

TYRANNOSAURUS TRADING SYSTEM

TRENDFOLLOWING.COM

Tyrannosaurus 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.

Tyrannosaurus Rex Trend Following Trading System (“TREX”)

“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 TREX Trend Following Trading System is an end of day breakout based system designed for the futures markets.** The core logic is simple,

straightforward and easy to understand. It always adapts to current market conditions in a very creative way. Additionally, TREX 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 TREX is designed to aggressively protect open trade profits during parabolic moves up or down. 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 TREX system maximizes risk dollars on all positions.

▶ **The TREX system comes in two forms: TradeStation® code and without code.**

You will receive TradeStation® code and a written trading manual. The code can be re-written 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 TREX for your unique situation. You can easily edit your maximum risk level, conversion of large contracts into mini-contracts and whether to use money management or not. Note: Limit moves can hinder the ability to prevent certain losses.

SUMMARY of BENEFITS:

- ▶ TREX uses an accelerated profit taking mechanism to protect profits during parabolic moves.
- ▶ Daily-bar trend following system.
- ▶ Designed for use on futures markets.
- ▶ User can customize trade parameters and market selection.
- ▶ System generates entries, exit, stop loss and profit signals.
- ▶ TREX Tradestation® code allows the user to set their own risk dollars so that positions are sized based on their own risk level.
- ▶ TREX Tradestation® code allows for dynamic position sizing.
- ▶ TREX Tradestation® code allows the user to generate signals on mini and/or micro contracts.
- ▶ **If you have any questions about TREX please contact us at info@trendfollowing.com.**

▶ **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 TREX 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. Our TradeStation® coded TREX system allows for the use of mini and micro contracts too. This assists smaller accounts to find diversification opportunities.
- ▶ **Do you recommend a specific portfolio of markets?** No, market selection can vary and is up to each trader. Of course, the larger more liquid markets are highly recommended. 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 \$25 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, 1989 until August 31, 2012.
- ▶ **Can I change the inputs of TREX? 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.

Screenshot of the Tradestation Code:



TREX Trading System

One Contract per Signal

SUMMARY

Beginning Balance	\$	100,000.00
Total Return	\$	712,815.93
Total Realized Return	\$	694,716.93
Gross Profit	\$	1,959,330.58
Gross Loss	\$	(1,264,613.65)
Open Trade P/L	\$	18,099.00

Number of Trades	1492
Number of Winning Trades	579
Number of Losing Trades	912
% Profitable	38.81%
Number of Markets Traded	14
Average Trade Duration	29.68 days

Average Trade	\$	465.63
Standard Deviation Trade	\$	4,025.38

Largest Winning Trade	\$	47,070.00
Largest Losing Trade	\$	(14,410.00)

Average Win / Average Loss	2.44
Annualized Sharpe Ratio (rf 2%)	0.6301

Compounded Annual Return	9.53%
Compounded Monthly Return	0.75%

Percent Days Profitable	52.11%
Percent Months Profitable	56.32%
Percent Years Profitable	91.67%

Total Commissions	\$	74,750.00
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WIN/LOSS ANALYSIS

▶ Winning Trades	\$	1,959,330.58
Number of Winning Trades		579
Average Win	\$	3,383.99
Percent of Winning Trades		38.81%
Maximum Consecutive Wins		9
Largest Winning Trade	\$	47,070.00
Average Winning Trade Length		49.68 days
▶ Losing Trades	\$	(1,264,613.65)
Number of Losing Trades		912
Average Loss	\$	(1,386.64)
Percent of Losing Trades		61.13%
Maximum Consecutive Losses		15
Largest Losing Trade	\$	(14,410.00)
Average Losing Trade Length		17.02 days

Return Analysis

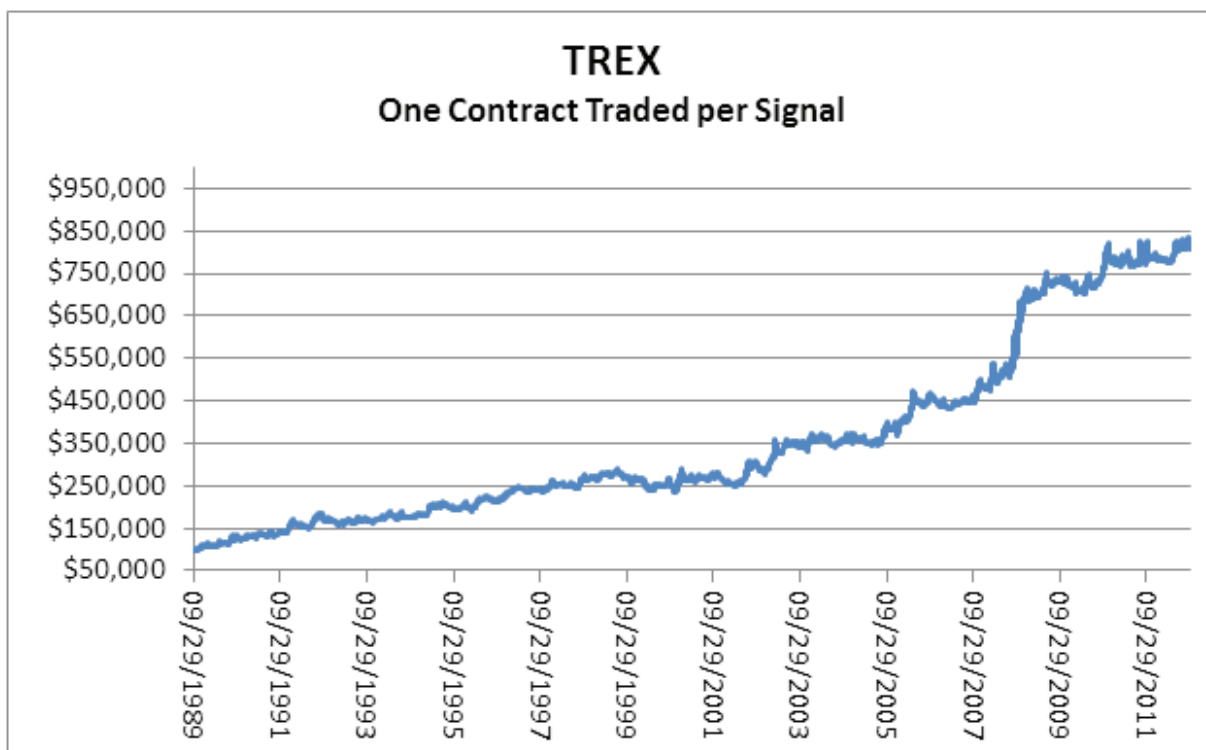
▶ Annual Returns	
Average	9.64%
Standard Deviation	11.36%
▶ Monthly Returns	
Average	0.82%
Standard Deviation	3.57%
▶ Daily Returns	
Average	0.19%
Standard Deviation	1.71%
Best 12-month period	47.24%
	starting 1/2/2008
Worse 12-month period	- 11.99%
	starting 5/3/1999

Equity Analysis

▶ Equity Drawdown	
Maximum	18.90%
Maximum Drawdown Date	11/10/2000
Average	1.57%
Standard Deviation	2.74%

PROGRAM SETTINGS

Created using	Portfolio Maestro 3.0.43.0
Base Currency	USD
Initial Capital	\$ 100,000.00
Commissions	Future - 25 per Contract
Start Date	10/1/1989 12:00:00 AM
End Date	9/30/2012 11:59:59 PM
Strategy Group	TREX
▶ Trading Symbols	Cotton (CT), Crude Oil (@CL.C), Euro Currency (@EC.C), Gold (@GC.C), High Grade Copper (@HG.C), Mini S&P 500 (ES), Natural Gas (@NG.C), Sugar #11 (SB), Soybeans (@S.C), Swiss Franc (@SF.C), Ten Year Notes (@TY.P), US Bonds (@US.P), US Dollar Index (@DX), Wheat (@W.C)
▶ Ranking	None
▶ Strategy	TREX
Max Bars Study References	76



TREX Trading System

One Contract per Signal

► Max Risk set to \$4,000 per signal

SUMMARY

Beginning Balance	\$	100,000.00
Total Return	\$	855,868.03
Total Realized Return	\$	847,841.03
Gross Profit	\$	2,583,956.60
Gross Loss	\$	(1,736,115.58)
Open Trade P/L	\$	8,027.00

Number of Trades	1253
Number of Winning Trades	475
Number of Losing Trades	777
% Profitable	37.91%
Number of Markets Traded	14
Average Trade Duration	

Average Trade	\$	676.65
Standard Deviation Trade	\$	5,274.82

Largest Winning Trade	\$	39,869.20
Largest Losing Trade	\$	(11,700.00)

Average Win / Average Loss	2.43
Annualized Sharpe Ratio (rf 2%)	0.9930

Compounded Annual Return	10.31%
Compounded Monthly Return	0.81%

Percent Days Profitable	49.63%
Percent Months Profitable	51.62%
Percent Years Profitable	87.50%

Total Commissions	\$	171,575.00
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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	10.51%
Standard Deviation	12.87%
▶ Monthly Returns	
Average	0.89%
Standard Deviation	4.08%
▶ Daily Returns	
Average	0.04%
Standard Deviation	0.82%
Best 12-month period	71.33%
	starting 8/1/1991
Worst 12-month period	- 9.02%
	starting 4/2/2001

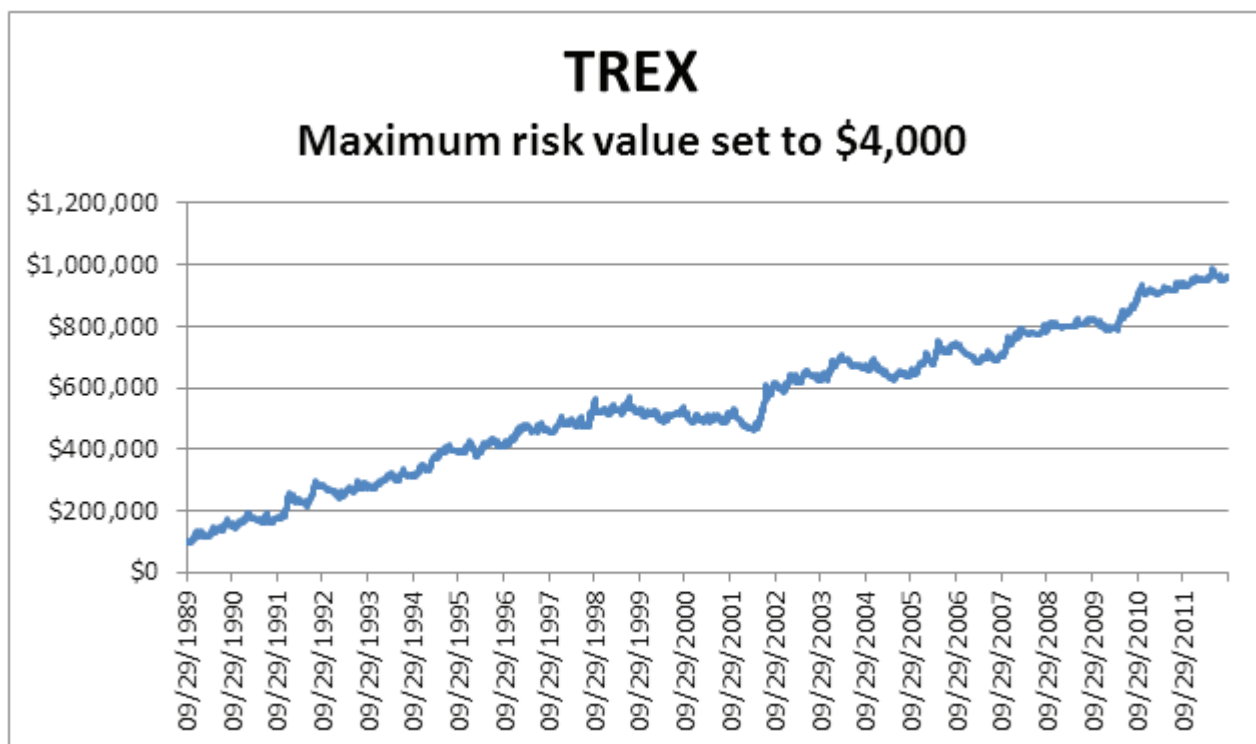
Equity Analysis

▶ Equity Drawdown	
Maximum	18.81%
Maximum Drawdown Date	4/17/2002
Average	1.79%
Standard Deviation	3.35%

PROGRAM SETTINGS

Created using	Portfolio Maestro 3.0.43.0
Base Currency	USD
Initial Capital	\$ 100,000.00
Commissions	Future - 25 per Contract
Start Date	10/1/1989 12:00:00 AM
End Date	9/30/2012 11:59:59 PM

Strategy Group	TREX
▶ Trading Symbols	Cotton (CT), Crude Oil (@CL.C), Euro Currency (@EC.C), Gold (@GC.C), High Grade Copper (@HG.C), Mini S&P 500 (ES), Natural Gas (@NG.C), Sugar #11 (SB), Soybeans (@S.C), Swiss Franc (@SF.C), Ten Year Notes (@TY.P), US Bonds (@US.P), US Dollar Index (@DX), Wheat (@W.C)
▶ Ranking	None
▶ Strategy	TREX
Max Bars Study References	76



TREX Trading System with Money Management

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

SUMMARY

Beginning Balance	\$	100,000.00
Total Return	\$	6,154,978.10
Total Realized Return	\$	5,636,641.42
Gross Profit	\$	19,486,966.68
Gross Loss	\$	(13,850,325.26)
Open Trade P/L	\$	518,336.68
Number of Trades		1492
Number of Winning Trades		579
Number of Losing Trades		912
% Profitable		38.81%
Number of Markets Traded		14
Average Trade Duration		29.68 days
Average Trade	\$	3,777.91
Standard Deviation Trade	\$	48,246.65
Largest Winning Trade	\$	768,707.94
Largest Losing Trade	\$	(236,986.05)
Average Win / Average Loss		2.22
Annualized Sharpe Ratio (rf 2%)		0.52
Compounded Annual Return		19.69%
Compounded Monthly Return		1.49%
Percent Days Profitable		52.23%
Percent Months Profitable		53.07%
Percent Years Profitable		83.33%
Total Commissions	\$	902,342.96

Strategy Analysis

▶ Winning Trades	\$	19,486,966.68
Number of Winning Trades		579
Average Win	\$	33,656.25
Percent of Winning Trades		38.81%
Maximum Consecutive Wins		9
Largest Winning Trade	\$	768,707.94
Largest Winning Trade (%)		713.43%
Average Winning Trade Length		49.68 days
▶ Losing Trades	\$	(13,850,325.26)
Number of Losing Trades		912
Average Loss	\$	(15,186.76)
Percent of Losing Trades		61.13%
Maximum Consecutive Losses		15
Largest Losing Trade	\$	(236,986.05)
Largest Losing Trade (%)		- 95.90%
Average Losing Trade Length		17.02 days

Return Analysis

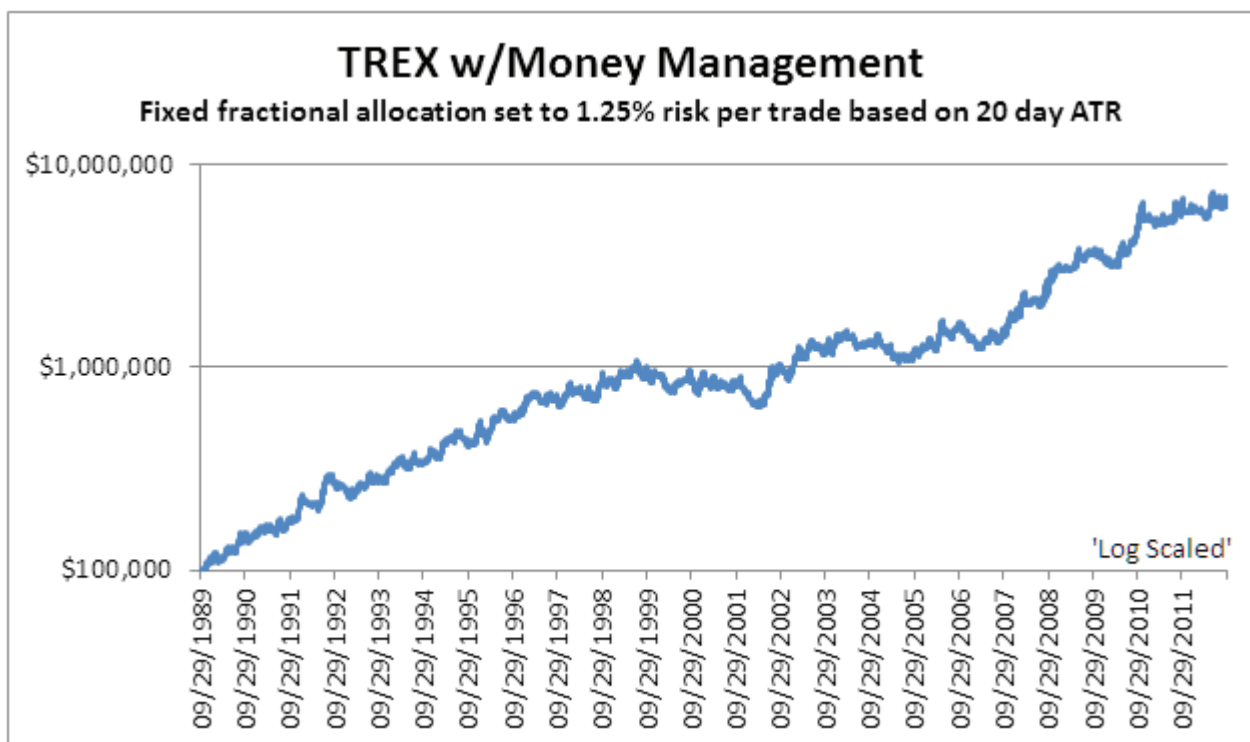
▶ Annual Returns	
Average	20.72%
Standard Deviation	22.72%
Annualized Sharpe Ratio	
▶ Monthly Returns	
Average	1.74%
Standard Deviation	7.10%
▶ Daily Returns	
Average	0.08%
Standard Deviation	1.52%
Best 12-month period	89.57%
	starting 3/1/2002
Worst 12-month period	- 27.05%
	starting 4/2/2001

Equity Analysis

▶ Equity Drawdown	
Maximum	41.14%
Maximum Drawdown Date	4/12/2002
Average	3.16%
Standard Deviation	5.37%

PROGRAM SETTINGS

Created using	Portfolio Maestro 3.0.43.0
Base Currency	USD
Initial Capital	\$ 100,000.00
Commissions	Future - 25 per Contract
Start Date	10/1/1989 12:00:00 AM
End Date	9/30/2012 11:59:59 PM
Strategy Group	TREX
▶ Trading Symbols	Cotton (CT), Crude Oil (@CL.C), Euro Currency (@EC.C), Gold (@GC.C), High Grade Copper (@HG.C), Mini S&P 500 (ES), Natural Gas (@NG.C), Sugar #11 (SB), Soybeans (@S.C), Swiss Franc (@SF.C), Ten Year Notes (@TY.P), US Bonds (@US.P), US Dollar Index (@DX), Wheat (@W.C)
▶ Ranking	None
▶ Strategy	TREX
Max Bars Study References	76



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 covers the entire frame.

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