

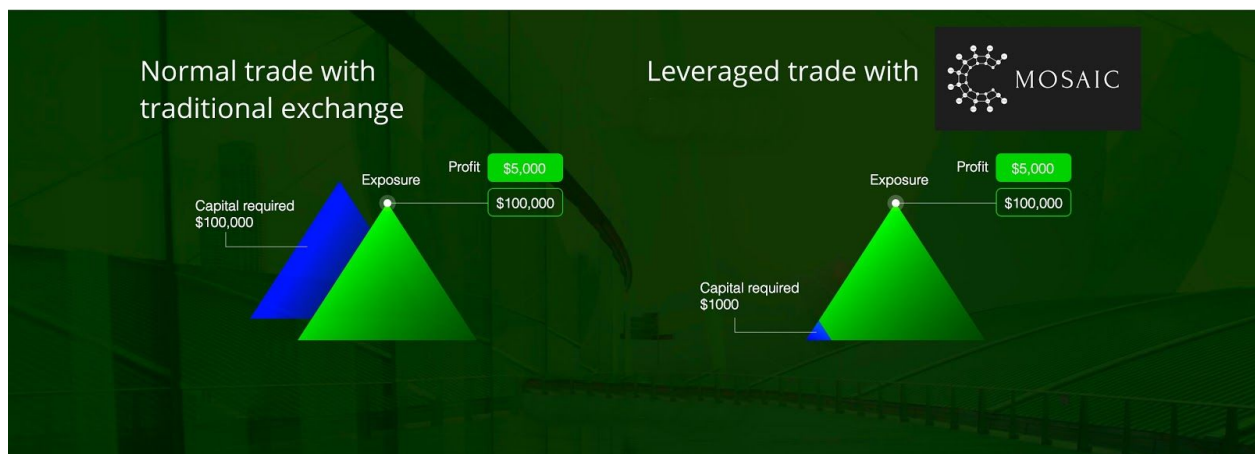


## How does leverage work?

Leverage is an important feature of the Mosaic Ex trading platform that we offer through our partnership with Bitmex, and, when used responsibly, leverage can be an extremely powerful trading tool. Leverage can be utilized to capitalize upon seemingly small price movements while allowing a trader to access larger position sizes that can enable capital to grow at a faster rate. Leverage works by utilizing a deposit, known as the *margin requirement*, to provide significantly enhanced buying power. Essentially, a trader puts down a fraction of the full value of a trade – and Mosaic provides the rest. Our products allow traders leveraged access to Bitcoin, Ethereum, and several other popular cryptocurrencies while not requiring substantial sums of capital. Utilizing leverage properly and judiciously is the best avenue toward generating seemingly unrealistic profits over short time periods. Equally important, leverage can be utilized effectively in any market condition - bullish, bearish, sideways consolidation, and in times of greater or lesser volatility.

## BTC/USD trade example

Let's say that you want to buy 10 BTC when Bitcoin is trading at \$10,000 per coin. In order to execute this \$100,000 trade (excluding any transaction costs) on a traditional exchange, the account needs to be fully funded with \$100,000. If the Bitcoin price rises 5%, the ten Bitcoins are now worth \$10,500 apiece. If you choose to sell, then you'd have made a profit of \$5,000, or 5%, of your original \$100,000 investment.



## 1:100 leverage trade with Mosaic Ex

With \$1,000 at 100x leverage, it is possible to open up the identical \$100,000 position as in the example above. If BTC rises by 5%, you would make the identical profit of \$5,000 - but this time off of a much smaller \$1,000 investment base. Here, the profit percentage becomes 500%. Granted - this is an extreme example - but it does illustrate the principle of leverage, nonetheless.

## Leveraged Profit and Loss Examples

What effect will market moves have on profits and losses when trading with leverage? Let's take a look at hypothetical examples of going long or short Bitcoin while utilizing leverage.

## Going long BTC with 10x leverage:

For simplicity, let's assume a position size of 1 BTC, with BTC trading at \$10,000. The initial margin requirement at 10x leverage becomes \$1,000. (Think of it as leveraging \$1,000 to create \$10,000 worth of buying power.) Additionally, the \$1,000 represents the maximum loss on this trade - the worst-case scenario in the event that BTC trades lower by \$1,000 and the position is liquidated with BTC trading down to \$9,000 (or below).

Price change	New Price	Profit/Loss (\$US)	Profit/Loss (%)
1%	\$10,100	\$100	10%
2%	\$10,200	\$200	20%
5%	\$10,500	\$500	50%
10%	\$11,000	\$1,000	100%
25%	\$12,500	\$2,500	250%
50%	\$15,000	\$5,000	500%
-1%	\$9,900	-\$100	-10%
-2%	\$9,800	-\$200	-20%
-5%	\$9,500	-\$500	-50%

-10%                      \$9,000                      -\$1,000                      -100%

However - and importantly - **Mosaic enters stop-loss orders on every leveraged long trade that are situated far above (or below - in the case of leveraged short trades) the liquidation price scenario just described.**

**Going long BTC with 10x leverage and a 2% stop-loss:**

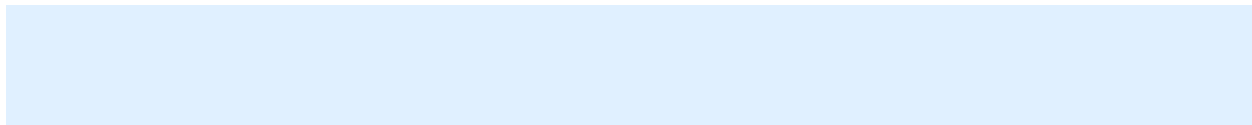
Using the same variables as in the example above, implementing a 2% stop loss in an effort to manage risk situates the worst-case scenario at a \$200 loss. In this way, should BTC trade down 2% (or \$200, to a price of \$9800), the trade gets closed with a \$200 loss, regardless of any subsequent price movements. However, with the stop loss in place and BTC trading higher, targeted upside possibilities remain while downside risk remains managed. Since Mosaic, through its proprietary trading methods, primarily seeks to place replicable, consistent, high-probability, short-term trades with clearly defined profit parameters, we anticipate steady profits against this backdrop of risk management.

Price change	New Price	Profit/Loss (\$US)	Profit/Loss (%)
1%	\$10,100	\$100	10%
2%	\$10,200	\$200	20%
5%	\$10,500	\$500	50%

10%	\$11,000	\$1,000	100%
25%	\$12,500	\$2,500	250%
50%	\$15,000	\$5,000	500%
-1%	\$9,900	-\$100	-10%
-2%	\$9,800	-\$200	-20%

**Going short BTC with 10x leverage:**

In this example, we're anticipating a market drop and going short. Again, for an initial position size of 1 BTC, but this time let's say BTC is trading at \$8500. The initial margin requirement at 10x leverage becomes \$850. (Think of it as leveraging \$850 to allow for a short position of \$8500). Additionally, the \$850 represents the maximum loss on this trade - the worst-case scenario in the event BTC trades higher by \$850 and the position is liquidated with Bitcoin trading up to \$9,350 (or higher).



Price change	New Price	Profit/Loss (\$US)	Profit/Loss (%)
-1%	\$8,415	\$85	10%
-2%	\$8,330	\$170	20%
-5%	\$8,075	\$425	50%
-10%	\$7,650	\$850	100%
-25%	\$6,375	\$2,125	250%

-50%	\$4,250	\$4,250	500%
1%	\$8585	-\$85	-10%
2%	\$8670	-\$170	-20%
5%	\$8,925	-\$425	-50%
10%	\$9,350	-\$850	-100%

However - as an important reminder - **Mosaic enters stop-loss orders on every leveraged short trade that are situated far below (or above - in the case of leveraged long trades) the liquidation price scenario just described.**

#### **Going short BTC with 10x leverage and a 2% stop loss:**

Using the same variables as in the example above, implementing a 2% stop loss in an effort to manage risk situates the worst-case scenario at a \$170 loss. In this way, should BTC trade up 2% (or \$170, to a price of \$8,670), the trade gets closed with a \$170 loss, regardless of any subsequent price movements. However, with BTC trading to the downside and a stop loss in place, lower price targets are firmly in sight while risk remains managed. Again, since Mosaic, through its proprietary trading methods, primarily seeks to place replicable, consistent, high-probability, short-term trades with clearly defined profit parameters, we anticipate steady profits against this backdrop of risk management.

Price change	New Price	Profit/Loss (\$US)	Profit/Loss (%)
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-1%	\$8,415	\$85	10%
-2%	\$8,330	\$170	20%
-5%	\$8,075	\$425	50%
-10%	\$7,650	\$850	100%
-25%	\$6,375	\$2,125	250%
-50%	\$4,250	\$4,250	500%
1%	\$8585	-\$85	-10%
2%	\$8670	-\$170	-20%

END