

KENNETH JONES ACA

3rd March 2015

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)

<u>Week No:</u>	<u>Week Started</u>	<u>GBP / USD</u>		<u>EUR / USD</u>		<u>EUR / GBP</u>		<u>USD / JPY</u>		<u>AUD / USD</u>		<u>Total</u>
		<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Pips Return</u>
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

<u>Week No:</u>	<u>Week Started</u>	<u>GBP / USD</u>		<u>EUR / USD</u>		<u>EUR / GBP</u>		<u>USD / JPY</u>		<u>AUD / USD</u>		<u>Total</u>
		<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Pips Return</u>
	Sub-Total bf		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

<u>Week No:</u>	<u>Week Started</u>	<u>GBP / USD</u>		<u>EUR / USD</u>		<u>EUR / GBP</u>		<u>USD / JPY</u>		<u>AUD / USD</u>		<u>Total</u>
		<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Pips Return</u>
	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
45	10/11/14	Yes	60	Yes	(72)	Yes	89	Yes	128	Yes	(83)	122
46	17/11/14	Yes	(98)	Yes	2	Yes	0	Yes	101	No	-	5
47	24/11/14	No	-	No	-	Yes	(37)	Yes	(78)	Yes	42	(73)
48	01/12/14	No	-	Yes	37	Yes	35	Yes	154	Yes	(13)	213
49	08/12/14	No	-	No	-	No	-	No	-	Yes	(134)	(134)
50	15/12/14	Yes	(33)	Yes	(63)	Yes	41	Yes	37	Yes	61	43
51	22/12/14	NO TRADING DURING CHRISTMAS AND NEW YEAR WEEKS										-
52	29/12/14	NO TRADING DURING CHRISTMAS AND NEW YEAR WEEKS										-
	Sub-Total c/f		1,242		573		271		998		253	3,337

Results: CONSISTENT OMT (1:1)

Week No:	Week Started	<u>GBP / USD</u>		<u>EUR / USD</u>		<u>EUR / GBP</u>		<u>USD / JPY</u>		<u>AUD / USD</u>		<u>Total</u>
		<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Pips Return</u>
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

<u>Week No:</u>	<u>Week Started</u>	<u>GBP / USD</u>		<u>EUR / USD</u>		<u>EUR / GBP</u>		<u>USD / JPY</u>		<u>AUD / USD</u>		<u>Total</u>
		<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Pips Return</u>
	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

<u>Week No:</u>	<u>Week Started</u>	<u>GBP / USD</u>		<u>EUR / USD</u>		<u>EUR / GBP</u>		<u>USD / JPY</u>		<u>AUD / USD</u>		<u>Total</u>
		<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Trade</u>	<u>Pips Return</u>	<u>Pips Return</u>
	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
45	10/11/14	Yes	6	Yes	(72)	Yes	30	Yes	99	Yes	(83)	(20)
46	17/11/14	Yes	(98)	Yes	2	Yes	25	Yes	122	No	-	51
47	24/11/14	No	-	No	-	Yes	(37)	Yes	(78)	Yes	86	(29)
48	01/12/14	No	-	Yes	37	Yes	65	Yes	154	Yes	(13)	243
49	08/12/14	No	-	No	-	No	-	No	-	Yes	(134)	(134)
50	15/12/14	Yes	(33)	Yes	(63)	Yes	47	Yes	168	Yes	81	200
51	22/12/14	NO TRADING DURING CHRISTMAS AND NEW YEAR WEEKS										-
52	29/12/14	NO TRADING DURING CHRISTMAS AND NEW YEAR WEEKS										-
	Sub-Total c/f		644		259		224		907		253	2,287

Monthly Analysis of Total Pip Return

<u>Month</u>	<u>Active OMT (3:1)</u>	<u>Consistent OMT (1:1)</u>
January 2014	379	185
February 2014	213	34
March 2014	314	366
April 2014	210	258
May 2014	201	42
June 2014	484	242
July 2014	325	153
August 2014	133	(5)
September 2014	1,084	670
October 2014	(244)	(75)
November 2014	116	108
December 2014	122	309
January 2015	613	208
February 2015	(30)	135
TOTAL	<u>3,920</u>	<u>2,630</u>

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 27th February 2015, 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