

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 inspite 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 see 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

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%

TREX

► Max Risk set to \$4,000 per signal

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

► 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

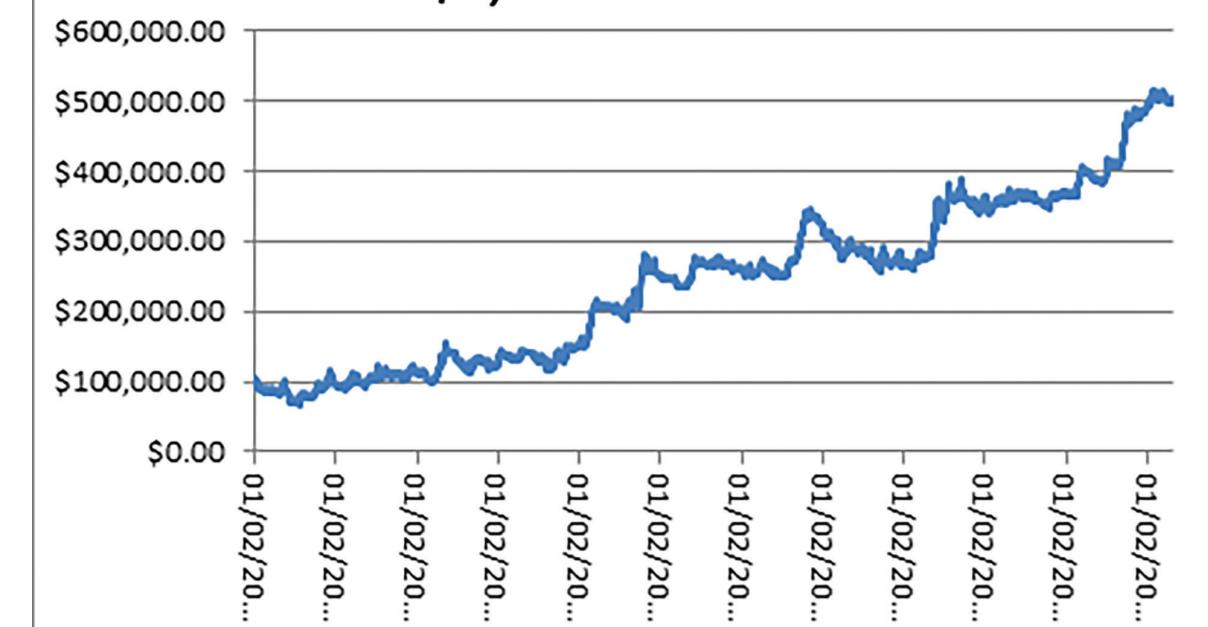
Sample Portfolio 1

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
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\$4,000 Max Risk



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

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

starting 2/1/2008

Worst 12-month period

starting 1/3/2011

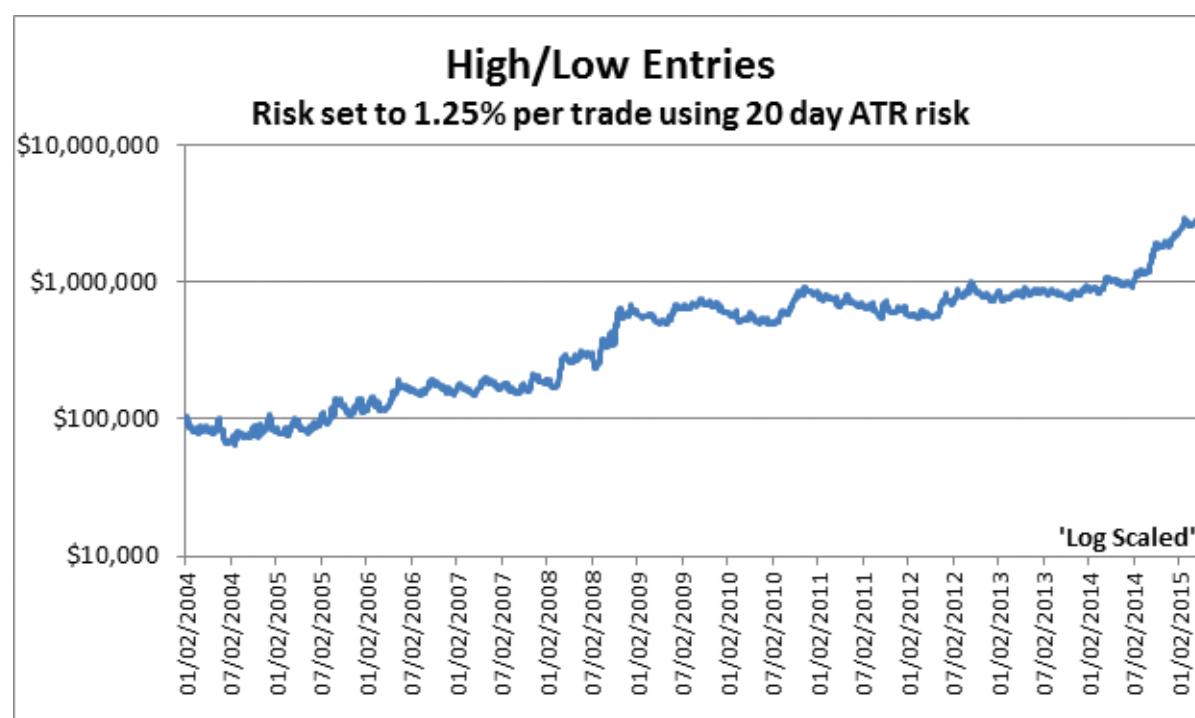
► Equity Analysis

► 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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