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Trading Declining Markets

Here's an Effective Tool: A System for Shorting Moving Average Pullbacks (SMAP)

By Steve Palmquist
www.daisydogger.com

The market shows three different types of behavior. There are times when it is trending up, times when it trends down, and times when it is moving sideways or basing. Using a single system in all three types of markets can give traders lots of practice exercising stops and taking draw downs.

Rather than using a single system in all market conditions, it is better to have

a collection of tools designed for use in each type of market. Using a system designed and tested for a specific

market environment generally yields better results than trying to use one generic tool for all market environments.

Just as it is easier to swim with the current rather than against it, successful traders focus on trading with the market. They select a tool designed for shorting when the market is in a clear downtrend, and they use tools designed



STEVE PALMQUIST

for long trades when the market is clearly trending higher. The market is a powerful force. Rather than fighting it or waiting for 'better conditions,' the trader should select the right tools for the current conditions, a process I refer to as Market Adaptive Trading.

I have several tools for use during market declines. One of these involves shorting pullbacks to a declining moving average. Pullback trading is based on the observation that trends continue, and a pullback in the trend represents a low and well-defined risk entry point. AIQ's Expert Design Studio (EDS) is an

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excellent tool for testing potential systems during different market conditions, and allows us to have a clear understanding of when to use each tool in the tool box.

The system for Shorting Moving Average Pullbacks, SMAP, has five simple setup rules as outlined below. SMAP candidates must:

- Be in a clear downtrend
- Have closed below the 35-day average in each of the last 15 sessions
- Pulled back to within 1% of the 35-day average
- Have an average daily volume above 200,000 shares and a price above \$15
- The Stochastic indicator must be less than 80

If the candidate stock meets all the setup rules on day one, then it triggers the next day if it moves below day one's low. After the trigger, a short position is entered at the next day's open, held for three days, and then closed. The fixed time stop exit strategy allows the SMAP system to be used by traders that cannot actively watch the market during the trading day. More active traders may cover the



Figure 1: Daily chart of AGN. The arrow drawn at 3/08/05 shows point when SMAP setup conditions were met for this stock.

short position if it approaches a key support level, continues down on declining volume, or closes below the lower Bollinger Band. If the position is declining on increasing volume, active traders may hold it a little longer.

A stock meeting the SMAP setup and trigger conditions is shown in **Figure 1**. AGN had been moving down since late December. On 03/09/05, AGN met the SMAP trigger conditions outlined above, and subsequently dropped over two points during the next three sessions and more than five points during the following eight trading days.

An example is illustrative, but proves little. To better understand how the SMAP system performs I used EDS to run a number of back tests during different market conditions. The EDS code used for these

tests is shown in **Table 3** (page 5). If you would like the EDS file used for this testing email me at smap@daisydogger.com.

The first thing to do when testing a new system is to see how it performs in the market environment for which it is intended to be used.

"I tested the system (SMAP) during the bear market of 01/18/02 to 10/11/02 when the NASDAQ dropped from a high of 2098 to a low of 1108...A 139% ROI is a significant improvement over the negative 53% obtained by trading just the NASDAQ during this period..."

SMAP is a tool for trading during market declines, so I tested the system during the bear market of 01/18/02 to 10/11/02 when the NASDAQ dropped from a high of 2098 to a low of 1108. This is the period shown between points one and two in **Figure 2**. If SMAP does

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While the information in this newsletter is believed to be reliable, accuracy cannot be guaranteed. Past performance does not guarantee future results.

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Figure 2. Weekly chart of NASDAQ showing market conditions existing during the time period of 01/18/02 to 11/07/03. Arrows indicate trend inflection points.

not work well during a period when it is expected to perform then there is no point in further testing.

Back testing SMAP during the 01/18/02 to 10/11/02 market decline yielded the results shown in **Table 1**. A 139% ROI is a significant improvement over the negative 53% obtained by trading just the NASDAQ during this period, and indicates that it is worth evaluating the system further. The results assume that all 82 trades were taken, which may not be possible in some accounts. For this reason I view the ROI in Table 1 as a figure of merit rather than an expected return.

The important results are that the system wins (63%)

more often than it loses (37%) and the average winning trade has a larger profit (4.14%) than the average losing trade loses (2.77%). These results indicate the system has a positive expectancy, and is worth investigating further.

An EDS Summary Report showing results of an example back test is shown in **Figure 3**. The test

period is about the same as (one week longer than) the first test period listed in Table 1.

Prior to considering using a potential system it is important to see how it behaves in more than one time period. It must perform well in several different market downtrends to be sure that the results aren't due to curve fitting. Some system designers back test a system over a number of years, and feel that the longer the back testing period is the more meaningful the results are. Does the last four-year period in the market look just like the previous one? The market rarely repeats the behavior of the previous few years, but it does alternate between bullish, bearish, and trading range periods.

Instead of picking a random time period over which to back test a system, I test it in specific market conditions that I know I will encounter again in the future. I have found that this is one of the keys to successful trading.

The market can move up, down, or sideways; and I want to know how SMAP behaves in each of these market conditions. Testing SMAP during the 2002 market decline showed interesting results, so I also tested it during market declines in 2000 and 2004. The test results shown in Table 1 indicate that SMAP has yielded good results during several different bear market periods.

Table 1. SMAP Test Results During Market Downtrends

Test Period	Annualized ROI	% Winning Trades	Avg Winner Profit	# Trades
01/18/02-10/11/02	139%	63	4.14%	82
06/30/04-08/16/04	128%	71	3.03%	28
09/05/00-12/28/00	51%	57	5.85	21

Test Results for SMAP during the market uptrend shown between points 2 and 3 in Figure 2 indicate that while SMAP works well during bear markets it should not be used when the market is trending up. During the bullish market period of 10/11/02 to 11/14/03, SMAP showed a negative 115% annualized ROI—only 39% of the trades were winners, and the average losing trade lost more than the average winning trade won. SMAP also had negative results when tested during other bull market periods.

I also used EDS to examine the behavior of SMAP during three trading range market periods; the results are shown in **Table 2**. The testing data indicates that SMAP shows interesting results during bear markets, but it should not be used when the market is basing or trending up. Most systems have a particular market environment they favor, which is why successful traders have a tool box with different tools for different market condition. SMAP can be an effective tool if used during periods of market decline;

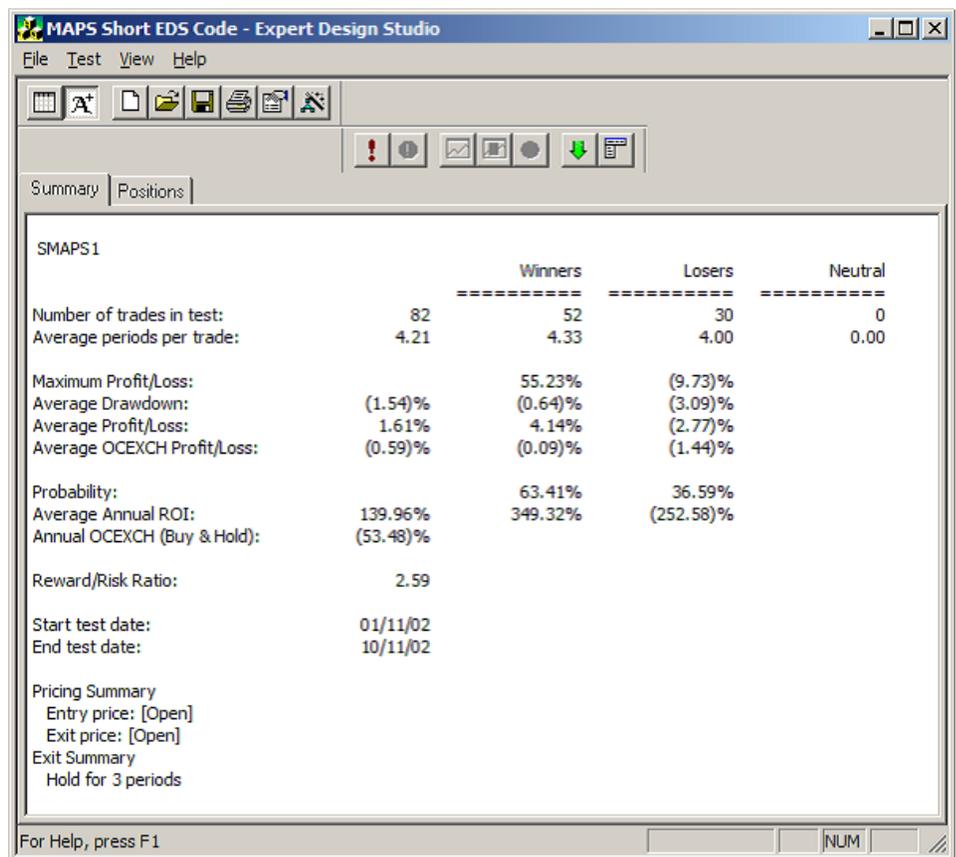


Figure 3. EDS Summary Report listing results for test of SMAP system for time period of 01/11/02 to 10/11/02, a period of steep market decline.

In order to select the best tool for the current market conditions,

one condition to another. I make extensive use of trendlines and moving averages on the NASDAQ to determine which tools are suitable for the current environment. I use the NASDAQ for market analysis because it often leads the other indexes on both the up and down moves. I will trade stocks from all three indexes, not just NASDAQ stocks. But I use the NASDAQ to determine when each tool in my trading tool box is appropriate for use.

When the market is in an uptrend, I draw a trendline across the lows of the NASDAQ. As long as the market is above this ascending trendline, I trade using tools that have back tested well in bullish market environments. When the NASDAQ

“SMAP can be an effective tool if used during periods of market decline; other tools should be used when the market is trending up or basing.”

other tools should be used when the market is trending up or basing.

traders need to be able to identify when the market is changing from

Table 2. SMAP Test Results During Market Basing Periods

Test Period	Annualized ROI	% Winning Trades	Avg Winner Profit	# Trades
11/04/02-04/17/03	<56>%	48	1.99	35
10/09/03-12/23/03	<62>%	47	1.89	34
01/06/05-03/14/05	0.67%	51	1.51	88

breaks below the ascending trendline it implies that conditions may have changed. When conditions change, I change trading techniques.

Breaking the ascending trendline does not imply the beginning of a downtrend. The market may base, decline, or resume the uptrend. Breaking the ascending trendline initially indicates a period of uncertainty. When the market is uncertain, I use short-term trading techniques and systems. I continue to use these techniques until it is clear that the market is basing, or has started a new trend. If the market begins a downtrend, then SMAP is one of the techniques I look at until the downtrend ends

When the market enters a downtrend as defined by lower highs and lower lows, I draw a trendline across the higher highs. While the market remains below the descending trendline, I focus on shorting and select tools from my trading tool box that have been shown to be effective during periods of market decline. Eventually the market will break above the descending trendline; then I repeat the process outlined above.

The trader's tool box should have tools for uptrending, downtrending, and sideways markets. EDS allows traders to clearly understand the strengths and weaknesses of each tool so the best one can be selected for current market conditions. SMAP can be an effective tool during bear market periods but should not be used when the market is trending up or basing. Successful traders will have other tools that have been tested for use in these market environments.

If you would like to see Steve's current market opinion or would like to see his trading setups, then email him at smap@daisydogger.com.

Table 3. EDS Code for SMAP System

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! EDS code for SMAP System
! Steve Palmquist
! www.daisydogger.com

! look for Stocks in a Down trend
LowerCloses if HiVal([close],5) < LoVal([close],20,20).

! Define the 35 day simple moving average
PullbackMAS is simpleavg([close],35).

! Verify stock has not been above the 35ma in last 15 trading sessions
CloseAbovePullbackMA if [close] > PullbackMAS.
NotAbovePullbackMA if CountOf(CloseAbovePullbackMA,15) <1.

! Looks for stocks that have pulled back to within 1.0% of the 35 ma
ClosePullbackMA if ( PullbackMAS -[close] ) < 0.01 * [close].

! MA pullback Set up if uptrend and hasn't been below the 35 MA
! but it has pulled back to within 1.0% of the 35 MA
! daily volume is at least 200,000 shares
setupA if LowerCloses and NotAbovePullbackMA and
ClosePullbackMA.
MAPullbackShort if setupA and [Volume ESA] >2000 and [close]>15.

! Need to look for the MA set up yesterday then the trigger today
MAPullbackShortYesterday if valrule(MAPullbackShort,1).

! Trigger is if stock breaks below yesterday's Low
ShortTrigger if [low] < val([low],1).

! Backtest conditions are the set up yesterday and the trigger today.
SMAPS1 if MAPullbackShortYesterday and ShortTrigger and
StochOK.

StochOK if val([Stochastic],1) < 80.

```

Backtesting Our Published EDS Models

How Have Our EDS Models Performed? Average Gains Leave S&P 500 'In the Dust'

By David Vomund

Since AIQ's Expert Design Studio (EDS) was released in 1998, we've created several trading strategies and published them in the *Opening Bell*. Each strategy had an extremely good backtest when it was created. Creating models with good backtests is the easy part, however. The bigger issue is how the models have performed after they were created and introduced into this publication. It is time to test the models and see how they have performed since their publication date.

Of the strategies that we've published, some buy stocks into

strength and some buy stocks into weakness. Some are for active trading systems while others hold stocks for several weeks.

For all the tests in this article, we used a database consisting of the S&P 1500 stocks. We chose to run the models on this list because most of the stocks represent established stocks with good liquidity. Running backtests on a broad database of stocks can overstate results because the worst performing stocks tend to be removed from the database.

In this article, AIQ's Expert Design Studio backtests are applied to the models that were published in the *Opening Bell*. We are evaluating

each model's ability to pick winning trades. We are not evaluating the models as complete trading systems.

For that, use AIQ's Portfolio Simulator that includes the use of capitalization rules.



DAVID VOMUND

Divergence Model – Published April 1998

One of our first EDS models was published in the April 1998 *Opening Bell*. This model looks for positive divergences in OBVpct and Money Flow. In addition, it requires the 7-day RSI Wilder to be greater than 50, the MACD to be above its Signal Line, and Money Flow RSI to be above 70.

This model was created shortly after AIQ released EDS and we've since created more powerful models, but this strategy continues to have respectable returns. In testing the model, sell parameters were a 90% Capital Protect and 90% Profit Protect when there was a 5% profit.

A test run from April 1998 through July 15, 2005 shows 746 trades with an average gain per trade of 1.31% (**Figure 1**). If you were to buy the S&P 500 instead of the stocks, the average gain per trade would have only been 0.32%. The average holding period was 22 calendar days.

To open this file, go to EDS and click *File* and *Open*. Within the EDS

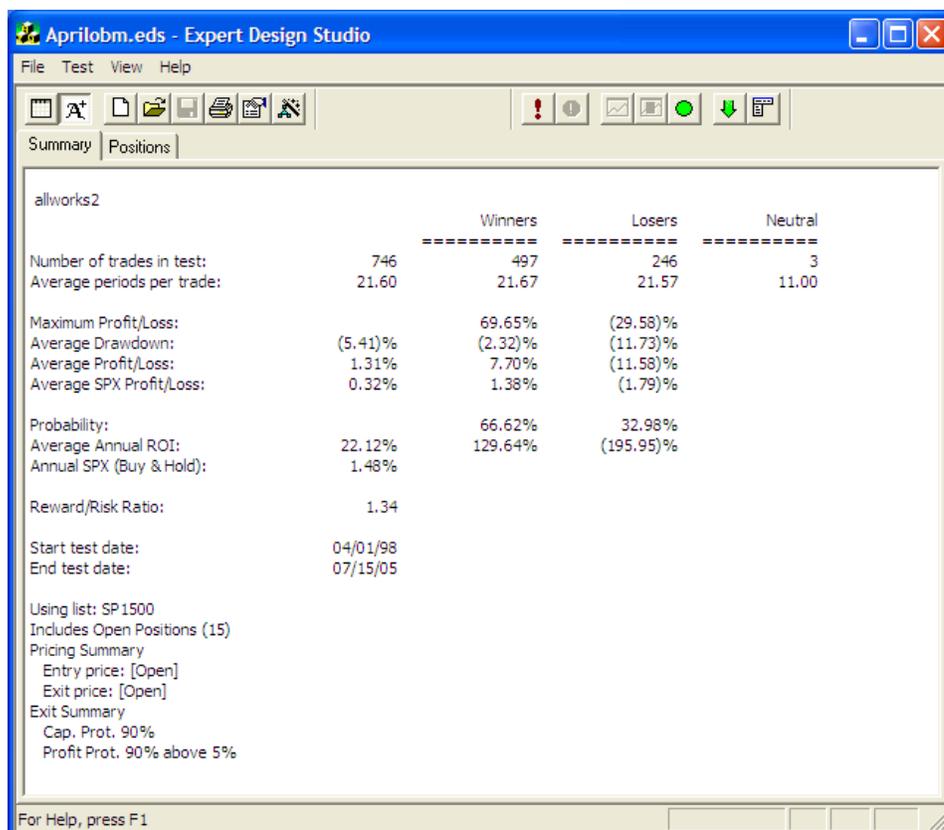


Figure 1. EDS Summary Report listing results from 7+ year backtest of Divergence Model.

Strategies folder, choose *Opening Bell Strategies* and then the *AprilOBM* file.

Growth Model – Published in March 1999

In March 1999, we ran a timely article that contained an EDS model for growth investors. Growth investors buy into strength rather than trying to pick lows. The theory is that what is high often goes higher. Therefore, the key component in our Growth model is that the stock must be above its 28-day ESA for all of the previous 60 days. Only stocks that experience a strong rally can accomplish this.

Having a stock remain above its 28-day moving average for 60 days backtested well, but in the original article we added the criterion that the stock must be below its upper AIQ Trading Band. This eliminated stocks that had run too far. In addition, we added a rule stating that the Volume Accumulation Percent must be above 30.

When testing this model since its creation, the horrendous 2000-02 bear market is included. Growth stocks were crushed during this period. So how has it performed?

A test was run from March 1999, the date the model was published, to July 2005. A fixed 30-day holding period was used, the same as in the original article. The backtest results are found in **Figure 2**. There were 408 trades with an average gain per trade of 2.57%. An average trade in the S&P 500 lost money. Because of the strong up-trending requirement, most signals come when the market has been very strong and few signals are registered when the market is falling.

Note: Average periods per trade figures are reported in calendar days and are, therefore, larger than the fixed holding period for the test which is specified in market days.

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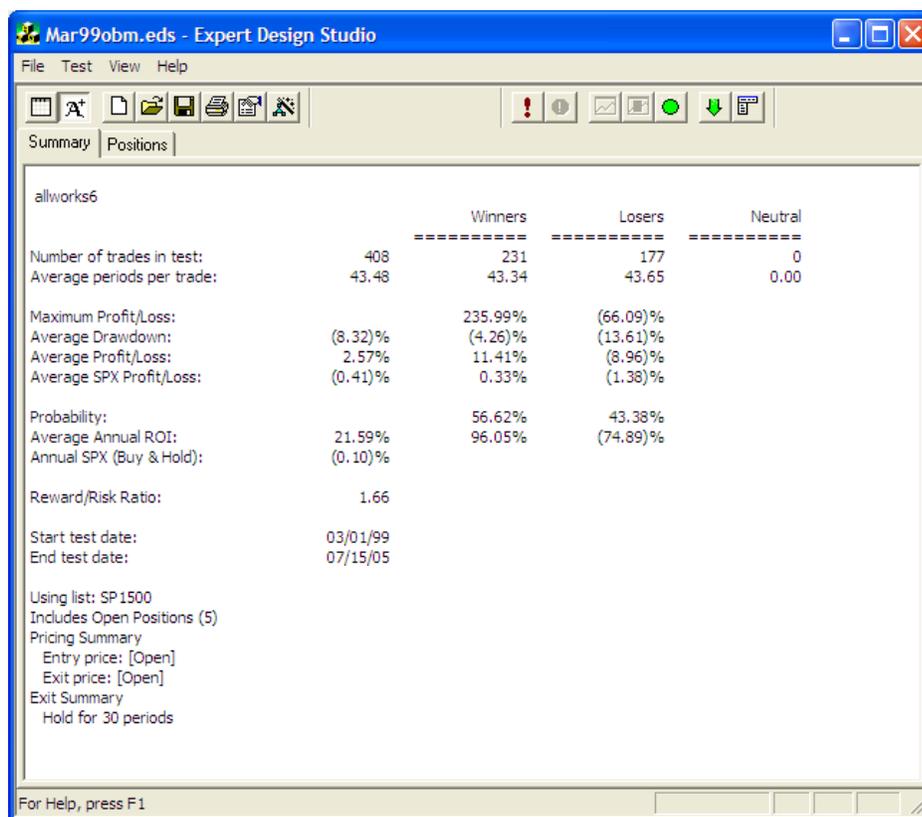


Figure 2. EDS Summary Report listing results from 6+ year backtest of Growth Model.

Strategies and then the *MAR99OBM* file.

Citizen Kane – Published in April 2000

In April 2000 we created what we believed was our best EDS model. Appropriately, we named the model Citizen Kane, a movie many consider to be the best of all time. The foundation of the model is a rule that states that the stock must have corrected by at least 30% sometime between 10 and 50 days ago. This is a bottom-fishing model.

In addition to this rule, two rules using the Volume Accumulation Percent indicator (VApct) were added. The first rule states that the VApct indicator must have a value greater than zero. The second rule

states that the 45-day slope of VApct must be positive.

We tested this model from April 2000, the date it was created, and used a fixed holding period of 10 days. **Figure 3** shows the results.

“In April 2000 we created what we believed was our best EDS model, the Citizen Kane. The results have passed the test of time...There are lots of trades, a good return per trade, and a short holding period. That’s why its Average Annual ROI is well above other models.”

Despite starting the test at the start of a three-year bear market, the average return per trade was 1.55% compared to a small gain of 0.13% in the S&P 500. The average holding period was 14 days and the number of trades was 3635.

The results have passed the test of time, and are better than our two previously mentioned models. There are lots of trades, a good return per trade, and a short holding period. That's why its Average Annual ROI is well above other models.

To open this file, go to EDS and click *File* and *Open*. Within the EDS Strategies folder, choose *Opening Bell Strategies* and then the *April-2000* file.

Extreme Growth Model – Published in December 2000

In the December 2000 *Opening Bell*, we created a model that bought into high-flying stocks. The model is very simple. The model looks for stocks that have increased in value by at least 50% in the last 66 business days but have stalled or moved lower for the last 10 days. In addition, the Volume Accumulation Percent (VApct) indicator must be above 25. A fixed 22-business-day holding period was used. Stocks that pass this model are obviously very volatile.

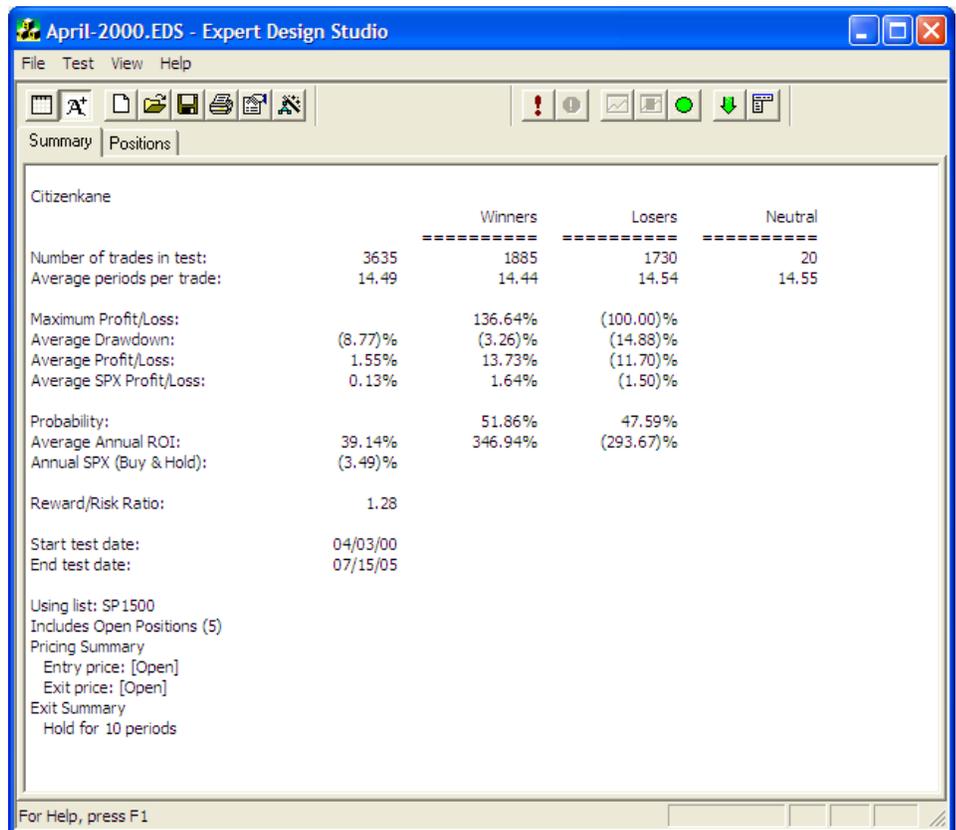


Figure 3. EDS Summary Report listing results from 5+ year backtest of Citizen Kane Model.

Running a test since it was published in December 2000 pro-

duced only 270 trades (**Figure 4**). That's not surprising since the market was either downtrending or consolidating during this time period. Year 2003 was the only very bullish year. Still, the backtest shows great results. There were only 270 trades but the average gain per trade was 4.22%!

This has become my favorite EDS model for finding possible trades. Rather than use it as a strict mechanical model, I use it to find ideas. To increase the number of trades, I remove the VApct rule. With this rule removed, the average return per trade falls but the number of trades increases.

To open this file, go to EDS and click *File* and *Open*. Within the EDS Strategies folder, choose *Opening Bell Strategies* and then the *December* file.

Tweezer Bottom – Published December 2002

In December 2002 we created an EDS model based on a "Tweezer Bottom" candlestick charting pat-

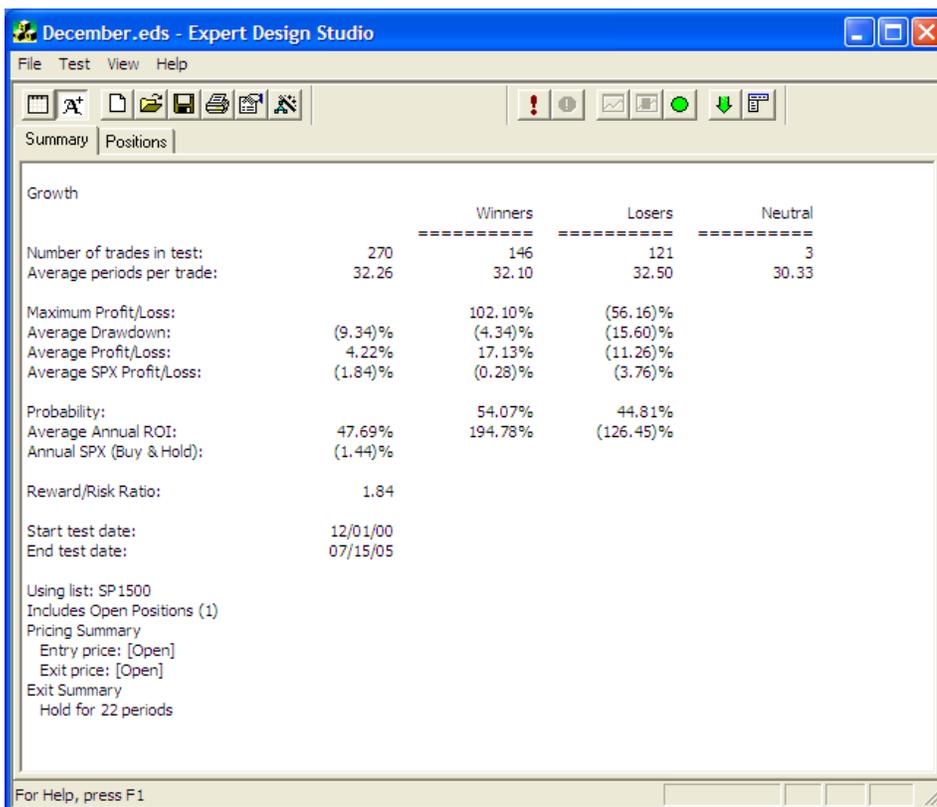


Figure 4. EDS Summary Report listing results from 4+ year backtest of Extreme Growth Model.

tern. A Tweezer Bottom occurs when a security has two days with the same low price. Our model requires the same low price to occur on consecutive days. As a secondary filter, the stock must also have a red down arrow on AIQ's Color Barometer for the RSI AIQ indicator. This occurs when the RSI AIQ indicator is above 70 or below 30.

This model was published at the end of the bear market so it is not surprising to see profitable results. The selections from this model, however, were well above equivalent trades in the S&P 500. Using a fixed 22-day holding period, the average trade gained 1.8% compared to a 0.91% gain in the S&P 500 (Figure 5). There were 977 trades with an average holding period of 32 calendar days.

To open this file, go to EDS and click *File* and *Open*. Within the EDS Strategies folder, choose *Opening Bell Strategies* and then the *Dec2002* file.

Summary

In reviewing the models that we've published in the *Opening Bell*, it's very gratifying to see that so many have continued to perform well after they were published. They weren't over-optimized. Not all of the models worked so nicely, however. In August 2003 we pub-

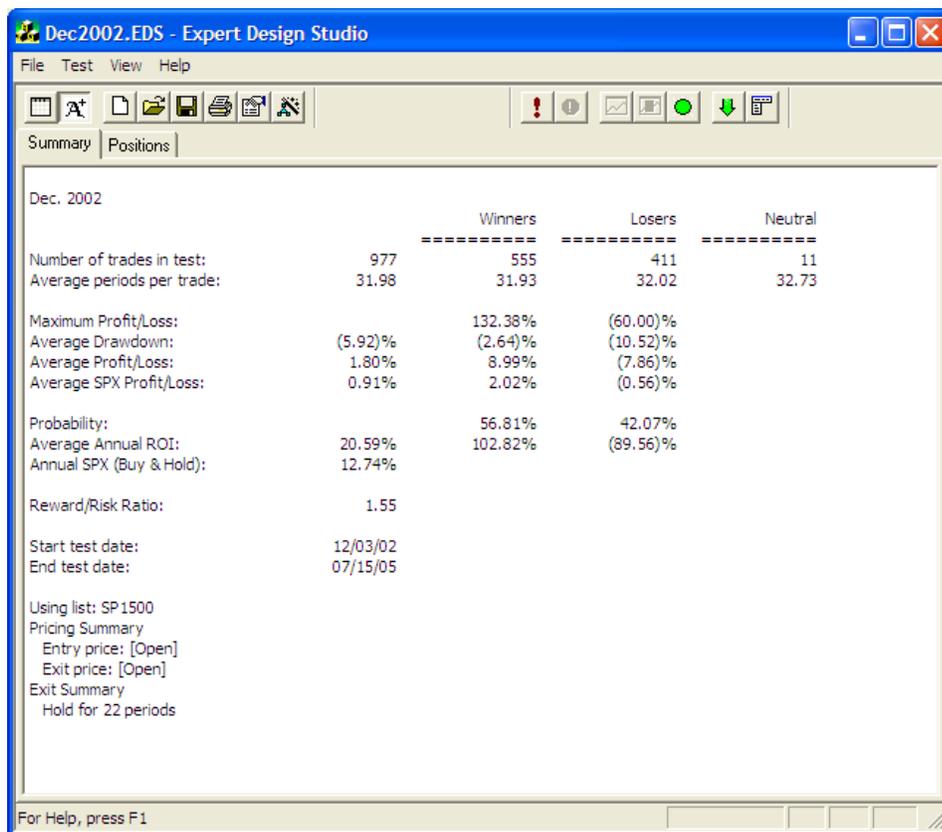


Figure 5. EDS Summary Report with results from 2-1/2+ year backtest of Tweezer Bottom Model.

lished a Volume Spike model that isn't beating a dart throw. We also haven't found an effective short-selling model that works in all market conditions.

The results shown in this article are backtests and actual returns would be different. Past performance does not guarantee future

results. Next month we'll use the Portfolio Simulator in order to incorporate capitalization rules in some of our models.

David Vomund publishes VIS Alert, a weekly investment newsletter. For a sample copy, go to www.visalert.com.

STOCK DATA MAINTENANCE

The following table shows stock splits and other changes:

Stock	Ticker	Split	Approx. Date
Sonoco Inc.	SUN	2:1	08/02/05
Best Buy	BBY	3:2	08/04/05
Block (H&R) Inc.	HRB	2:1	08/23/05

Trading Suspended:

VISX Inc. (EYE), Great Lakes Chemical (GLK), Veritas Software (VRTS), OshKosh B'Gosh (GOSHA)

Name Changes:

Agere Systems Inc. (AGRA) to Agere Systems Inc. (AGR)
Duraswitch Inds (DSWT) to InPlay Tech. (NPLA)
Orchid BioSciences Inc. (ORCH) to Orchid Cellmark Inc. (ORCH)
Teton Petroleum (TPE) to Teton Energy Corp (TEC)
Crompton (CK) to Chemtura Corp (CEM)

MARKET REVIEW

The market had been in the red for most of the year. After peaking a few days before the end of 2004, it corrected into 2005. In July, the market made up for those losses and most market averages closed at new four-year highs. In July, the S&P 500 rose 3.6% and the Nasdaq Composite rose 6.2%. The Russell 2000, a measure of small-cap stocks, matched the Nasdaq's return.

Correction: July Opening Bell

In Table 1 on page 2, the 1999 return for the S&P 500 Index should be 21.04 percent.

AIQ's 16th Annual Lake Tahoe Seminar

October 17 - 19, 2005 Harveys Resort & Casino, South Lake Tahoe



This year's keynote speaker Dr. Van K. Tharp

Author and New York Times Bestseller
Safe Strategies for Financial Freedom

Dr. Tharp was featured in the original **Market Wizards** book, writing on the subject of trading psychology. Worldwide, he has helped traders to maximize their trading potential. Dr. Tharp is the author of three acclaimed books published by McGraw Hill: New York Times best-sellers,

This year we are also pleased to welcome back **Henry Brookins**, author of the **Brookinsbuys** newsletter now in its 14th year and **Steve Palmquist**, founder of **Daisydogger.com**. We are also pleased to welcome **Steve Wheeler** and **David Johnson**, founders of **Navitrader** and **Jim Crimmins**, CEO of **Traders Accounting**.

Safe Strategies for Financial Freedom; Trade Your Way to Financial Freedom; and Financial Freedom Through Electronic DayTrading

This year's 16th Annual AIQ Lake Tahoe Seminar at Harveys Resort and Casino promises two-and-a-half days of intensive sessions with eight guest speakers.

Every morning begins with an AIQ-hosted breakfast. Sessions begin at 8:30 each day and run through to 5:00 pm (12:30 on last day). Regular breaks during the day include an AIQ-hosted lunch on the first two days. Tuesday evening all attendees are invited to an AIQ-hosted catered reception.

Prices remain unchanged for the third straight year. Including meals, cost is **only \$795 per person**. Sign-up early as seats sellout fast.

CALL 1-800-332-2999
Seats are limited, call now.

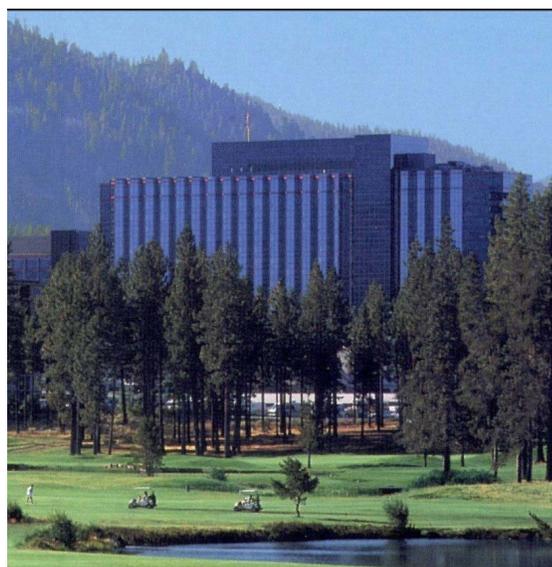
"Powerful product, wonderful conference, marvelous people, ... I will be back and recommend this highly."

Guest Speakers

Dr. Van K. Tharp
Henry Brookins
Steve Wheeler
David Johnson
David Vomund
Steve Palmquist
Steve Hill
Jim Crimmins



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Speaker Profiles



David Vomund
Chief Analyst
AIQ Systems

David Vomund is editor of AIQ's **Opening Bell** newsletter, and publisher of **VISAlert.com**. His market timing performance in **VIS Alert** ranks seventh best in the country by Timer Digest for the 10-year time period ending December 31, 2004. David is president of **Vomund Investment Services** and **ETFportfolios.net**. He is a frequent speaker at events throughout the U.S.

Stephen Hill is CEO of AIQ Systems. For the past 12 years he has been involved in all aspects of AIQ Systems, from support and sales to programming and education. Steve is a frequent speaker at events in the U.S. and Europe, talking on subjects as diverse as **Portfolio Simulation Techniques, Advanced Chart Pattern Analysis** and **Trading System Design**.



Stephen Hill
CEO
AIQ Systems



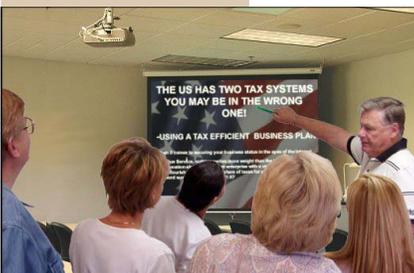
Steve Palmquist
Founder
Daisydogger.com

Steve Palmquist is a full-time trader. Steve uses AIQ's Expert Design Studio to find interesting trading ideas and strategies. He has shared trading techniques and systems at seminars across the country; including the Traders Expo, and AIQ seminars. He has published articles in **Stocks & Commodities, Active Trader, The Opening Bell**, and **Working Money**.

Henry Brookins graduated with an M.S. degree from the Naval Postgraduate School in Monterey, CA, and served an additional four years in the U.S. Navy as an oceanographer. While in graduate school, he learned to trade stocks and in the early 90s started his own successful stock newsletter. In 1998, he started the **Stock Hedge Fund**. At present, he trades stocks and writes the **Brookinsbuys** investment newsletter. Henry was a featured speaker at AIQ's Tahoe Seminars in 1997 and 1999.



Henry Brookins
Founder
BrookinsBuys.com



Jim Crimmins
CEO
TradersAccounting

Jim Crimmins is CEO of **Traders Accounting**. "We opened our doors in 1998. Our aim was very simple, help traders succeed by taking their minds off of record keeping and taxes. Our original motto was, 'You trade, we'll do the rest.' Traders Accounting has been featured in articles in **Kiplingers, Forbes**, and **BusinessWeek**."

Steve Wheeler and David Johnson, are co-founders of **Navitrader**. Veteran AIQ users and traders, David and Steve use AIQ TradingExpert Pro to develop their Navitrader trading system. They are frequent speakers at events throughout the U.S., covering topics such as **Position Sizing, Money Management** and **Profitable Price**.



Steve Wheeler & David Johnson
Founders
Navitrader

Monday October 17th, 2005

For the first two sessions attendees may choose either:

Advanced Chart Pattern Analysis and Trading with the Odds

or

Getting Started Right with AIQ

All attendees are together for the balance of the seminar.

Advanced Chart Pattern Analysis

by Steve Hill, CEO AIQ Systems

In this session discover the elements that are required for a chart pattern to be valid. Including why a given pattern works or does not and how to trade it. Effectiveness rates and where to place exit targets will also be discussed.

Trading with the Odds

by David Johnson, Co-founder NaviTrader Inc.

Certain patterns have higher profit probabilities than others. This session will explore why certain patterns work in all market conditions. Further, it will examine how proper risk management techniques can be used to eliminate potential low probability trades and manage others to profitable conclusion. Reward risk ratios, profit projections, stop loss management and proper position sizing will also be covered.

Getting Started Right with AIQ

by David Vomund, Chief Analyst, AIQ Systems

New users will learn methods of using the software which will help save time and reduce the learning curve. Charting, Reports, Data Manager, and basic EDS functions will be covered.

Effective Swing Trading Techniques

by Steve Palmquist, founder Daisydogger.com

Steve will outline the development and use of one of the trading systems in his traders tool box. Attendees will learn how the system behaves in different market conditions, and how it is effected by various filters.

Winning the Mental Side of Trading

by Steve Wheeler, Co-founder NaviTrader Inc.

Steve will discuss techniques for dealing with the most difficult part of trading, mastering our own behavior. He will share his methods developed for building a winning belief system and maintaining the mental edge for ongoing success.

Tuesday October 18th, 2005

Market Truths

by David Vomund, Chief Analyst, AIQ Systems

David Vomund will reveal important market truths that he has learned from actively studying and trading the market for nearly 20 years. These are the truths that experienced investors learn over time. New investors learn these truths the hard way — by losing money. Topics include market behavior, position sizing, and trading psychology.

Market Adaptive Trading

by Steve Palmquist, founder Daisydogger

Steve shares techniques for adapting your trading style to specific market conditions. Attendees will learn when to focus on trading long, when to focus on shorts, and when to stand aside. Reward risk ratios, profit projections, stop loss management and proper position sizing will all be covered.

Proven Method for Making Money in Stocks

by Henry Brookins, founder BrookinsBuys.com

Henry will discuss how he has been able to make money in stocks these past 14 years. He will discuss his methods in depth, from searching techniques to chart patterns, to entering and exiting the trade. He will also discuss methods that provide where the markets are in the cycle, and where they are going. What stocks are hot and should be tracked or bought will also be covered.

Learning to Improve Your Cash Flow Through a Tax Efficient Trading Plan

by Jim Crimmins, CEO, Traders Accounting

The U.S. currently has two tax systems! One is for individuals, one is for business. Guess which is best? To know how to maximize your tax efficiency you need to learn how to lower your taxes through legitimate methods. A trader's biggest expense whether they make or lose money is TAXES. Learn how to lower tax expenses, since every dollar you can save in taxes equates to a dollar you can keep in your trading account.

**Navitrader
open evening**
*by Steve Wheeler
and David Johnson*
**Monday
October 17th**



Navitrader presents an open evening discussing their trading service, open to attendees and non-attendees.



**Evening
Buffet
Reception**
hosted by AIQ

**Tuesday October
17th from 6 - 9 pm,**
AIQ will host a buffet reception for all attendees.



Testimonials

"The seminar was great. I was impressed with the quality of the workshop. It has inspired me to delve into my AIQ software and to make even better use of it. I also learned a great deal, discovered new ideas, and found new applications. I liked the fact that the speakers were helpful and available."

"Palmquist was great! A nice combination of good systems and good methodology clearly presented in an engaging manner"

"David Vomund. Very knowledgeable, very good speaker, extremely practical advice-a great asset to AIQ!!"

Cancellation policy

Cancellation before 09/06/2005, full refund, 09/06/2005 - 09/27/2005 there is a \$100 cancellation fee. As of 09/28/2005 there are no refunds.



AIQ Systems
PO Drawer 7530
Incline Village
NV 89452
www.aiqsystems.com

Wednesday October 19th, 2005

What's New with AIQ

by Steve Hill, CEO AIQ Systems

Attendees have a chance to relax as Steve will use this session to show what's new in the AIQ flagship platform TradingExpert Pro, plus a chance for a sneak preview of what AIQ is working on for future releases.

How I Trade Efficient Stocks

by Dr. Van K. Tharp

In this extended session Dr. Tharp will cover how he trades efficient stocks. His EDS efficient stock strategy has been featured in **Opening Bell** monthly on several occasions. He will cover the importance of position sizing when using this strategy. Time allowing, Dr. Tharp will discuss the importance of understanding risk-reward and how that dictates your trading.

Seminar ends at noon

To reserve your seat please call

1-800-332-2999

Space is limited, call now

A \$795 charge will be applied to your credit card approximately 90 days before seminar.

Significant others may attend the AIQ-hosted buffet reception Tuesday evening for an additional \$58.

Speaker Index and dates

Dr. Van K. Tharp, *Trading Coach, Author* www.iitm.com Wed 10/19
Henry Brookins, *Founder BrookinsBuys* www.brookinsbuy.com Tue 10/18
Steve Wheeler, *Co-founder Navitrader* www.navitrader.com Mon 10/17
David Johnson, *Co-founder Navitrader* www.navitrader.com Mon 10/17
Steve Palmquist, *Founder Daisydogger* www.daisydogger.com Mon 10/17 & Tue 10/18
Jim Crimmins, *CEO Traders Accounting* www.tradersaccounting.com Tue 10/18
Steve Hill, *CEO AIQ Systems* Mon 10/17 & Wed 10/19
David Vomund, *AIQ Chief Analyst* Mon 10/17 & Tue 10/18

\$795 includes

- Breakfast all three days
- Lunch Monday and Tuesday
- AIQ-hosted buffet reception
- Full seminar notebook for all sessions
- Wireless internet access in seminar area
- Real-time computer lab
- AIQ staff on hand to answer questions



Harveys Resort, South Lake Tahoe

AIQ and Harveys have made special arrangements for attendees with guest rooms for **\$99 a night Sunday - Thursday, \$179 a night Friday and Saturday**. Group code when booking rooms is S10AIQ. To take advantage of these special rooms, call Harveys at **1-800-427-8397**.

