

AIQ

Opening Bell

Newsletter

June 2005

Vol. 14

Issue 6

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The Opening Bell Newsletter is a publication of AIQ Systems
P.O. Box 7530
Incline Village, Nevada 89452
E-mail:
openingbell@aiqsystems.com

Opening Bell Interview

Looking for Superior Returns? Listen to NaviTrader Co-Founders Steve Wheeler and David Johnson

By David Vomund

Using AIQ's TradingExpert Pro, NaviTrader co-founders Steve Wheeler and David Johnson have developed several NaviTrader services for both traders and investors. These services provide a method of achieving superior returns by enforcing the discipline of high probability stock picks, very strict risk management techniques, and methods that help traders and investors control their emotions. Information on NaviTrader can be found at www.navitrader.com. Steve and David will speak at AIQ's Lake Tahoe Seminar October 17 to 19.

Vomund: You've been using AIQ products for five years. Why did you choose our product over others on the market?

Johnson: I have a basic belief that the way to get the odds on your side is to trade at the extremes. By definition, if you are looking for extreme conditions you will find that they do not occur very often. In order to find enough extreme conditions to warrant constructing a trading system

around them, you need to have many trading vehicles to test for extreme patterns.

AIQ has some unique features that make it ideally suited to this type of search and testing. AIQ allows you to back test for a specific pattern over thousands of stocks over large periods of time in only minutes. If the pattern is found, the trades are recorded with entry dates and prices, exit dates, and prices and gains.

"The way to get the odds on your side is to trade at the extremes...In order to find enough extreme conditions to warrant constructing a trading system around them, you need to have trading vehicles to test for extreme patterns. AIQ has some unique features that make it ideally suited to this type of search and testing."

Further, a summary report compiles a complete list of overall statistics across all the stocks (or futures) it was tested on. This is a very unique feature. Other tools I have used let you test one trading vehicle at a time. If you are looking for extreme patterns this does you no good,

as it would take days to test each stock and then compile a list of overall statistics. AIQ does all of this over a group of 8,000 stocks in about five minutes. This essentially allows you to mine for unique profitable patterns in the market that might otherwise be overlooked.

Vomund: Besides back testing, what feature in TradingExpert Pro do you find the most valuable?

Johnson: Another feature that is extremely useful in the strategy development phase is Color Studies. With AIQ TradingExpert, I can compute any value I wish using prices and indicators and display it as a line on the price chart (or use it to color a bar or indicator). This is a great way to visually develop breakout levels, percentage stop loss levels, moving average stops, etc.

Once you run an entry strategy back test, you bring up the chart of each entry simply by clicking on the position line in the back test report. This brings up the chart at the entry date, displaying the Color Studies on the chart (you can select different colors for each line to distinguish them). Simply viewing the charts of the entries over a group of trades is a great way to visualize what makes



David Johnson holds a BS in Computer Engineering and an MBA from the University of South Florida. David worked at a major aerospace contracting firm for 20 years, contributing to such projects as the Space Shuttle and the Space Station. He is also a pilot and experimental airplane designer, having won the Outstanding New Design award from the Experimental Aircraft Association. David has written, tested, and traded many systems including the systems offered by NaviTrader. He has been actively trading and investing for 15 years.



Steve Wheeler has a degree in accounting from the University of Wisconsin, and has practiced as a CPA in the state of Florida. Prior to co-founding NaviTrader with David Johnson about three years ago, Steve operated an information technology consulting firm. Currently Steve trades on a daily basis in the stock and futures markets. He has been actively trading and investing for the past 15 years, and has designed and developed short-term momentum stock and intraday futures trading systems.

AIQ Opening Bell Newsletter

David Vomund, Publisher
G.R. Barbor, Editor
P.O. Box 7530
Incline Village, NV 89452

AIQ Opening Bell does not intend to make trading recommendations, nor do we publish, keep or claim any track records. It is designed as a serious tool to aid investors in their trading decisions through the use of AIQ software and an increased familiarity with technical indicators and trading strategies. AIQ reserves the right to use or edit submissions.

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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sense for an exit strategy. This is less prone to curve fitting than testing a multitude of exit strategies with varied values looking for the best fit. It is also much faster.

Vomund: Please tell us about the NaviTrader product. What steps took place in developing this model?

Johnson: We used to spend hours reviewing hundreds of charts each night. Over the years we began to see what worked and what didn't, and under what market conditions. We then realized that besides trading a system with a positive expectancy, we needed to follow strict money and risk management rules.

Risk management is the key to keeping equity draw downs under control. The reason this is so important is that regardless of the spectacular returns a strategy can generate, if it exhibits large draw downs and volatile equity swings you will not be able to trade it. When we realized this, I developed an Excel spreadsheet that automatically sized our trades to ensure that we would never risk more than 2% of our equity on any single trade. Several studies have shown that exceeding this number in most end-of-day trading systems will eventually lead to an unacceptable draw down, or worst case, a complete wipe out of

the account.

We started getting requests for this combination “Sizing,” “Trading Log,” “Trading Journal,” “Trading Statistics” tool. We decided to put the tool on the web as a membership service, so we could easily deploy upgrades. The site, www.navitrader.com provides several benefits to traders and investors. Many sites post daily stock picks based on several proven systems. NaviTrader goes several steps further. It provides the stock, the entry price, order type, stop loss price, and profit target price.

Uniquely, to our knowledge, it also calculates the proper share size for each individual member. This AutoSizer™ quantity is calculated based on each member’s unique Risk Profile. It uses the trader’s risk parameters to determine the optimum number of shares he should buy or short, ensuring that he will stay within his own profile.

Our research and experience has shown that improper sizing of each trade is the largest contributor to trading account meltdown, with traders typically taking up to five times as much risk in a trade as

“Over the years we began to see what worked and what didn’t, and under what market conditions. We then realized that besides trading a system with a positive expectancy, we needed to follow strict money and risk management rules.”

should be taken. Used properly, the AutoSizer™ guarantees that proper risk control will keep you in the game.

The third element we incorporated into the site is discipline, but with a twist. Most traders know what they need to do, but few can actually do it. The reason is simple – most do not write down a plan of daily action. NaviTrader leads each

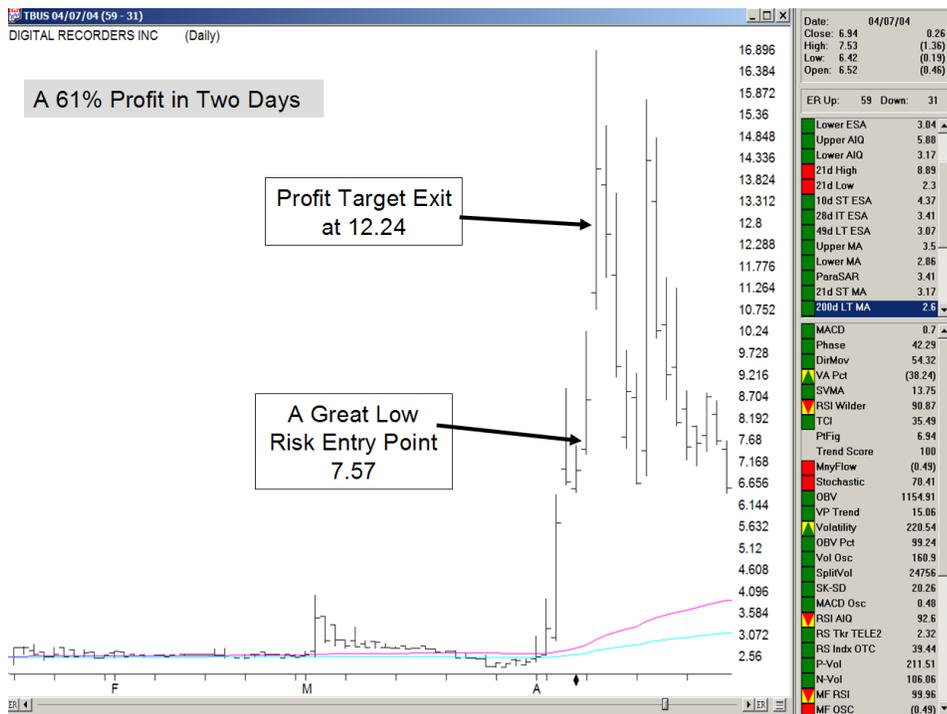


Figure 1. Daily chart of Digital Recorders. Arrows indicate entry and exit points for short-term trade based on Navigator trading system. Position was closed on second day at a profit of 61.7%.

trader through a 10 minute process that ends with the printing of a complete trading plan for the next day, including all stop and profit target orders and all conditional orders for new positions complete with the number of shares to properly size each trade.

When trades are closed, they are stored along with the member’s personal trading log in a SQL database. Members can statistically analyze their complete trading history for any time period, learning from past mistakes to improve trading performance.

Vomund: What is the model based on? Can you please give us some examples of actual trades?

Johnson: We actually have two main models for stock trading; both are end-of-day systems that do not require monitoring during market hours, making them ideal for part

time traders and investors. The Navigator™ system is a short-term swing trading system exploiting explosive moves in volatile stocks. The setup is a low risk entry in a pull back after the large move, taking advantage of continuation in momentum.

Navigator™ uses a profit target and a moving stop loss as exits. This strategy is in trades an average of 5 days, closing about 15 trades a month. Most trades will be either small winners or small losers. In most months, one or two trades will take off and have sizable gains of anywhere from 15% to 75%. That is where the money is made. We recommend that members trade at least six, and no more than 10, positions at a time for diversification and risk management. This model is up about 100% per year over the last two years.

An example of this pattern is TBUS, shown in **Figure 1**. After a sizable move up on large volume, the stock pulled back on lower volume and provided an ideal entry point when it exceeded the prior day’s high. The 61% profit target,

which we set based on our trading experience and the initial move, was achieved on the second day.

Our newest system was designed for investors that prefer to hold positions longer. However, it still incorporates strict risk management rules resulting in many trades being closed quickly if they do not perform properly. This Rockets™ strategy alerts members intraday when a stock is breaking out of a long basing pattern, or they have the option of entering buy stops. The position could be closed the next day if a specific set of conditions does not appear on the breakout day. If the breakout is confirmed, a set of trailing stops is used that could result in the position being held for months.

Figure 2 shows WLT, which we entered on a breakout last October and exited only recently. This trade resulted in a 170% profit. Even using one-fifth the account equity (10 positions plus margin), you achieve a 34% account increase from this one trade (\$8,500 on a \$25,000 account). To achieve these results, you have to be willing to take every

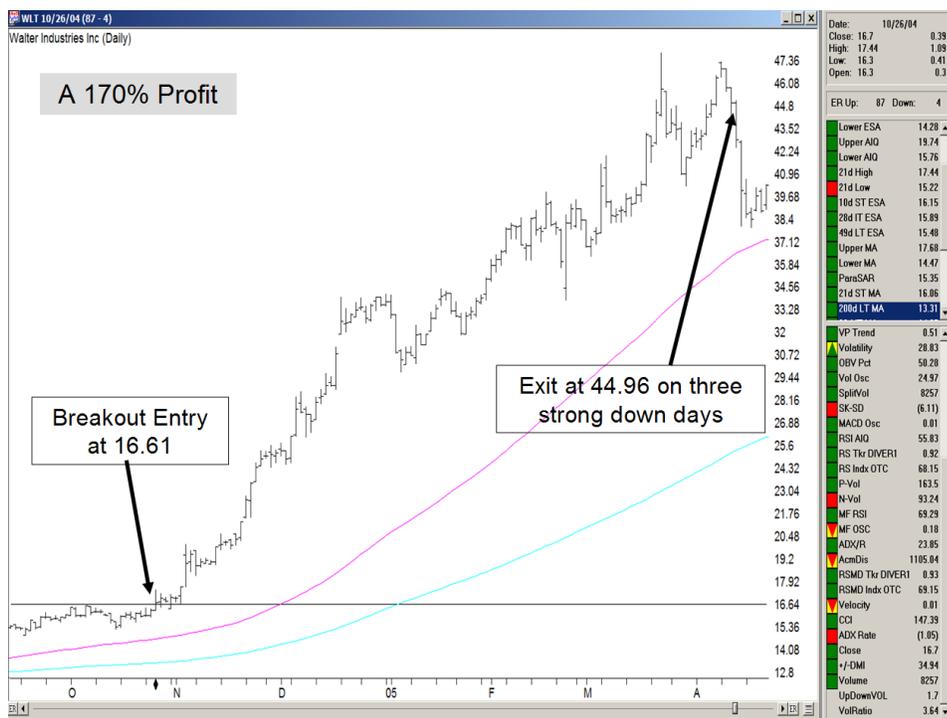


Figure 2. Daily chart of Walter Industries. Arrows show entry and exit for trade based on Rockets strategy that resulted in 170.7% profit. Position was taken when price crossed horizontal trendline.

Our strategies always use an initial stop loss value to cut losses. Some people worry that their stops will get picked off, but that is missing the point. Stops are there for disaster protection, because capital preservation is the most important action you take in trading. We use technical stops, which tell us that our premise for getting into the position is no longer valid. To stay in the position at that point is “hoping,” and that is not a valid criterion for deciding to remain in a trade.

For the Rocket trades, we only use trailing stops to exit so the trades can continue to accrue profits for months. This strategy appeals to both traders and investors, since we frequently enter positions looking for the great trades and we also hold them longer when we find them. One of the major benefits of both

these strategies is the ability to enter all the orders the night before, fostering a disciplined plan without the market affecting your emotions.

Vomund: How do you determine profit targets?

Wheeler: We trade momentum stocks that have broken out of bases. We have found a method of measuring the move that a stock has made since the last price pullback up to where it found resistance. With this measurement, we can project where the next price move will likely go. We then use a profit target that is approximately 70% of that move.

Vomund: How do you determine position size?

Wheeler: Our position size is based on a mathematical calculation made by our system that tells a member to take an optimum position based on not risking any more than a given percentage of their equity in any given trade. We usually recommend that our members not risk more than 1% of their equity in a trade. An example calculation of position size is shown in the table on the next page.

“Our strategies always use an initial stop loss value to cut losses. Some people worry that their stops will get picked off, but that is missing the point. Stops are there for disaster protection, because capital preservation is the most important action you take in trading.”

trade, because you don’t know which one will be the next WLT.

Vomund: Buying is half of the game, how do you know when to sell?

Johnson: One of our favorite sayings is “You don’t make money until you sell,” which many people tend to forget. When to sell is a function of the particular strategy, and where you are in the strategy.

Account Equity Size	\$25,000
Maximum percentage of risk in a trade:	1% or \$250
Trading a stock that we are entering at	\$20
Initial stop placement	\$19
For this example, position size is determined as follows:	
$\$250 / (\$20 - \$19) = \$250 / \$1 \text{ per share} = 250 \text{ shares}$	

The big benefit of using this sizing method is that when you are using wider stops, you will be taking on less size in the trade, so that you are still not risking more than a given percentage of your equity in a trade. We recommend that a trader not risk more than 1 to 2 % of his capital in a trade. Note that we don't mean that you only put 1 to 2 % of your trading capital into a trade, but you only risk 1 to 2 % of your capital in a trade.

Vomund: Having a good model is essential, but that doesn't guarantee profits. What are the keys to trading success?

Wheeler: We suggest that traders come up with good systems, and that they then actually trade with small size, but with real money to see if they are accurately factoring in such things as commissions and slippage.

We believe that the key to trading success is summed up in three essential ingredients. These include having a system that gives you a positive expectancy; in other words, it must actually make money. You then need to make sure that you are managing risk correctly. And third, you must keep your emotions in check. Keeping your emotions in check just means that you must have a system and trade only that system, and trade it according to the rules of the system.

Vomund: You believe that most of the success comes from managing a trade. Can you explain this further?

Wheeler: Yes, once we are into a trade, it is important to know what

we are going to do with it. Trade management goes back to looking at whether or not you have a system. If you have a trading plan, then trade management becomes a matter of just carrying out your plan as the trade progresses.

Vomund: What advice would you give to new traders?

Wheeler: Most people who are super achievers will utilize the services of a mentor of some type.

This mentor should be someone who has actually accomplished whatever you wish to accomplish, so I would suggest finding an accomplished trader as a mentor. This could seem expensive, but the alternatives are likely much more expensive.

Unfortunately most of us start out as discretionary traders, and soon find out that we will need some sort of system to succeed. After people have lost enough money, they then agree that they need a system. At this point, new traders are willing to accept that trading is not so easy and some real work will be required. The work required is that they must come up with a system. After they have that system, they should put their system in writing, because they will be more likely to follow their plan if it is in writing.

Understand that the success that you may have enjoyed in a previous job or profession will not help you in trading. The human brain was not made to trade, and left on its own it will more often than not make emotional decisions that usually don't work in the trading arena.

Trading is an endeavor that requires extreme discipline to first develop and test a system or methodology, and then to be able to execute your plan as closely to your plan as possible. It would help all traders to establish a mentoring relationship with someone who has succeeded. No two traders will be able to trade identically, but a mentor can likely cut way down on your learning curve by educating you as to the various trading vehicles such as stocks, options, futures, and forex. A mentor can point

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you in a direction that will save you countless hours and dollars of trial and error and can advise you as to what tools, such as charting, that you will need to implement your trading plan.

Vomund: Thanks for the good information. We look forward to hearing both of you speak at our Lake Tahoe Seminar in October.

For more information on NaviTrader, please visit www.navitrader.com

Accounting Advice for Traders

Limited Liability Company: Corporate Perks Without the Paperwork

By Jim Forrester

Jim Forrester is the tax director of Traders Accounting, the nation's leading provider of tax consulting, entity formation, tax preparation, and 401(k) services to the trading industry. Traders Accounting teaches traders how to properly set-up their trading business and take advantage of all the money-saving tax strategies available to home-based businesses. Jim Crimmins, president of Traders Accounting, will speak at AIQ's Fall Seminar October 17 to 19.

For more information on tax issues for active traders, please visit www.aiqsystems.com and look at the link in the third column.

The limited liability company, or LLC, is often referred to as a hybrid legal entity because it attempts to combine the advantages and minimize the disadvantages of the sole proprietorship/partnership on the one hand and the corporation on the other.

Although LLCs have been popular throughout Europe and South America for more than a century, they have only been in

“As its name implies, the limited liability company protects your assets by limiting your liability to the amount you have invested in the business. Your personal assets as a member remain separate and apart from the LLC.”

widespread use in America since 1977. As the new legal entity in town, they have quickly caught on as the preferred structure for traders who want to have their deductions and protect their assets, too.

The “Flow-Through” Entity

While you can trade as a sole proprietor, we don't recommend it for several reasons: your trader status remains vulnerable to tax court findings, you have a much higher audit risk, you have no liability protection because your personal assets are not separated from your business assets, and your potential for tax savings is minimal.

Nor is a C or S corporation the answer for every trader: corporate record keeping, reporting and tax preparation can be cumbersome and time-consuming.

That's why many traders choose the limited liability company. Like the limited partnership, an LLC is a “flow-through” entity; that is, your tax liability flows through the entity to you, the taxpayer. As a result, the profits or losses from the LLC are reported on the individual tax returns of each owner (known as “members”), instead of being taxed like a corporation at a separate business level.

Although most states allow an LLC to



Jim Forrester

be formed by a single member, the IRS considers these “disregarded entities” for tax purposes. The IRS only recognizes LLCs formed by two

“LLCs have only been in widespread use in America since 1977. As the new legal entity in town, they have quickly caught on as the preferred structure for traders who want to have their deductions and protect their assets, too.”

or more members; these can be husband and wife, parent and child, friends, relatives, estates, trusts, corporations or other LLCs.

Advantages of the LLC

We will make the assumption that you will run your business with an honest “expectation of profit,” and that your expenses are ordinary and necessary and reasonable and directly related to your business,” and that you properly document your deductions.

The LLC holds several advantages for traders:

- **Stability:** The LLC is recognized by the IRS as a formal business entity and treated accordingly. The tax rules for LLCs are well defined, unlike those for sole proprietors that tend to change capriciously based on tax court rulings.
- **Reduced risk:** As its name implies, the limited liability company protects your assets by limiting your liability to the amount you have invested in the business. Your personal assets as a member remain separate and apart from the LLC.
- **Full deductibility:** If you elect the mark-to-market accounting method, your losses and business-related expenses are fully deductible against ordinary income, a feature that proves especially helpful to

wants to receive some of their income as payroll. A sole proprietor's trading income is not considered "earned income," and therefore not eligible for tax-advantaged retirement plans.

- **"Retroactive" mark-to-market election:** Unlike a sole proprietor, who must elect mark-to-market by April 15 of the year prior to beginning MTM, members of an LLC have two months from opening to note the MTM election in their minutes. If you miss the April 15 deadline, forming an LLC will enable you to "retroactively" elect mark-to-market.
- **Mark-to-market flexibility:** Once a sole proprietor selects mark-to-market accounting, he is stuck with it. Members of an LLC, however, can end the designation simply by discontinuing use of the entity or dissolving the company and forming a new one.

operating agreement could jeopardize the entity's tax status. You could go to your state and order articles for your LLC, but if you do not have a proper operating agreement, and the necessary start-up resolutions and minutes, the chances are very good that during an audit your LLC will be disallowed and you will lose all of your business deductions.

- **Minors:** While minors may be members of an LLC, particular care should be taken in entities where fewer than two members are of legal age.
- **Trader tax status:** An LLC alone will not protect your trader tax status if you fail to meet the IRS standards.

Limited liability companies can indeed provide the best of both worlds for many traders, combining the tax advantages of a sole proprietor/partnership with the asset protection and secure tax status of a corporation. But every trader's needs are different. At Traders Accounting, we can help you determine which legal entity will best enable you to reach your financial goals.

While the benefits of trading as a legal entity are numerous, there is no one legal entity or structure that is right for everyone. A Traders Accounting "Tax Action Plan" can help you determine if a limited liability company, a C corporation, or a combination of the two will most benefit your trading business.

For more detailed information on Traders Accounting including the "Tax Action Plan," please visit www.aiqsystems.com and look at the link in the third column.

"Limited liability companies can indeed provide the best of both worlds for many traders... But every trader's needs are different. At Traders Accounting, we can help you determine which legal entity will best enable you to reach your financial goals."

new businesses. The LLC enables you to convert what were previously personal or hobby expenses into deductible business expenses without fear that a sudden loss of trader status will whisk them away.

- **Retirement plan:** Unlike a sole proprietorship, an LLC can generate "earned income" as defined by the IRS; therefore its members may set up a retirement plan that is deductible to the business and non-taxable for the members. A trader in an LLC, however, is not subject to the payroll taxes of earned income unless he

adverse consequences for members in special circumstances:

- **Personal debt liability:** In drafting their LLC statutes, some but not all states have followed a limited partnership tradition that prevents foreclosure of a member's interest and forced liquidation of the LLC to satisfy a personal debt. In states that have not included this provision, a member's creditor may be able to force foreclosure and liquidation of the LLC to satisfy a member's debt.
- **Ownership agreement:** Failure to properly draft and maintain an

Disadvantages of an LLC

Although an LLC has no direct disadvantages for a trader, there are potential

Questions Welcome!

Send your questions about any of our articles or about any of our AIQ products to: openingbell@aiqsystems.com.

Market Review

Our Market Timing Indicator Is Working Well

April was this year's worst month and for a few weeks May was shaping up as a rough one, too. Stocks hit the skids in early May amid rumors of serious hedge fund problems caused by the rally in General Motors stock. But the panic ended as fast as it began and stocks rallied. In May, the S&P 500 rose 3% and the Nasdaq rose 7%. Still, the market is flat for the year.

In the April 2001 *Opening Bell* (<http://www.aiqsystems.com/OBMyears.htm>) as well as several updates since then, we discussed how the Nasdaq's relative performance to the S&P 500 can be used as a good market timing tool. Specifically, when the Nasdaq's weekly RSMD SPX indicator is rising, then the Nasdaq is outperforming and the

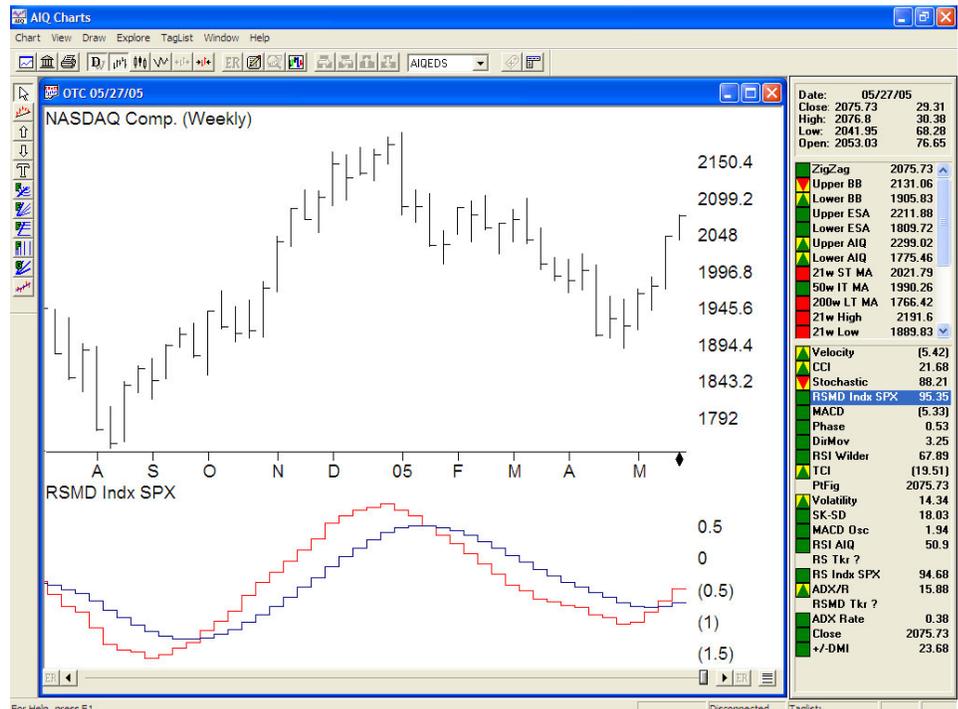


Figure 1. Weekly chart of Nasdaq with RSMD SPX indicator plotted in lower window..

STOCK DATA MAINTENANCE

The following table shows stock splits and other changes:

Stock	Ticker	Split	Approx. Date
Conoco Phillips	COP	2:1	06/02/05
Energen Corp.	EGN	2:1	06/02/05
Murphy Oil	MUR	2:1	06/06/05
Southwest Energy	SWN	2:1	06/06/05
CVS Corp.	CVS	2:1	06/07/05
Fulton Financial	FULT	5:4	06/09/05
United Technologies	UTX	2:1	06/13/05
Men's Wearhouse	MW	3:2	06/14/05
CBL & Assoc. Prps.	CBL	2:1	06/16/05
Horizon Health	HORC	2:1	06/16/05
Quest Diagnostics	DGX	2:1	06/21/05
Hampshire Corp.	HAMP	2:1	06/29/05

Trading Suspended:

Dupont Photomasks (DPMI), Elmer's Restaurants (ELMS), Natural Golf (NAX)

Name Changes:

Chevron Texaco (CVX) to Chevron Corp. (CVX)
 Chinadotcom (CHINA) to CDC Corp. (CHINA)
 DiMon Inc. (DMN) to Alliance One Int'l (AOI)
 Rayovac Corp. (ROV) to Spectrum Brands (SPC)
 Wausau-Mosinee Paper (WPP) to Wausau Paper (WPP)

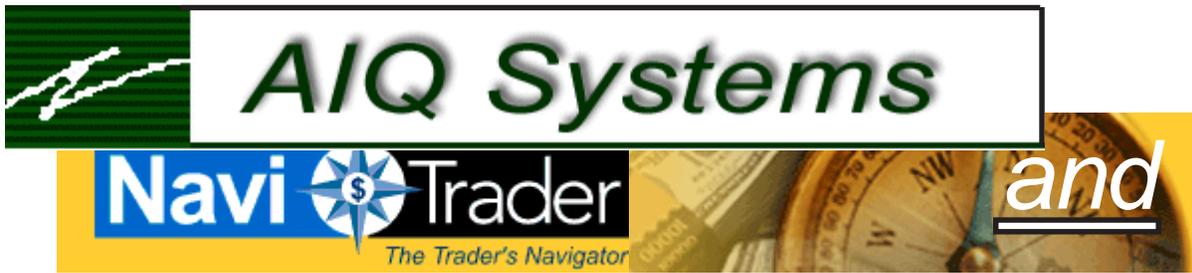
overall market environment tends to be bullish. It shows that people are willing to get invested in aggressive positions. Conversely, when the Nasdaq underperforms then money is being moved to more conservative securities and the overall market environment is often tough.

This indicator has worked beautifully thus far in 2005. As **Figure 1** shows, this indicator began falling in early January and continued to fall until early May. Sure enough, this period marked a difficult market environment. In May the indicator turned higher and is in a solid uptrend.

Energy continues to be the year's best performing group, gaining 16%. Medical Delivery is up 11%. The worst performing group is Gold, falling 11%.

S&P 500 Changes

No changes this month to the S&P 500 Index or Groups.



AIQ and NaviTrader present FREE one day seminar



Steve Hill,
CEO, AIQ Systems

**Saturday July 16, 2005
1:00 p.m. – 4:00 p.m.**

**Location: Chicago Hyatt Regency
(same location as Traders Expo July
13 - 16, 2005)**

**151 East Wacker Drive
Chicago, Illinois
60601 USA**



Steven Wheeler,
Co-Founder, Navitrader



David Johnson,
Co-Founder, Navitrader

Topics

Designing and Testing Trading Systems

In his presentation, Stephen Hill will discuss the process of designing, building and testing trading systems. Translating the initial idea into a practical strategy will be covered as will some of the common pitfalls to avoid when evaluating the effectiveness of a trading system

How To Develop a Profitable Trading Business

This portion of the presentation will focus on the following:

- How To Trade and Invest for exceptional gains without having to be glued to a monitor each day.
- How To Develop a Trading Plan
- How To Develop The Confidence Level You Need To be successful at trading and investing.
- How To Stay in The game by using optimal risk management techniques.
- How To Save Thousands of Dollars each year in brokerage commissions This could make the difference between making and losing money.

**Please RSVP by calling NaviTrader at
800-987-6269 or send an e-mail to support@navitrader.com**



Robert Debnam,
Founder, Trendline

FREE AIQ Educational masterclass

FOCUS:

4-STEP ChartProfit Swing Trading Strategy
Presented by Robert Debnam, Founder, Trendline



Steve Hill,
CEO, AIQ Systems

DATE

Friday June 17th 6- 9 pm
following an informal investor
event in conjunction with
www.investorinfoclub.co.uk

Location

Imperial Hotel,
Russell Square,
London

Sign up at

www.aiqsystems.com/ukseminarsignupjune17.htm
or call 01707 663700 to reserve your place

LEARN

The Secrets of the 4-step Chartprofit System

How to be in tune with the market. Find out which market UK or US is bullish or bearish using a unique system that gives an easy to understand direction for each market.

How to find a shortlist of stocks to trade. Find out how special filters highlight technically strong and weak stocks.

How sector analysis can aid in your stock selection process. Learn how to take advantage of the powerful synchronicity of stocks moving with their sector.

How to monitor stocks real time for exit and entry points.

AIQ's 16th Annual Lake Tahoe Seminar

October 17, 18, 19, 2005

Speakers Include

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

ONLY \$795

Reservations now open
CALL 1-800-332-2999

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.

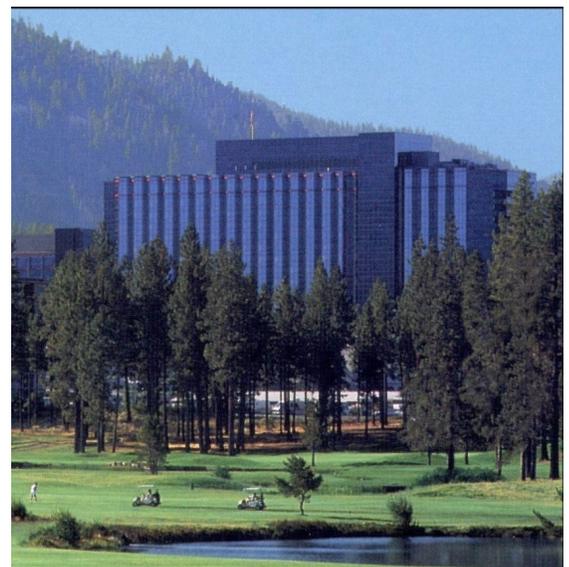
"Powerful product, wonderful conference, marvelous people, ... I will be back and recommend this highly."

Guest Speakers

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



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Incline Village
NV 89452
www.aiqsystems.com



Harveys Resort, South Lake Tahoe

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



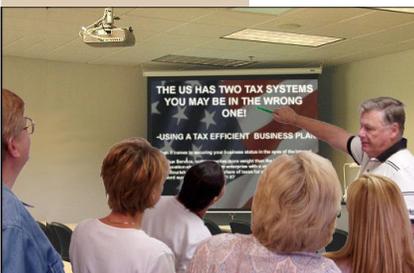
Steve Palmquist
Founder
Daisydogger.com

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**.

