



Basics of CFD Trading

Disclaimer

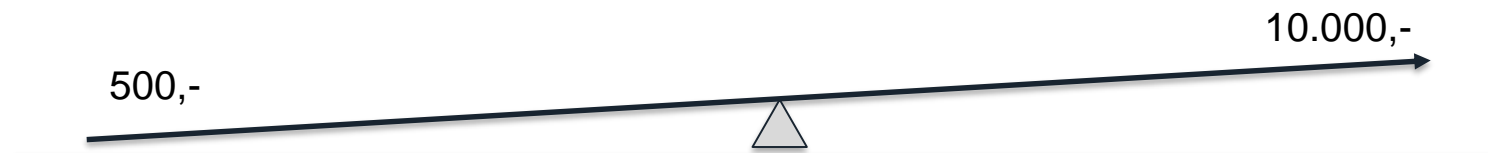
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What is CFD?

- CFD (Contract for Difference) is a transaction in which the difference between the purchase and closing price of a position is settled in cash.
- This is a synthetic investment vehicle, i. e. speculation is based exclusively on the price difference of the underlying asset (underlyings):
- 100% participation in the price movement of the underlying without physically holding it.
- Like options or certificates, CFDs are derivative financial instruments (derivatives) but have a major advantage in terms of price transparency:
- A CFD is always quoted at almost the same level as the underlying asset (underlyings) and adjusts its price accordingly.
- All asset classes can be traded via CFD. Positioning can be based on both rising (long) and falling (short) prices.

Trading on Margin: The Leverage Effect

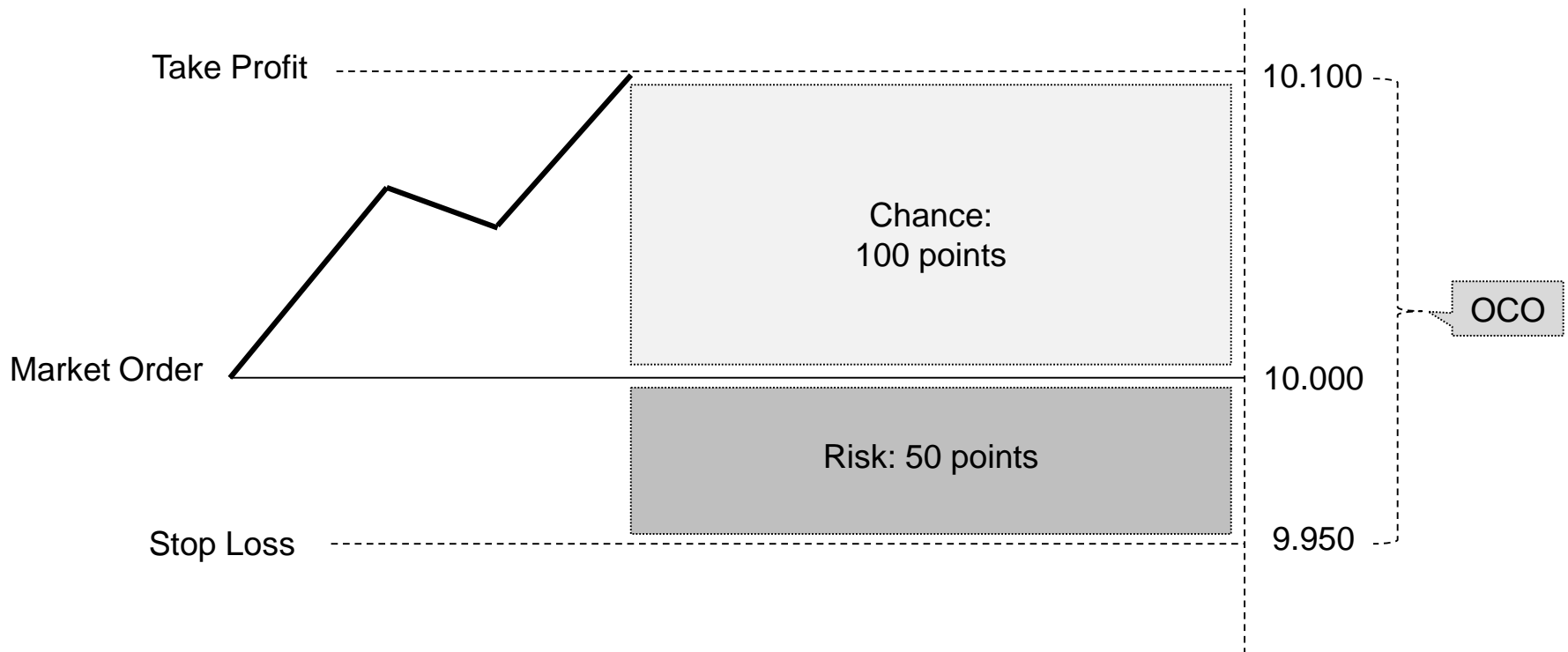
- Like options and certificates, CFDs also allow trading in leverage:
- This means that investors and traders can move a multiple of the traded position value on the market with a percentage fraction (margin) of the traded position value.
- The leverage results from the relationship between the margin (character of a deposit) and the actual value of the traded market position. The effect is called leverage effect.
- Trading on Margin: Small investment / Big impact



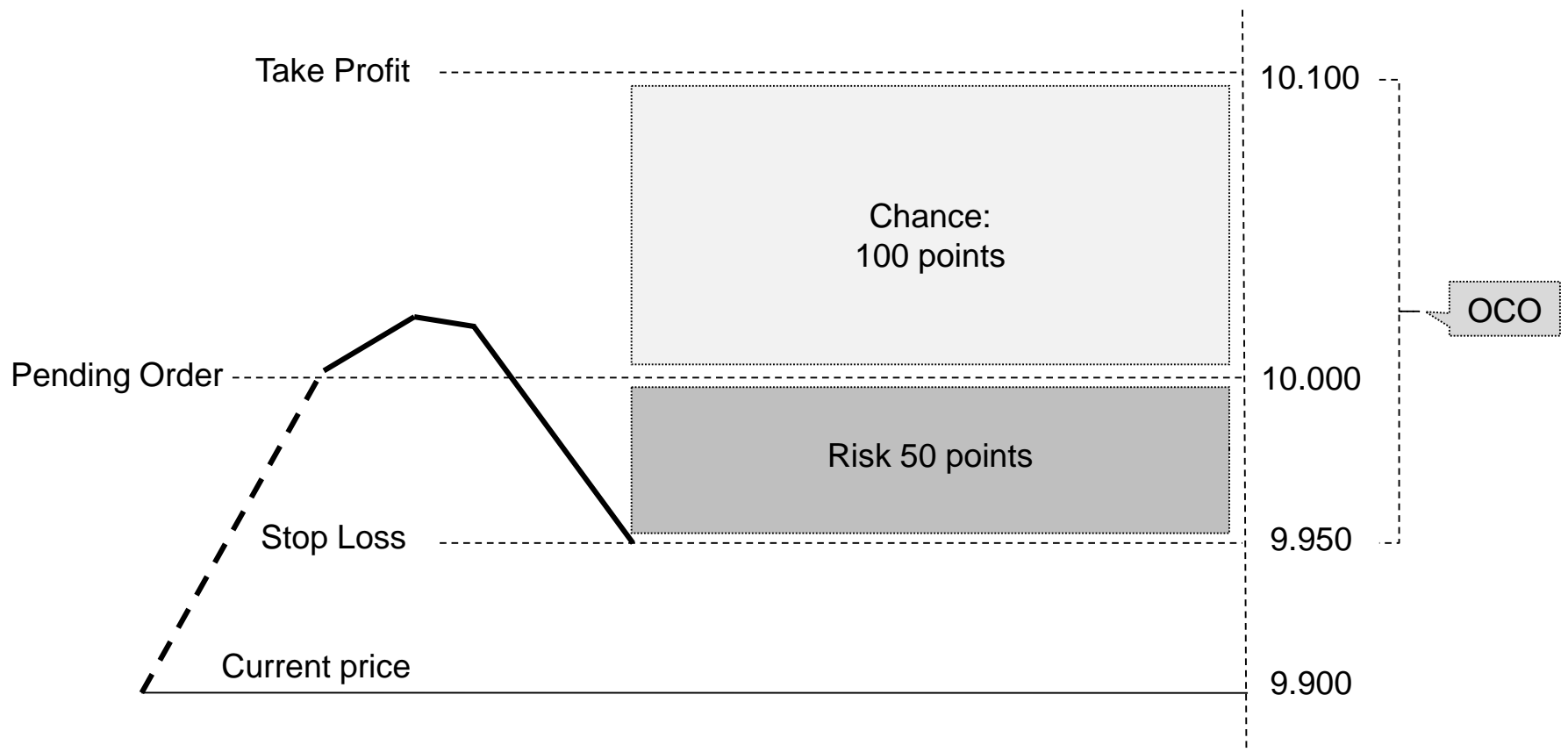
Risk under Control

- In addition to the chance of a profit, stock exchange trading also involves the risk of a loss. This is even important when trading in leverage. The 'Leverage Effect' works in both directions, so the development can be in your direction or the opposite.
- In this context, intelligent order management does not only enable the implementation of a wide variety of trading strategies, but also the practicable implementation of the desired risk hedging.
- With stop-loss orders, you define the maximum risk/loss potential you want to accept before the position is opened.
- Even in the case of open market positions, the risk can be individually adjusted at any time by re-adjusting the relevant stop levels.
- **IMPORTANT:** Consistent risk and money management is the basis for long-term successful trading on the financial markets.

„Market – OCO“ - Order



„Pending – OCO‘ - Order



Transparent Cost Structure

- A commission is payable only for shares (EUR 10.00 flat). Conversely, this means that all other asset classes are completely commission-free.
- Leverage-based financing costs only accrue for positions held overnight (Overnight / Date limit: 00:00 o' clock). In turn, this means that all positions opened and closed intraday are completely free of financing costs.
- Our financing rate is 3.0 percent for the year.

Commission:
Shares Only

Financing Costs:
Overnight Only

Spread:
Reference Markets

Financing Costs in Detail

- Calculation for long positions: On the underlying interbank interest rate (1 month) we charge a fee of 3.0% (per year).
- Calculation for short positions: If the interbank interest rate (1 month) is higher than 3.0%, the difference will be credited as interest. If the interbank interest rate (1 month) is lower than 3.0%, your account will be debited by the relevant interest rate differential (each per year).
- The holding costs or interest rate adjustment of forex positions (over night) are based on the current Tom/Next rate.
- Tom/Next (= Tomorrow Next Day) represents the difference (in pips) between the interest charge on the nominal overnight sold currency and the interest credit for the nominal purchased currency.

CFDs – A Comparison

100 Bayer Shares long	Investment	CFD Trade
100 shares x € 100 = trading volume	10.000,-	10.000.-
Net capital invested	10.000,-	1000,- (10% Margin)
Commission	20,- (0,2%)	10,- (10 EUR flat)
Total capital invested	10.020,-	510,-
Breakeven point per share	100,20	100,10
Bayer rises overnight to € 105,00		(... falls overnight to € 95,00)
Selling price	10.500,- (9.500,-)	10.500,- (9.500,-)
Profit (Loss)	500,- (500,-)	500,- (500,-)
Total commission (Entry + Exit)	41,-	20,-
Financing costs	none	0,75
Net profit (Net loss)	459,- (541,-)	479,25 (520,75)
Rendite / Rol	4,59 % (- 5,41 %)	95,85 % (- 104,15%)

Benefits of CFD Trading

- Simple handling and calculation. No worries about the option price theory (so-called Greeks: Delta, Gamma, Vega etc.), instead:
- Maximum price transparency. The leverage makes the difference: 5,000 € move up to 100,000 € deposit volume. This enables capital efficiency and creates liquidity.
- CFDs are offered on all liquid asset classes and underlying assets. That means flexibility.
- The days of 'Long Only' are over! Go either 'Long' or 'Short' and thus double your room for maneuver.
- Effective risk management thanks to automated stop loss orders.
- Simple, transparent and trade-friendly fee structure.

Would you like to learn more about CFD trading and Bernstein Bank?

- Open a demo trading account online today: free of charge and without obligation. You are already a step ahead? Open a live account in just a few steps: Free of charge and without obligation directly via our website.
- Take a look at our education portal: you will find valuable information about CFD trading, our trading platform, the financial markets and stock exchange trading in words and pictures. We regularly offer interactive live webinars on a wide range of trading topics.
- Be up to date with our research portal: here we offer daily market updates, technical analyses, podcasts and the business calendar with all upcoming market movers.
- Do you have any questions? Please get in contact with us at any time via phone or email. Our service team will answer your questions and assist. The contact details can be found on our website.



Thank you for your time.

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