 | Yes | (32) | Yes | 27 | No | - | Yes | (24) | **(2)** |
| 33 | 18/08/14 | Yes | 99 | Yes | 54 | Yes | (6) | No | - | Yes | (25) | **122** |
| 34 | 25/08/14 | Yes | (60) | No | - | No | - | No | - | Yes | (18) | **(78)** |
| 35 | 01/09/14 | Yes | 207 | Yes | 95 | Yes | 43 | Yes | 91 | Yes | 31 | **467** |
|  | **Sub-Total c/f** |  | **999** |  | **643** |  | **169** |  | **493** |  | **422** | **2,726** |
| **Week**  **No:** | **Week**  **Started** | **GBP / USD** | | **EUR / USD** | | **EUR / GBP** | | **USD / JPY** | | **AUD / USD** | | **Total** |
|  |  | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Pips**  **Return** |
|  | **Sub-Total b/f** |  | **999** |  | **643** |  | **169** |  | **493** |  | **422** | **2,726** |
| 36 | 08/09/14 | No | - | Yes | (78) | No | - | Yes | 114 | Yes | 97 | **133** |
| 37 | 15/09/14 | Yes | (59) | Yes | 71 | Yes | (49) | Yes | 71 | Yes | 42 | **76** |
| 38 | 22/09/14 | No | - | Yes | 128 | Yes | 33 | Yes | (50) | Yes | 87 | **198** |
| 39 | 29/09/14 | Yes | 213 | Yes | (13) | Yes | 29 | Yes | (30) | No | 11 | **210** |
| 40 | 06/10/14 | No | - | No | - | Yes | (18) | Yes | 15 | Yes | (25) | **(28)** |
| 41 | 13/10/14 | Yes | 24 | Yes | 0 | Yes | 54 | Yes | 43 | Yes | (194) | **(73)** |
| 42 | 20/10/14 | Yes | 13 | Yes | (96) | Yes | (34) | No | - | Yes | (61) | **(178)** |
| 43 | 27/10/14 | Yes | 55 | Yes | (7) | Yes | (14) | No | - | Yes | 1 | **35** |
| 44 | 03/11/14 | Yes | 68 | Yes | 21 | Yes | (27) | No | - | No | - | **62** |
| **Total** |  |  | **1,313** |  | **669** |  | **143** |  | **656** |  | **380** | **3,161** |

**Results: CONSISTENT OMT (1:1)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Week**  **No:** | **Week**  **Started** | **GBP / USD** | | **EUR / USD** | | **EUR / GBP** | | **USD / JPY** | | **AUD / USD** | | **Total** |
| **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Pips**  **Return** |
| 1 | 06/01/14 | No | - | Yes | (44) | No | - | Yes | (12) | Yes | (12) | **(68)** |
| 2 | 13/01/14 | Yes | (36) | Yes | 60 | No | - | No | - | No | - | **24** |
| 3 | 20/01/14 | No | - | No | - | Yes | 25 | Yes | 49 | Yes | 72 | **146** |
| 4 | 27/01/14 | Yes | 38 | Yes | 80 | Yes | (25) | Yes | (10) | No | - | **83** |
| 5 | 03/02/14 | Yes | (53) | Yes | (26) | Yes | (16) | No | - | Yes | 88 | **(7)** |
| 6 | 10/02/14 | Yes | 110 | Yes | (22) | Yes | (38) | Yes | (14) | Yes | 64 | **100** |
| 7 | 17/02/14 | No | - | Yes | 38 | No | - | Yes | (25) | Yes | (55) | **(42)** |
| 8 | 24/02/14 | Yes | (56) | Yes | 39 | No | - | No | - | No | - | **(17)** |
| 9 | 03/03/14 | No | - | Yes | (20) | Yes | 32 | Yes | 119 | Yes | 67 | **198** |
| 10 | 10/03/14 | Yes | (17) | Yes | 49 | Yes | 3 | No | - | Yes | (38) | **(3)** |
| 11 | 17/03/14 | Yes | 60 | No | - | Yes | 0 | Yes | 6 | Yes | 0 | **66** |
| 12 | 24/03/14 | No | - | No | - | Yes | (53) | Yes | 14 | Yes | 74 | **35** |
| 13 | 31/03/14 | Yes | 51 | Yes | 60 | Yes | (48) | Yes | 7 | No | - | **70** |
| 14 | 07/04/14 | No | - | No | - | Yes | 28 | Yes | 37 | Yes | 55 | **120** |
| 15 | 14/04/14 | Yes | 45 | No | - | Yes | 29 | No | - | No | - | **74** |
| 16 | 21/04/14 | Yes | (19) | Yes | (20) | Yes | (10) | Yes | 23 | Yes | 0 | **(26)** |
| 17 | 28/04/14 | Yes | 33 | Yes | 30 | Yes | 0 | Yes | 27 | No | - | **90** |
|  | **Sub-Total c/f** |  | **156** |  | **224** |  | **(73)** |  | **221** |  | **315** | **843** |
| **Week**  **No:** | **Week**  **Started** | **GBP / USD** | | **EUR / USD** | | **EUR / GBP** | | **USD / JPY** | | **AUD / USD** | | **Total** |
|  |  | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Pips**  **Return** |
|  | **Sub-Total b/f** |  | **156** |  | **224** |  | **(73)** |  | **221** |  | **315** | **843** |
| 18 | 05/05/14 | Yes | 5 | Yes | 22 | Yes | (19) | Yes | 20 | Yes | 0 | **28** |
| 19 | 12/05/14 | Yes | 54 | Yes | 31 | Yes | (14) | Yes | (25) | Yes | (28) | **18** |
| 20 | 19/05/14 | No | - | Yes | 31 | Yes | 19 | Yes | (49) | No | - | **1** |
| 21 | 26/05/14 | Yes | 30 | Yes | (11) | No | - | Yes | (13) | Yes | (11) | **(5)** |
| 22 | 02/06/14 | Yes | 25 | Yes | (52) | Yes | (13) | Yes | 0 | Yes | 19 | **(21)** |
| 23 | 09/06/14 | Yes | 40 | No | - | Yes | 34 | No | - | Yes | 25 | **99** |
| 24 | 16/06/14 | Yes | 23 | No | - | No | - | No | - | Yes | (25) | **(2)** |
| 25 | 23/06/14 | No | - | No | - | No | - | Yes | 14 | No | - | **14** |
| 26 | 30/06/14 | Yes | 9 | Yes | 27 | Yes | 42 | Yes | 25 | Yes | 49 | **152** |
| 27 | 07/07/14 | Yes | (52) | No | - | No | - | No | - | No | - | **(52)** |
| 28 | 14/07/14 | No | - | Yes | 45 | Yes | 27 | Yes | 17 | Yes | 28 | **117** |
| 29 | 21/07/14 | Yes | 43 | Yes | 22 | Yes | 0 | No | - | Yes | (21) | **44** |
| 30 | 28/07/14 | Yes | (20) | Yes | 17 | No | - | Yes | 15 | Yes | 32 | **44** |
| 31 | 04/08/14 | Yes | 29 | No | - | Yes | 7 | Yes | 29 | Yes | (32) | **33** |
| 32 | 11/08/14 | Yes | 15 | Yes | (32) | Yes | 27 | No | - | Yes | (24) | **(14)** |
| 33 | 18/08/14 | Yes | 33 | Yes | 52 | Yes | (6) | No | - | Yes | (25) | **54** |
| 34 | 25/08/14 | Yes | (60) | No | - | No | - | No | - | Yes | (18) | **(78)** |
| 35 | 01/09/14 | Yes | 69 | Yes | 9 | Yes | 33 | Yes | 30 | Yes | 33 | **174** |
|  | **Sub-Total c/f** |  | **399** |  | **385** |  | **64** |  | **284** |  | **317** | **1,449** |
| **Week**  **No:** | **Week**  **Started** | **GBP / USD** | | **EUR / USD** | | **EUR / GBP** | | **USD / JPY** | | **AUD / USD** | | **Total** |
|  |  | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Trade** | **Pips Return** | **Pips**  **Return** |
|  | **Sub-Total b/f** |  | **399** |  | **385** |  | **64** |  | **284** |  | **317** | **1,449** |
| 36 | 08/09/14 | No | - | Yes | (78) | No | - | Yes | 107 | Yes | 98 | **127** |
| 37 | 15/09/14 | Yes | (59) | Yes | 57 | Yes | (49) | Yes | 24 | Yes | 42 | **15** |
| 38 | 22/09/14 | No | - | Yes | 62 | Yes | 34 | Yes | (50) | Yes | 81 | **127** |
| 39 | 29/09/14 | Yes | 174 | Yes | 11 | Yes | 61 | Yes | (30) | No | 11 | **227** |
| 40 | 06/10/14 | No | - | No | - | Yes | (18) | Yes | 15 | Yes | (25) | **(28)** |
| 41 | 13/10/14 | Yes | 80 | Yes | 0 | Yes | 77 | Yes | 92 | Yes | (194) | **55** |
| 42 | 20/10/14 | Yes | 13 | Yes | (96) | Yes | (34) | No | - | Yes | (61) | **(178)** |
| 43 | 27/10/14 | Yes | 50 | Yes | (7) | Yes | (14) | No | - | Yes | 47 | **76** |
| 44 | 03/11/14 | Yes | 112 | Yes | 21 | Yes | (27) | No | - | No | - | **106** |
| **Total** |  |  | **769** |  | **355** |  | **94** |  | **442** |  | **316** | **1,976** |

**Conclusion**

The work I have undertaken in accordance with the terms of the email of engagement, and by my review of the documents to which I refer at A to C above, enable me to confirm that the trades made and detailed on the Trading Charts for the period from 6th January 2014 to 7th November 2014, were set up to be executed in accordance with the trading strategy which is the basis of Kato’s trading strategy for the ‘Overnight Momentum Trader’, for both the Active and Consistent OMT trades.

**KG Jones ACA**