

CURRENCY MOVEMENT EFFECTS ON PORTFOLIO

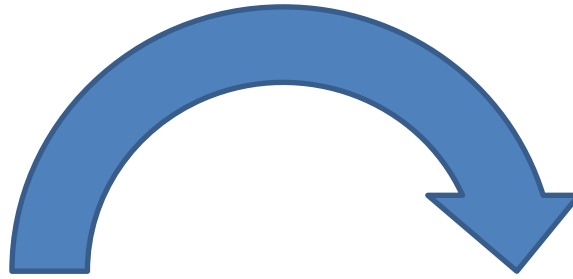
Trading international shares in a portfolio with prices in another currency will incur the problem of currency movements. This brief guide shows the impact of currency movements and how to interpret them. The principle can be applied to any currency pair.

Currency Matrix	
When the £ Pound strengthens to the Dollar \$ i.e it goes from £=\$1.6650 to \$1.66 You get more \$ to a pound £ You Get More	When the Pound £ weakens to the Dollar \$ i.e it goes from £=\$1.6650 to \$1.67 You get less \$ to a pound £ You Get Less
When the \$ Dollar strengthens to the Pound £ i.e it goes from \$=£0.60 to \$0.6024 You get less £ to a dollar \$ You Get Less	When the \$ Dollar weakens to the Pound £ i.e it goes from \$=£0.60 to \$0.5988 You get more £ to a dollar \$ You Get More

£=\$1.66 £ gets stronger \$ gets weaker	£=\$1.6650 Base position	£=\$1.67 £ gets weaker \$ gets stronger
\$=£0.6024 \$ gets stronger £ gets weaker	\$=£0.60 Base Position	\$=0.5988 \$ gets Weaker £ gets stronger

Currency Movement	Effect
When the £ strengthens against the dollar Or when the \$ falls in value to the pound	You get more pounds So if £ falls from \$1.6650 to \$1.66 YOU GET MORE $£600 / \$1.66 = £361.44$ $£600 / \$1.6650 = £360.36$ Better off =£1.08
When the £ Weakens against the dollar Or when the \$ Rises in value to the pound	You get less pounds So if £ rises from \$1.6650 to \$1.67 YOU GET LESS $£600 / \$1.6650 = £360.36$ $£600 / 1.67 = £359.28$ Worse off =£1.08
So \$600 Currency Movement	
\$=£0.6024 \$ gets stronger £ gets weaker $£600 / \$0.6024 = £996.02$	\$=£0.60 Base Position $£600 = £1000$
	\$=0.5988 \$ gets weaker £ gets stronger $£600 / 0.5988 = £1002.00$
So £600 Currency Movement	
£=\$1.66 £ gets stronger \$ gets weaker $£600 * \$1.66 = 996.00	£=\$1.6650 Base Position $£600 = 999
	£=\$1.67 £ gets weaker \$ gets stronger $£600 * \$1.67 = 1002.00

Base
£ = \$1.6650



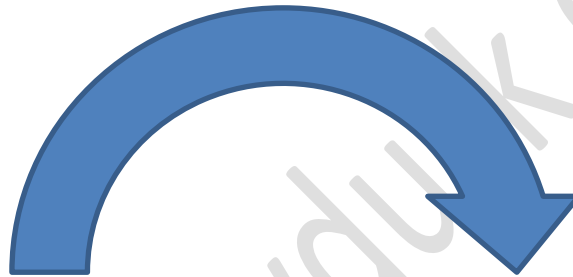
£ = \$1.66

You get \$1.66 for every £
£ get stronger against the \$
\$ gets weaker against £

£ = \$1.67

You get \$1.67 for every £
£ gets weaker against \$
\$ gets stronger against £

Base
\$ = £0.60



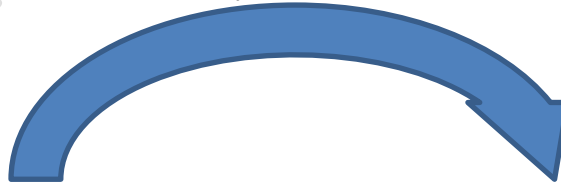
\$ = £0.6024

You get 60.24p for every \$
£ get weaker against the \$
\$ gets stronger against £

\$ = £0.5988

You get 59.88p for every \$
£ gets stronger against \$
\$ gets weaker against £

Base
\$ = 600



say \$ = £0.6024
then \$600 = £996.02

You get £1.66 for every \$
£ get weaker against the \$
\$ gets stronger against £

say \$ = £0.5988
then \$600 = £1002.00
You get £1.67 for every \$
£ gets stronger against \$
\$ gets weaker against £