



TRICERATOPS TRADING SYSTEM

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Triceratops Trading System

► **Hypothetical or simulated performance results have certain inherent limitations.**

Unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not actually been executed, the results may have under -or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profits or losses. There have been no promises, guarantees or warranties suggesting that any trading will result in a profit or will not result in a loss.

► **Hypothetical performance results have many inherent limitations,** some of which are described below. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program.

► **One of the limitations of hypothetical performance results** is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or adhere to a particular trading program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results.

Triceratops Trend Following Trading System (“TriTop”)

“Since 1996 Michael Covel has provided top of the line trend trading systems and education to thousands in 70+ countries.”

My research firm Trend Following™ is pleased to announce two additional trend following systems. These are stand-alone trend following trading systems that each tackle great trend following trading from a different vantage point. My firm has spent thousands of hours in intensive computational research developing each system. That research, combined with my unique access to the great trend traders alive today, is the basis for these systems. No stone has been left unturned in finding new ways to profit. To say there has been a great deal of digging to find moneymaking trend following angles would be an understatement. These are the exact types of systems used by some of the great professional trend followers trading today.

► **The TriTop Trend Following Trading System is a weekly breakout based system designed for the ETF and Equity markets.** The core logic is simple, straightforward and easy to understand. The system is long only, it does not issue sell short signals. It always adapts to current market conditions in a very creative way. Additionally, TriTop has two very unique differences worth considering.

► **First, there is an accelerated profit taking mechanism.** Trend followers, it can be argued, often leave profits on the table, or don't take profits quick enough. The exit logic for TriTop is designed to aggressively protect open trade profits during parabolic moves. The goal is to capture more open trade equity than other trend following systems and methods.

► **Second, money management is core.** Many trend-trading systems offer only very basic money management. They often solve the issue of when to exit, but that is not enough. Simply setting a stop loss is not true money management. You need to know how much of your account to risk on each trade

and how to scale positions up or down based on your equity. The TriTop system maximizes risk dollars on all positions.

► **The TriTop system comes in two forms: TradeStation® code and without code.** You will receive TradeStation® code and a written trading manual. The code can be rewritten into another programming language or imported into other charting services such as MetaStock® or Esignal®.

► **All traders have different risk tolerances.** Your risk tolerance might be different than your friends and family. For this reason you can easily change TriTop for your unique situation. You can easily edit your maximum risk level, markets to trade and whether to use money management or not. **Note:** Volatile moves can hinder the ability to prevent certain losses.

► **TriTop Trend Following Trading System: Dynamic contract allocation set at 10% allocation per trade.** This illustration shows shares allocated for each trading signal by calculating the number of shares to trade by using 10% of the account and dividing by the share price. It is showing compounded gains as allocations change with equity fluctuations.

► **TriTop Trend Following Trading System: 250 Shares per signal.** This illustration shows a constant 250 shares taken for each trading signal.

► **TriTop Trend Following Trading System: \$5,000 allocation for shares.** This illustration shows a constant \$5,000 worth of shares taken for each trading signal.

► 100% REBATE OFFER!

TradeStation® will rebate **100%** of the purchase price of any Trend Following™ product. Email info@trendfollowing.com for all of the details.

FAQs:

- ▶ **Do I need a TradeStation® account to trade the TriTop system?** No, the system is open source and does not require a subscription to TradeStation®. It is possible to trade the system by using paper and pencil, but TradeStation® users will have the benefit of pre-programmed code.
- ▶ **Do I need a particular starting account size?** Many great traders start with a small account. Starting with larger amounts does not guarantee success. Equity markets are also very scalable. You can start with a few or many shares as you dictate.
- ▶ **Do you recommend a specific portfolio of markets?** No, market selection can vary and is up to each trader. Our Flagship system/training covers portfolio selection and is recommended.
- ▶ **What program was used to generate these reports?** TradeStation's® Portfolio

Maestro was used for testing. It produced the output in this brochure.

- ▶ **Were commissions & slippage rates used in testing?** Yes, a commission/slippage rate of \$10.99 per trade/side was used. These charges are shown at the bottom of the summary sheet.
- ▶ **What time frame was used?** Using daily data results were generated from October 1, 1999 until January 15, 2013.
- ▶ **Does the system sell short?** No the system is long only. No short signals are generated.
- ▶ **Can I change the inputs of TriTop? Can the rules be altered?** Yes, the system rules and code are open source. You can edit rules as you see fit or leave as originally designed.
- ▶ **What market symbols were used?** A complete symbol list is shown with each illustration.

SUMMARY of BENEFITS:

- ▶ TriTop uses an accelerated profit taking mechanism to protect profits during parabolic moves.
- ▶ Weekly-bar trend following system.
- ▶ Designed for use on ETF and Equity markets.
- ▶ User can customize trade parameters and market selection.
- ▶ System generates entries, exit, stop loss and profit signals.
- ▶ TriTop Tradestation® code allows the user to set their own risk dollars so that positions are sized based on their own risk level.
- ▶ TriTop Tradestation® code allows for dynamic position sizing.
- ▶ TriTop Tradestation® code is long only which is useful for those trading retirement funds.
- ▶ **If you have any questions about TriTop please contact us at info@trendfollowing.com.**

TriTop Trading System



Hi Lo

► One Contract per signal

| ► SUMMARY | | Value |
|---------------------------------|----|----------------|
| Total Return | \$ | 661,489.05 |
| Total Realized Return | \$ | 652,937.35 |
| Gross Profit | \$ | 3,049,191.70 |
| Gross Loss | \$ | (2,396,254.35) |
| Open Trade P/L | \$ | 8,551.70 |
| | | |
| Number of Trades | | 2887 |
| Number of Winning Trades | | 1168 |
| Number of Losing Trades | | 1719 |
| % Profitable | | 40.46% |
| Number of Markets Traded | | 26 |
| Average Trade Duration | | 11.58 DAYS |
| | | |
| Average Trade | \$ | 226.16 |
| Standard Deviation Trade | \$ | 3,448.55 |
| | | |
| Largest Winning Trade | \$ | 52,043.20 |
| Largest Losing Trade | \$ | (25,045.00) |
| | | |
| Average Win / Average Loss | | 1.87 |
| Annualized Sharpe Ratio (rf 2%) | | 0.5011 |
| | | |
| Compounded Annual Return | | 19.62% |
| Compounded Monthly Return | | 1.48% |
| | | |
| Percent Days Profitable | | 51.26% |
| Percent Months Profitable | | 48.53% |
| Percent Years Profitable | | 83.33% |
| | | |
| Total Commissions | \$ | \$57,820.00 |

► Win/Loss Analysis

| | | |
|------------------------------|----|--------------|
| Winning Trades | \$ | 3,049,191.70 |
| Number of Winning Trades | | 1168 |
| Average Win | \$ | 2,610.61 |
| Percent of Winning Trades | | 40.46% |
| Maximum Consecutive Wins | | 16 |
| Largest Winning Trade | \$ | 52,043.20 |
| Largest Winning Trade (%) | | 1,096.55% |
| Average Winning Trade Length | | 18.33 days |

| | | |
|-----------------------------|----|----------------|
| Losing Trades | \$ | (2,396,254.35) |
| Number of Losing Trades | | 1719 |
| Average Loss | \$ | (1,393.98) |
| Percent of Losing Trades | | 59.54% |
| Maximum Consecutive Losses | | 15 |
| Largest Losing Trade | \$ | (25,045.00) |
| Largest Losing Trade (%) | | -660.00% |
| Average Losing Trade Length | | 7.0 days |

► Variables Amount (%)

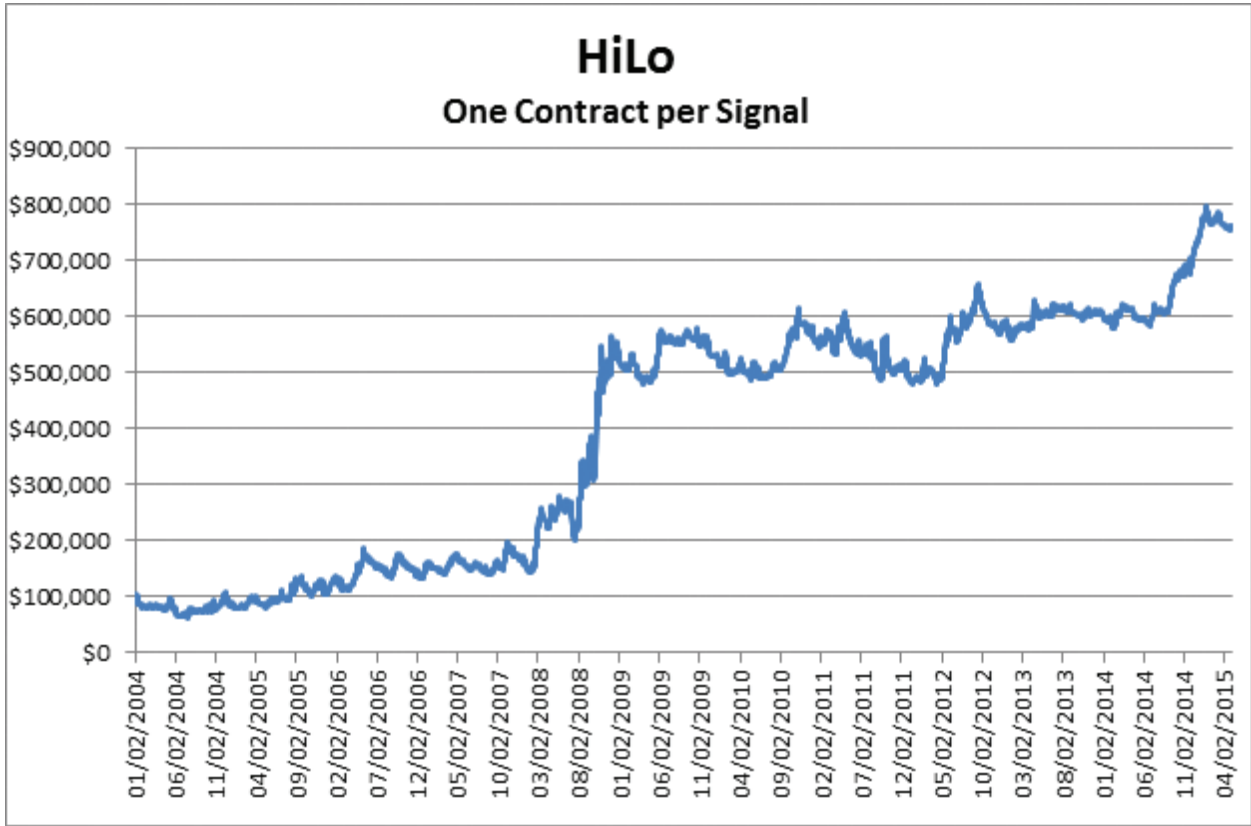
| | |
|-------------------------|--------|
| Return Analysis | |
| Annual Returns | |
| Average | 26.51% |
| Standard Deviation | 60.88% |
| Annualized Sharpe Ratio | |
| Monthly Returns | |
| Average | 1.97% |
| Standard Deviation | 10.39% |
| Daily Returns | |
| Average | 0.09% |
| Standard Deviation | 2.06% |

| | |
|-----------------------|-------------------|
| Best 12-month period | 245.37% |
| | starting 2/1/2008 |
| Worst 12-month period | -19.41% |
| | starting 5/2/2011 |

► Equity Analysis

| | |
|-----------------------|-----------|
| Equity Drawdown | |
| Maximum | 39.49% |
| Maximum Drawdown Date | 7/21/2004 |
| Average | 4.99% |
| Standard Deviation | 7.53% |

| | |
|-------------------------|--|
| ► Portfolio Name | Sample Portfolio 1 |
| Created Using | Portfolio Maestro 3.0.109.0 - Update 9 |
| Start Date | 1/1/2004 |
| End Date | 4/30/2015 |
| Initial Capital | \$ 100,000.00 |
| Base Currency | USD |
| Trading Symbols | |
| Futures | @CT,@CL,@EC,@GC,@HG,@SB,@S, |
| | @DX,@W,@US,@SI,@AD,@RB,@NG, |
| | @C,@KW,@BO,@RR,@CD,@JY |
| | @PL,@LH,@KC,@MW,@SM,@HO |



TREX

- Max Risk set to \$4,000 per signal

| ► Summary | Value |
|----------------------------|-------------------|
| Total Return | \$ 398,389.90 |
| Total Realized Return | \$ 393,767.40 |
| Gross Profit | \$ 1,845,140.95 |
| Gross Loss | \$ (1,451,373.55) |
| Open Trade P/L | \$ 4,622.50 |
| Number of Trades | 2539 |
| Number of Winning Trades | 1043 |
| Number of Losing Trades | 1496 |
| % Profitable | 41.08% |
| Number of Markets Traded | 26 |
| Average Trade Duration | 10.72 days |
| Average Trade | \$ 155.09 |
| Standard Deviation Trade | \$ 2,123.08 |
| Largest Winning Trade | \$ 19,517.50 |
| Largest Losing Trade | \$ (4,778.60) |
| Average Win / Average Loss | 1.82 |
| Annualized Sharpe Ratio | (rf 2%) |
| Compounded Annual Return | 15.23% |
| Compounded Monthly Return | 1.17% |
| Percent Days Profitable | 50.46% |
| Percent Months Profitable | 49.26% |
| Percent Years Profitable | 83.33% |

| | | |
|--------------------------|-----------|--------------------|
| Total Commissions | \$ | \$50,840.00 |
|--------------------------|-----------|--------------------|

► Variables

| | | |
|------------------------------|----|--------------|
| Winning Trades | \$ | 2,583,956.60 |
| Number of Winning Trades | | 475 |
| Average Win | \$ | 5,439.91 |
| Percent of Winning Trades | | 37.91% |
| Maximum Consecutive Wins | | 9 |
| Largest Winning Trade | \$ | 39,869.20 |
| Average Winning Trade Length | | 50.0 days |

| | | |
|-----------------------------|----|----------------|
| Losing Trades | \$ | (1,736,115.58) |
| Number of Losing Trades | | 777 |
| Average Loss | \$ | (2,234.38) |
| Percent of Losing Trades | | 62.01% |
| Maximum Consecutive Losses | | 17 |
| Largest Losing Trade | \$ | (11,700.00) |
| Average Losing Trade Length | | 16.77 days |

► Return Analysis

| | |
|-------------------------|--------|
| Annual Returns | |
| Average | 16.25% |
| Standard Deviation | 22.68% |
| Annualized Sharpe Ratio | |

| | |
|------------------------|-------|
| Monthly Returns | |
| Average | 1.42% |
| Standard Deviation | 6.98% |

| | |
|----------------------|-------|
| Daily Returns | |
| Average | 0.07% |
| Standard Deviation | 1.49% |

| | |
|-----------------------------|--------------------|
| Best 12-month period | 88.11% |
| | starting 11/1/2007 |

| | |
|------------------------------|--------------------|
| Worst 12-month period | -20.63% |
| | starting 11/1/2010 |

► Equity Analysis

| | |
|------------------------|-----------|
| Equity Drawdown | |
| Maximum | 35.08% |
| Maximum Drawdown Date | 7/21/2004 |
| Average | 2.65% |
| Standard Deviation | 5.25% |

| | |
|---------------------|----------|
| Equity Runup | |
| Maximum | 668.63% |
| Maximum Runup Date | 2/2/2015 |
| Average | 30.37% |
| Standard Deviation | 130.33% |

► Portfolio Name

Sample Portfolio 1

| | |
|------------------------|--|
| Created Using | Portfolio Maestro 3.0.109.0 - Update 9 |
| Start Date | 1/1/2004 |
| End Date | 4/30/2015 |
| Initial Capital | \$ 100,000.00 |
| Base Currency | USD |

Trading Symbols

| | |
|---------|--|
| Futures | @CT,@CL,@EC,@GC,@HG,@SB,@S, @DX,@W,@US,@SI,@AD,@RB,@ NG,@C,@KW,@BO,@RR,@CD,@JY, @PL,@LH,@KC,@MW,@SM,@HO |
|---------|--|



HiLo with Money Mngmt.

- Fixed fractional contract allocation set to 1.25% risk per trade based on 20 day ATR value

| ► Summary | | Value |
|---------------------------------|----|----------------|
| Total Return | \$ | 2,394,325.00 |
| Total Realized Return | \$ | 2,277,989.58 |
| Gross Profit | \$ | 8,944,564.40 |
| Gross Loss | \$ | (6,666,574.82) |
| Open Trade P/L | \$ | 116,335.42 |
| | | |
| Number of Trades | | 2887 |
| Number of Winning Trades | | 1165 |
| Number of Losing Trades | | 1722 |
| % Profitable | | 40.35% |
| Number of Markets Traded | | 26 |
| Average Trade Duration | | 11.58 days |
| | | |
| Average Trade | \$ | 789.05 |
| Standard Deviation Trade | \$ | 10,644.68 |
| Largest Winning Trade | \$ | 142,954.89 |
| Largest Losing Trade | \$ | (35,094.71) |
| | | |
| Average Win / Average Loss | | 1.98 |
| Annualized Sharpe Ratio (rf 2%) | | 0.5046 |
| | | |
| Compounded Annual Return | | 32.83% |
| Compounded Monthly Return | | 2.36% |
| | | |
| Percent Days Profitable | | 51.53% |
| Percent Months Profitable | | 50.74% |
| Percent Years Profitable | | 83.33% |
| | | |
| Total Commissions | \$ | \$225,122.15 |

► Strategy Analysis

| | | |
|------------------------------|----|----------------|
| Winning Trades | \$ | 8,944,564.40 |
| Number of Winning Trades | | 1165 |
| Average Win | \$ | 7,677.74 |
| Percent of Winning Trades | | 40.35% |
| Maximum Consecutive Wins | | 16 |
| Largest Winning Trade | \$ | 142,954.89 |
| Largest Winning Trade (%) | | 1,096.55% |
| Average Winning Trade Length | | 18.37 days |
| | | |
| Losing Trades | \$ | (6,666,574.82) |
| Number of Losing Trades | | 1722 |
| Average Loss | \$ | (3,871.41) |
| Percent of Losing Trades | | 59.65% |
| Maximum Consecutive Losses | | 15 |
| Largest Losing Trade | \$ | (35,094.71) |
| Largest Losing Trade (%) | | -627.11% |
| Average Losing Trade Length | | 6.99 days |

► Return Analysis

| | |
|-------------------------|---------|
| Annual Returns | |
| Average | 43.16% |
| Standard Deviation | 71.35% |
| Annualized Sharpe Ratio | |
| Monthly Returns | |
| Average | 3.19% |
| Standard Deviation | 13.59% |
| Daily Returns | |
| Average | 0.14% |
| Standard Deviation | 2.44% |
| | |
| Best 12-month period | 229.89% |
| starting 2/1/2008 | |
| Worst 12-month period | -30.15% |
| starting 1/3/2011 | |

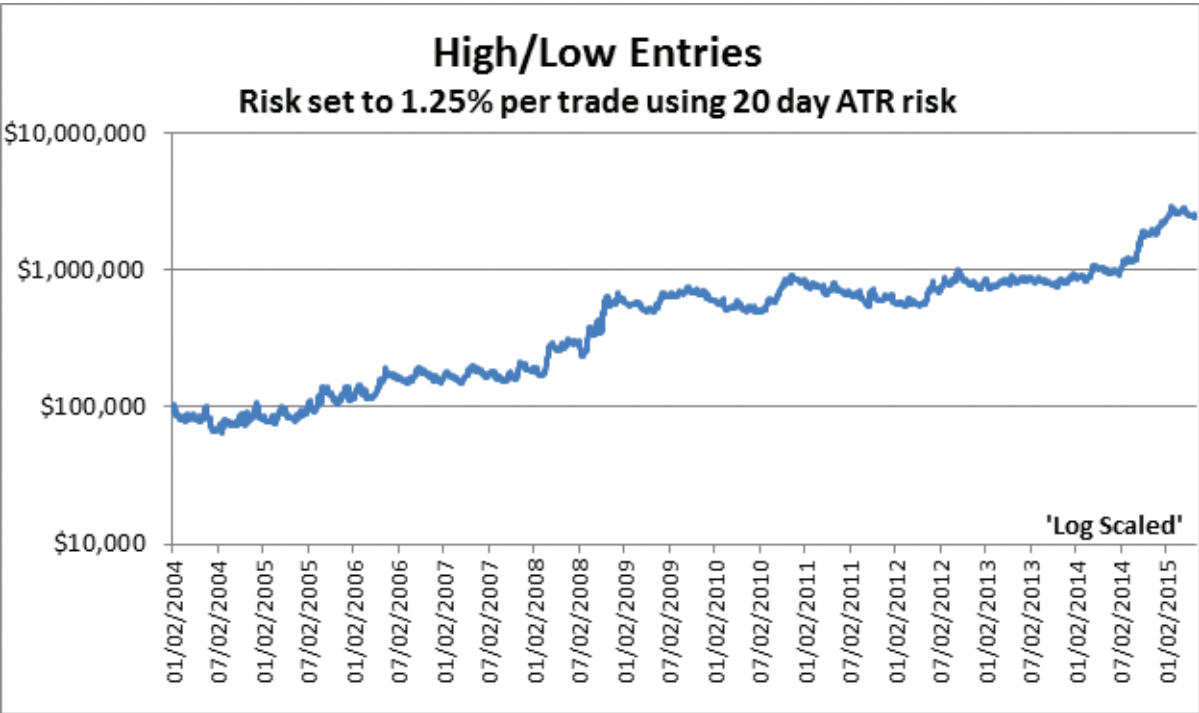
Equity Analysis

| | |
|-----------------------|-----------|
| ► Equity Drawdown | |
| Maximum | 40.82% |
| Maximum Drawdown Date | 2/13/2012 |
| Average | 5.37% |
| Standard Deviation | 7.89% |

| | |
|-------------------------|--|
| ► Portfolio Name | Sample Portfolio 1 |
| Created Using | Portfolio Maestro 3.0.109.0 - Update 9 |
| Start Date | 1/1/2004 |
| End Date | 4/30/2015 |
| Initial Capital | \$ 100,000.00 |
| Base Currency | USD |

Trading Symbols

| | |
|---------|---|
| Futures | @CT,@CL,@EC,@GC,@HG,@SB,@S,@DX,@W,@US,@SI,@AD,@RB, @NG,@C,@KW,@BO,@RR,@CD,@JY @PL,@LH,@KC,@MW,@SM,@HO |
|---------|---|



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The background of the entire image is a vibrant red field filled with a complex, abstract pattern of overlapping, irregular geometric shapes. These shapes, which include various polygons and trapezoids, are rendered in a slightly darker shade of red, creating a sense of depth and movement. The pattern is dense and non-repeating, resembling a modern, digital mosaic.

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