



Beta 2

Investment Boutique



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With all the global financial and geopolitical uncertainty around us, can you afford to ignore opportunities in the world's largest, most liquid market?



Leveraged products carry a high level of risk to your capital and you should only deal with money you can afford to lose. The value of investments can fall as well as rise and you may lose significantly more than your initial margin payment. Please note that leveraged products are high risk and can result in losses that exceed your initial deposit. They may not be suitable for everyone, so please ensure that you fully understand the risks involved.



In what has been a tumultuous time in the markets since the start of the credit crunch, Beta 2 has been guiding its clients into the FX and precious metals market with the aim of bringing them profitable returns.

About us

Since being formed in 2007, Beta 2 has made great strides in its pursuit of excellence for our clients. Offering the trading expertise of an institution and the personalised service of a boutique we bring the two together to give our clients the best of both worlds.

Our vision is to become a world leading business in a highly competitive and highly regulated marketplace. We are constantly re-appraising ourselves and further developing our business model to ensure we remain assured and confident in an ever changing landscape.

Beta 2 aims to provide attractive, positive alpha returns, in all market conditions through our advisory service. The focus of Beta 2 is to generate long term capital growth primarily by maintaining a well diversified exposure to a wide range of global currencies, using a full range of trading strategies to achieve this.

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Our goal at Beta 2 is to position our clients portfolios in line with the technical market climate, and to trade with or against these positions on a daily basis to increase the profitability levels, or to hedge our portfolio risk

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What is the Forex market?

The foreign exchange market, also referred to as the 'forex' or 'FX' market is the largest financial market in the world, with a daily average turnover of \$3.98 trillion which is a growth of approximately 20% from 2007.

The FX market is the simultaneous buying of one currency and selling of another. Currencies are traded in pairs, for example EUR/USD or USD/JPY.

About 5% of daily turnover is from companies and governments that buy or sell products and services in foreign countries or must convert profits made in foreign currencies into their domestic currencies. The other 95% is trading for profit or speculation.

Why trade the FX market?

The FX market is the most heavily traded market in the world, with currency being the single most liquid asset class. Trading in foreign exchange is one of the purest ways to play macro-economic themes, as currencies tend to move together with changes in their countries underlying economic condition.

Regardless of the economic condition, there are always opportunities to realise a profit in these markets so it is no wonder investors are shifting larger sections of their portfolio into the FX market.

The global financial crisis started in 2007 with the collapse of the U.S housing bubble causing the values of securities tied to the US property market to plummet, damaging financial institutions globally.

The collapse of Bear Stearns and Lehman Brothers, declines in credit availability and damaged investors confidence had an impact on global stock markets where equities suffered huge losses during 2008 and early 2009. Economies worldwide slowed during this period, as credit tightened and international trade declined.

Following Lehman's bankruptcy, many financial markets experienced large disruptions with a sharp increase in volatility. With limited liquidity in various asset classes, many investors turned to the FX markets to hedge risk exposure.

Governments and central banks responded with unprecedented fiscal stimulus, monetary policy expansion and institutional bailouts which in turn lead to an initially strong rebound.

In the bleak atmosphere created by the global financial crisis, the FX market has continued to attract even more investors than before the crisis.



We structure portfolios to attempt to profit in any market environment



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Up to 100:1 Leverage

With more buying power, you can increase your total return on investment with less cash outlay.

Of course, increasing leverage increases risk.

With £100,000 cash in a margin account that allows 100:1 leverage you can trade up to £10,000,000 in notional value.

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We believe we are experts in risk management, managing volatility, hedging portfolios whilst maintaining a bias, and ultimately- in yielding percentages

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Precious Metals: Gold and Silver

2010 revived talks of a “super cycle” in commodities and in particular the precious metals sector.

Strong demand from emerging economies has driven both gold and silver to multi year bull markets. Gold hit an all time high of \$1445.46 whilst silver hit a 31 year high by reaching \$36.75.

Many investors fell back heavily on gold and silver since the recession in the US started in 2008 and many still consider both precious metals, especially gold as a safe haven when uncertainty in the market occurs.

The key drivers of this strength has been the boost of quantitative easing(QE) to risk appetite and to asset prices generally and this has seen an increased bet that both gold and silver will stay higher for several years.

Fading demand for gold, an inflation hedge could simply be replaced by an increased demand for a safe haven asset whose value is not dependant on the credit of any government or financial institution. For this reason, the havoc that widespread deflation would bring to heavily indebted economies might actually be positive for gold as well.

In any event, should the metals rise or fall, Beta 2 can take advantage of this due to being able to long or short the market. If for example the dollar continues to recover in 2011 due to the inverse relationship between the dollar and gold we are well placed to short the market.

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Gold



Silver



Please note, the figures in these charts refer to the past and past performance is not a reliable indicator of future results. The value of your investments can both increase and decrease in value and before investing you should be fully aware of the risk involved.

Trading Strategies

Beta 2's traders have adopted numerous trading strategies across our clientele with variables such as the market climate, the clients risk tolerance, the size of the clients account, the client's psychology and the markets volatility guiding us as to which strategy to implement.

We have developed a process to exploit opportunities in the currency market, providing a strong analytic framework within which the trading team can advise clients which positions to take and attempt to add value to their portfolios.

Our stringent and robust process combines short term valuation, cyclical economic and volatility analysis, along with market timing tools in a single process.

Cyclical analysis: Currency values are driven by changes in the economic and interest cycles of the relevant countries. Beta 2 traders aim to identify where in these cycles different economies are now and how this will drive currency movements.

Market timing: Currency markets exhibit high levels of volatility around cyclical trends. Our process uses a number of proprietary market price based tools to determine good entry and exit points for our trades.

Risk Management

The derivatives markets whilst highly lucrative are risky and it is imperative that before you initiate your first trade you are fully aware of the risk. When trading derivatives if you do not have adequate risk management strategies in place you could lose more money than your initial investment.

Every client we manage has a different outlook towards investing and their portfolios are structured in a manner which reflects their psychology towards both winning and losing trades.

The principle objective of risk management is to anticipate the potential for financial loss and to implement a plan that strives to minimise the occurrence and the impact of losses that occur. Hence, why our traders will tailor a bespoke risk management strategy to suit your own independent risk profile thus minimising the risk you are exposed to but maximising your profit potential.

At Beta 2, we feel it is imperative not to overplay the risks as drawdowns are part and parcel of every type of investing, and by Beta 2 knowing the risks to work within, it will allow us the freedom to yield returns.

Commission and charges

We believe our commission and charges are one of the most competitive you can find in the industry for an advisory service.

0.1% commission of the total contract value on FX trades

0.2% commission of the total contract value on metal trades

There are also rollover charges for holding your positions open. These can either be a debit or credit depending on the differing interest rates of the currency pair.

For a more in depth explanation please refer to your customer agreement forms.

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Some of our clientele aim for absolute returns, but we do this within a robust risk model and volatility management system

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Outlook for 2011 and beyond

We expect that the rebalancing of the global economy from the developing world will gather pace, and that much of the heavy lifting will be done by the currency markets, with western currencies broadly depreciating against emerging currencies.

In addition, we expect an upswing in the global economy will be beneficial for commodity producers and growth sensitive currencies, but lead to outflows from the US dollar, especially given the very loose monetary policy in the US. The combination of large structural and cyclically forces is likely to move in the foreign exchange markets, and correspondingly, a wealth of exciting opportunities for currency investors.

Regulations and financial controls

Beta 2 Ltd is authorised and regulated by the Financial Services Authority to conduct business in the United Kingdom

For more information visit the FSA website www.fsa.gov/register and enter the company's reference number 529092 or type in Beta 2 into the 'search by name' for further details.

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Flexible, reactive, and able to not only survive in volatile times, but to prosper

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