

Trading with the Machine

by Dan Yaklin

Disclaimer

There is a very high degree of risk involved in trading. Past results are not indicative of future returns. The presenter assumes no responsibility for your trading and investment results. The indicators, strategies, columns, articles and all other features mentioned today are for educational purposes only and should not be construed as investment advice.

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The presenter may have a position or effect transactions in the securities described herein (or options thereon) and/or otherwise employ trading strategies that may be consistent or inconsistent with the provided strategies.

What is the Machine?

- The Machine is a web based financial software package developed by the Connors Group that allows you actively manage equity and ETF portfolios.
- Connors Group is not a broker. Trading is done through independent brokers.
- Quantified custom portfolios of multiple trading strategies can be designed that identify what, how much and when to buy and when to sell.
- Portfolios can be designed from many basic trading strategies with thousands of back-tested statistically quantified variations of these strategies.
- This software package allows you to build custom portfolios that meet your personal investment needs in regard to portfolio performance such as rates of return vs. portfolio volatility.

The Machine Strategies

- The Machine utilizes two basic types of strategies
 - Mean Reversion
 - Trend Following
- The mean reversion strategies come in two time frames.
 - Swing Trades
 - Day Trades

Why Use the Machine?

- Quantified strategies backtested with commissions included and a survivor free database.
- Custom build a portfolio of individual strategies that meets your return and risk needs.
- Performs portfolio management taking position sizing into account
- Takes emotion out of deciding what and when to buy and sell
- Minimal time involved to manage a portfolio
- Automated order entry with specific brokers
- Allows for quantified hedging

Look Back or Backtests

- Look Back data or backtest results are available on each strategy variation from 2001 to present.
- Some strategy entries are placed with limit orders and some entries are placed with market orders. All exits are market orders.
- If market prices trade through the limit price, the order is assumed to be filled.
- If market prices trade to but not through the limit price, the order may be filled or partially filled and the order is tracked as an extra order.
- For look back results market orders are assumed to be filled at the average of that days open, high, low and close prices.

Commissions

- Commissions matter!!!
- Unless you have a very large account commissions are important
- Trading profits for these strategies can be eaten up by standard brokerage commissions.
- Machine backtest assume \$0.01 per share entry and \$0.01 per share exit commissions
- At least 3 brokerages offer \$0.01 per share commissions in conjunction with a Machine automated trading account.

Strategy Selector

YOUR SELECTED VARIATIONS FOR
LONG SHORT LITE

STRATEGIES

- All Strategies
- All Equity Long - Mean Reversion
- All Equity Short - Mean Reversion
- All Equity Long - Trend Following
- All ETF Long - Mean Reversion
- All ETF Short - Mean Reversion
- All ETF Long - Trend Following
- All ETF Short - Trend Following
- All Day Trading

Equity Long - Mean Reversion

- Spring Trade - Down Days
- Bounce Buy A - New Lows

FILTER OPTIONS

CAGR

Drawdowns

Sharpe

Win %

Average P/L

Exposure

Fill %

Max Positions

Min Volume

Stop Type

SELECTED VARIATIONS

- Strong Stretch B - Sell Off - 2f
- Spring Trade - Down Days - 60
- ETF Over-Reaction - 9031
- Strong Stretch B - Sell Off - 10
- ETF Short Band Stretch - 186f
- ETF Short Pullback A - 2109f
- Bounce Buy A - New Lows - 1f
- Bounce Buy A - New Lows - 15
- ETF Short RSI Stretch A - 168f

[view detailed info](#)

1 to 9 of 9

strategies	variations
49	50030

Show

VARIATION #:

	CAGR	MAX % DD	SHARPE	WIN %	AVG % P/L	EXPOSURE %	FILL %	MAX POSITIONS	VOLUME	STOP	# OF DAYS	STRATEGY	VARIATION
<input type="radio"/>	53.05	-44.88	2.07	68.20	2.47	29.83	23	5	1M	None	4	Snap Back B - Volatility-Based	41776
<input type="radio"/>	52.37	-37.38	1.96	66.59	1.91	31.93	24	5	1M	200MA Stop	4	Snap Back B - Volatility-Based	41826
<input type="radio"/>	52.33	-42.02	2.03	67.01	2.46	30.64	23	5	1M	None	5	Snap Back B - Volatility-Based	41764
<input type="radio"/>	52.33	-32.71	1.96	66.79	2.19	27.6	19	5	1M	200MA Stop	4	Snap Back B - Volatility-Based	41646
<input type="radio"/>	51.97	-40.85	2.08	68.93	2.37	28.9	23	5	1M	None	4	Snap Back B - Volatility-Based	41788
<input type="radio"/>	51.49	-35.7	1.91	65.53	1.93	32.98	24	5	1M	200MA Stop	4	Snap Back B - Volatility-Based	41814
<input type="radio"/>	51.36	-37.63	1.96	67.35	2.09	28.07	21	5	1M	200MA Stop	3	Snap Back B - Volatility-Based	41610

Machine Lite Long/Short

Current portfolio: "Long Short Lite" saved 3/18/2012 7:20:57 PM

Save as... go

Portfolio Allocations

Capital Allocated For Portfolio: \$

Equity Long - Mean Reversion

- Strong Stretch B Variation 2099: Max Positions = 5, Lmt = 10, RSI = 10, Low < Prior Close % = 3, Days = 3, Exit Type = MA 5, Volume = 1000k
- Spring Trade Variation 6092: Max Positions = 10, Limit = 10%, Volume = 1000k, Stop Type = No Stop
- Strong Stretch B Variation 10891: Max Positions = 10, Lmt = 4, RSI = 10, Low < Prior Close % = 5, Days = 2, Exit Type = MA 5 or C < 98.5% of 200MA, Volume = 2500k
- Bounce Buy A Variation 15024: Max Positions = 5, Limit = 4%, Volume = 1000k, Stop Type = 200MA Stop
- Bounce Buy A Variation 1834: Max Positions = 10, Limit = 4%, Volume = 1000k, Stop Type = % Stop

ETF Long - Mean Reversion

- ETF Over-Reaction Variation 9031: Max Positions = 5, RSI = 10, Days Under = 1, Universe = Main + Leverage All (No Inverses), Scale = 1/1, Exit Type = RSI or C < 98.5% of 200MA

ETF Short - Mean Reversion

- ETF Short Band Stretch Variation 18633: Max Positions = 10, Scale = 2/3/5, Universe = Main, Stop Type = 200MA Stop
- ETF Short Pullback A Variation 21099: Max Positions = 10, Scale = 1/1, Universe = Main, Stop Type = 200MA Stop
- ETF Short RSI Stretch A Variation 16857: Max Positions = 10, Scale = 1/1, Universe = Main, Stop Type = 200MA Stop

Total allocations specified = 160%

Statistical analysis start date: January 2006 is recommended for portfolios containing only ETF strategies because of the larger ETF universe

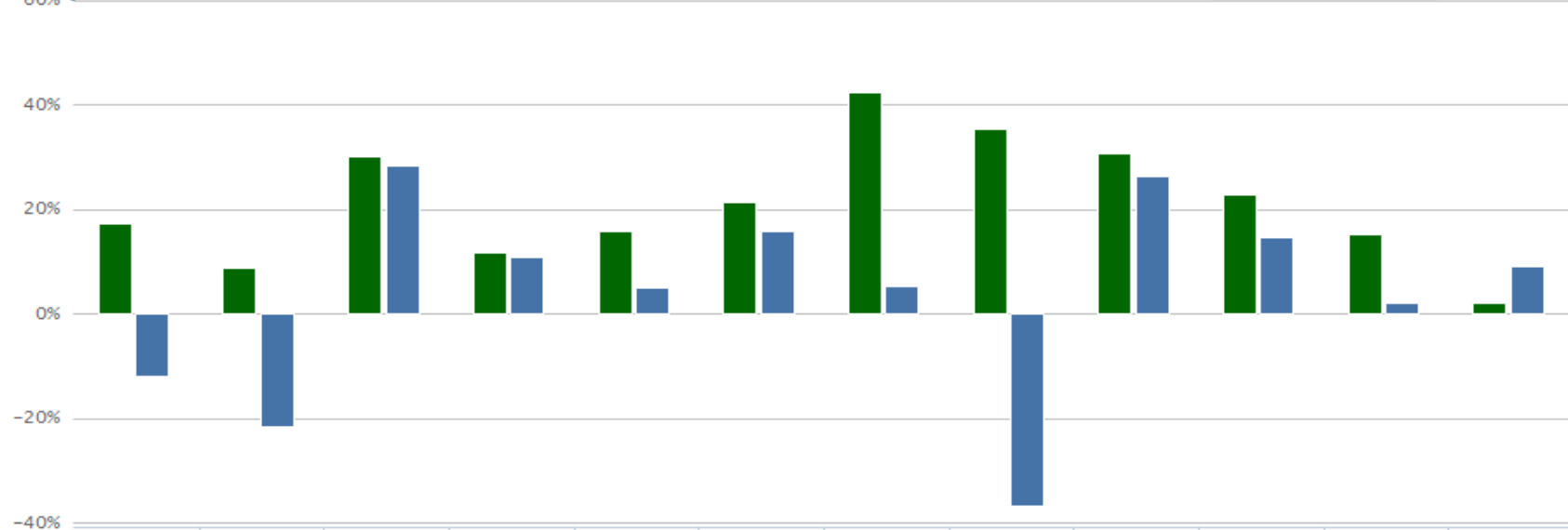
Statistics - Returns

Start Date: End Date: Use Current Date

January 2006 start date is recommended for portfolios containing only ETF strategies because of the larger ETF universe. Please note that returns may include partial years.

Performance Metric	My Portfolio	S&P 500
Compounded Annual Return Net of Commissions	22.33%	2.18%
Risk (standard deviation)	7.86%	16.41%
Sharpe Ratio	2.55	0.01

Compound Return Net of Commissions



Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Portfolio	17.33%	8.87%	30.02%	11.73%	15.88%	21.43%	42.19%	35.46%	30.56%	22.87%	15.25%	2.12%
S&P 500	-12.06%	-21.59%	28.17%	10.70%	4.83%	15.85%	5.15%	-36.80%	26.35%	14.59%	1.89%	9.18%
Difference	29.39%	30.46%	1.85%	1.03%	11.05%	5.58%	37.04%	72.26%	4.21%	8.28%	13.36%	-7.06%

Statistics - Returns

Statistics		Signals											
Returns	Key Statistics	Drawdowns	Equity Curve	Risk Histogram	Beta								
Statistics													
CAGR: 22.33%				SHARPE RATIO: 2.55				WIN %: 67%					
AVERAGE TRADES/YR: 485				AVERAGE EXPOSURE: 11%				TIME FULLY INVESTED: 0%					
Monthly Returns For This Portfolio													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL
2001	3.81%	1.34%	3.51%	0.48%	0.22%	3.59%	0.57%	1.14%	-2.63%	2.63%	0.14%	1.48%	+17.33%
2002	-1.38%	-2.06%	1.61%	1.11%	1.14%	3.40%	2.06%	0.61%	-0.05%	0.12%	0.10%	2.00%	+8.87%
2003	0.65%	0.99%	0.32%	0.19%	1.93%	7.54%	2.24%	2.99%	0.33%	5.56%	-0.07%	4.16%	+30.02%
2004	0.79%	3.26%	1.46%	-7.54%	9.73%	0.61%	0.54%	0.10%	0.23%	-0.16%	0.87%	2.04%	+11.73%
2005	4.09%	0.39%	-1.32%	0.66%	1.07%	0.64%	0.57%	4.07%	0.55%	1.93%	1.01%	1.29%	+15.88%
2006	0.98%	3.32%	1.84%	1.60%	3.48%	3.83%	2.90%	0.64%	0.34%	0.72%	0.62%	-0.59%	+21.43%
2007	1.08%	2.45%	2.34%	0.59%	2.59%	1.38%	2.03%	11.03%	0.64%	4.22%	4.96%	2.83%	+42.19%
2008	4.67%	1.73%	1.20%	0.47%	2.31%	-0.36%	4.33%	1.11%	4.97%	5.92%	3.99%	0.63%	+35.46%
2009	1.69%	-0.12%	1.17%	3.23%	3.92%	2.29%	4.34%	0.40%	3.91%	2.04%	2.80%	1.39%	+30.56%
2010	-5.02%	6.30%	1.86%	0.41%	9.61%	0.62%	1.19%	1.79%	0.22%	1.63%	1.22%	1.61%	+22.87%
2011	0.96%	2.07%	3.32%	1.17%	-0.68%	0.44%	-0.16%	3.64%	-1.29%	3.38%	0.46%	1.10%	+15.25%
2012	0.44%	1.67%	-	-	-	-	-	-	-	-	-	-	+2.12%

Export

Statistics - Exposure

Statistics

CAGR:	17.32%	SHARPE RATIO:	2.11	WIN %:	65%
AVERAGE TRADES/YR:	683	AVERAGE EXPOSURE:	20%	TIME FULLY INVESTED:	0%

Daily Exposure

EXPOSURE	DAYS	TIME
>= 10%	1115	75%
>= 20%	673	45%
>= 30%	264	18%
>= 40%	113	8%
>= 50%	34	2%
>= 60%	4	0%
>= 70%	0	0%
>= 80%	0	0%
>= 90%	0	0%
>= 100%	0	0%

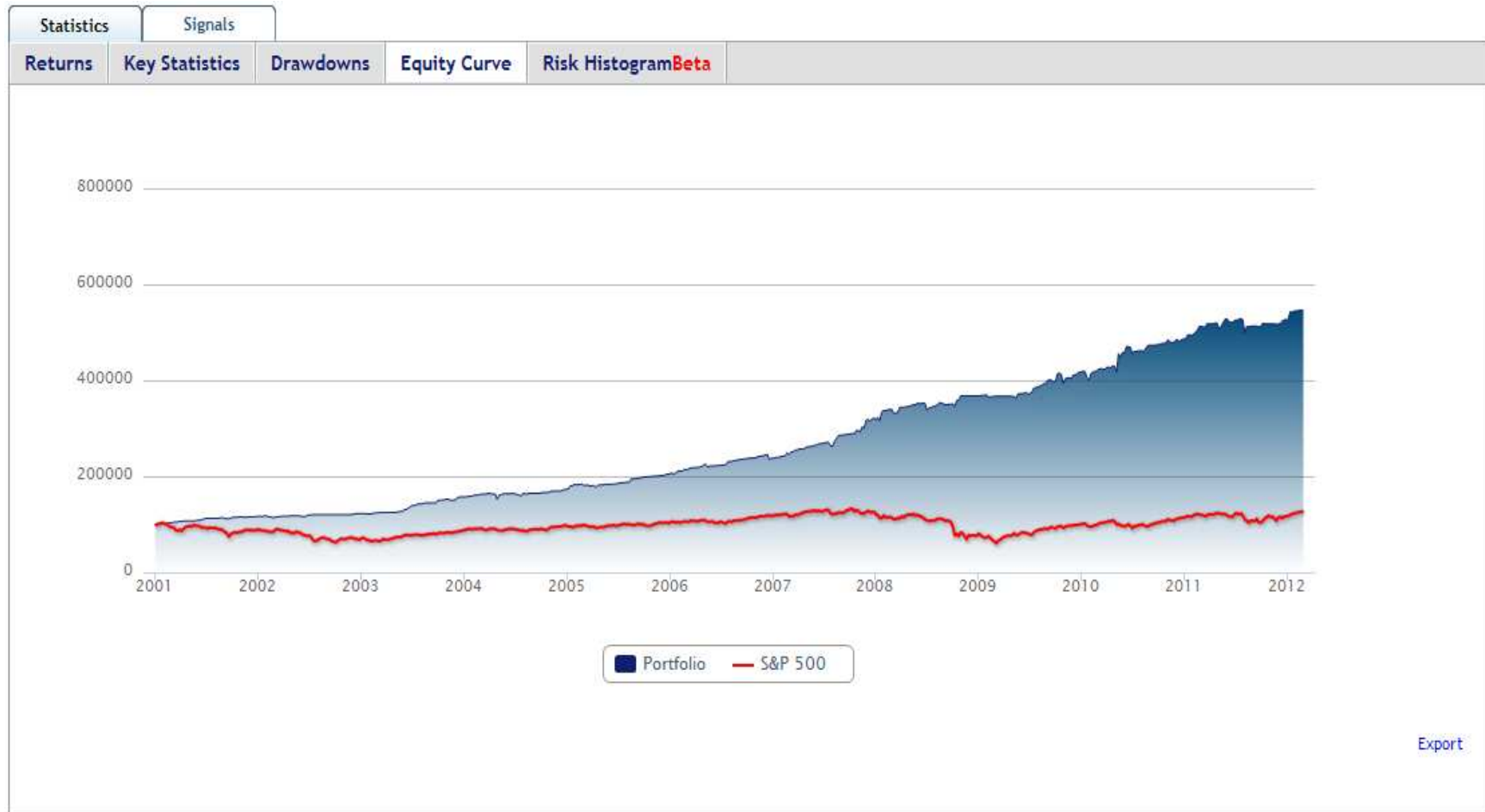
Exposure By Year

YEAR	EXPOSURE	SIGNALS	FILL %
2006	17%	2261	25.5%
2007	19%	2105	28.9%
2008	23%	1841	40.1%
2009	20%	1790	35.2%
2010	21%	2651	33.3%
2011	19%	1884	32.1%

Statistics - Drawdowns

Statistics		Signals				
Returns	Key Statistics	Drawdowns	Equity Curve	Risk Histogram	Beta	
Max Drawdowns By Year						
	2006	2007	2008	2009	2010	2011
S&P 500	-7.46	-9.87	-50.71	-55.25	-30.45	-22.55
Portfolio	-4.02	-4.34	-7.46	-6.83	-3.84	-13.18
Top <input type="text" value="10"/> Daily Drawdowns For Portfolio						
RANK	START OF DD	DAY OF MAX DD	END OF DD	DD DAYS	MAX DD	
1	06/06/2011	08/08/2011	--	125+	-13.18	
2	10/02/2008	10/09/2008	10/23/2008	16	-7.46	
3	10/23/2009	10/28/2009	01/12/2010	55	-6.83	
4	01/02/2008	01/18/2008	03/03/2008	42	-5.79	
5	03/17/2009	03/26/2009	05/20/2009	46	-4.93	
6	11/07/2007	11/12/2007	11/13/2007	5	-4.34	
7	07/22/2008	07/23/2008	09/03/2008	31	-4.28	
8	05/10/2006	05/22/2006	05/25/2006	12	-4.02	
9	06/15/2010	07/06/2010	08/16/2010	44	-3.84	
10	06/12/2006	06/13/2006	07/18/2006	26	-3.77	

Statistics – Equity Curve

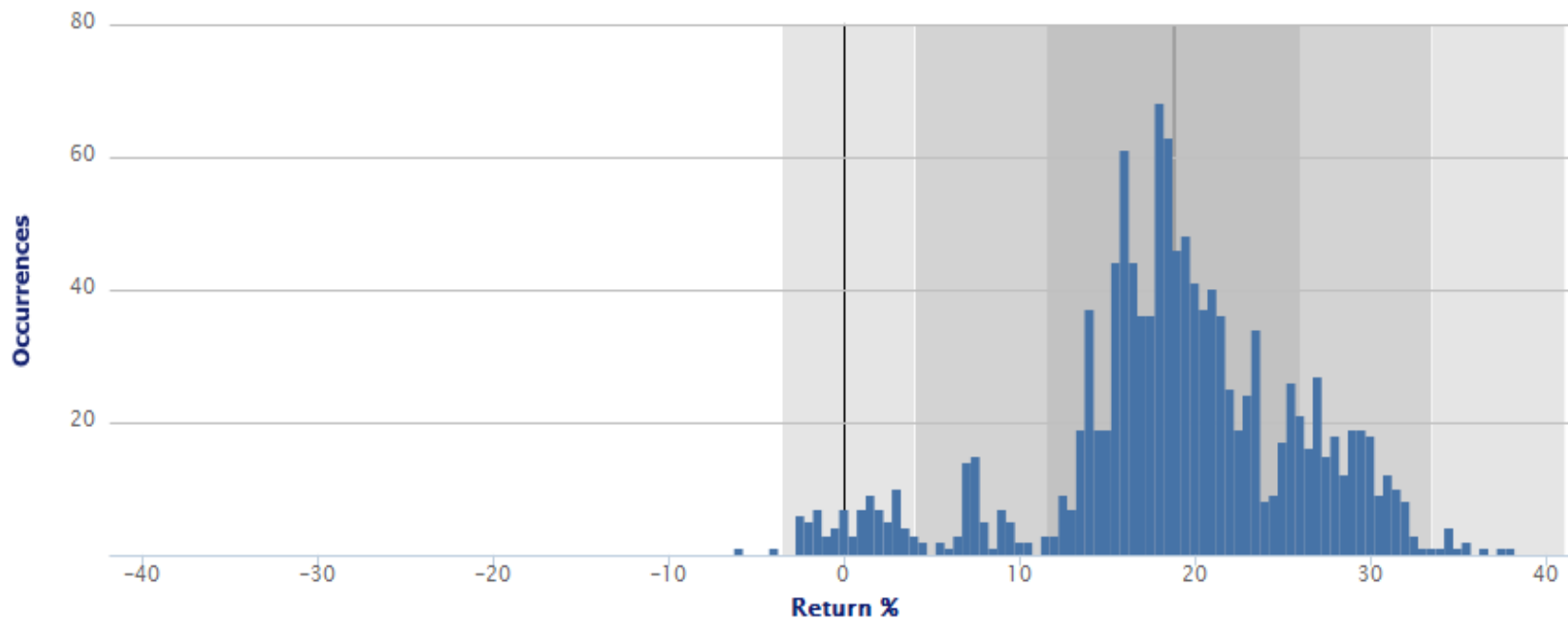


Statistics – Risk Histogram

Return Distributions ([learn more](#))

Time Frame: Plot Return: %

Average Return: 18.84%; Min Return: -6.22%; Max Return: 37.89%; Occurrences: 1239; Winning Occurrences: 98%



Portfolio Signals

Statistics	Allocation	Signals	Historical Signals Beta	Signals for 12/16/2011			
All New Signals	All Holds	Today's Exits	Execute Trades	Disclaimer: BETA -- All Signals Not Verified			
All				Display	50	records	
SYMBOL	STATUS	TYPE	PRICE	SHARES	CLOSE	SCALE	VARIATION
ARBA	long	LMT	28.22	70	31.36	--	R 1 Variation 6092
ARBA	long	LMT	28.22	106	31.36	--	SO Variation 2099
AUY	long	LMT	12.52	159	13.91	--	R 1 Variation 6092
COG	long	LMT	64.89	30	72.10	--	R 1 Variation 6092
COH	long	LMT	52.93	37	58.81	--	R 1 Variation 6092
INHX	long	LMT	11.69	171	12.99	--	R 1 Variation 6092
INHX	long	LMT	11.69	256	12.99	--	SO Variation 2099
JAG	long	LMT	5.05	396	5.61	--	R 1 Variation 6092
LTD	long	LMT	34.64	57	38.49	--	R 1 Variation 6092
PLL	long	LMT	50.31	39	55.90	--	R 1 Variation 6092
SCSS	long	LMT	16.92	118	18.80	--	R 1 Variation 6092
ULTA	long	LMT	60.05	33	66.72	--	R 1 Variation 6092
FXU	short	MKT	--	-57	17.32	1 / 1	ETF MDU Short Variation 21099
ICF	short	MKT	--	-14	67.66	1 / 1	ETF MDU Short Variation 21099
IYR	short	MKT	--	-18	54.99	1 / 1	ETF MDU Short Variation 21099
PIN	short	MKT	--	-60	16.45	1 / 1	ETF MDU Short Variation 21099
RWR	short	MKT	--	-16	61.99	1 / 1	ETF MDU Short Variation 21099
VNQ	short	MKT	--	-17	55.93	1 / 1	ETF MDU Short Variation 21099

Showing 1 to 18 of 18 entries

[Export Today's Signals](#)

Historical Signals

Statistics	Allocation	Signals	Historical Signals Beta						
Start Date: <input type="text" value="12/01/2011"/> End Date: <input type="text" value="12/17/2011"/> Capital Allocated: \$ <input type="text" value="100000"/> <input type="button" value="Run Report"/> ?									
Trade Return Total:\$2689.69 Commission Total:\$-43.54 Total Trade Return:\$2646.15 Return Percent:2.65%									
Show <input type="text" value="10"/> entries ⊖ ⊕									
ENTRY DATE	SYMBOL	SHARES	ENTRY	EXIT DATE	EXIT	CHANGE	STRATEGY	TYPE	VARIATION
12/01/2011	EWA	17.34	23.07	12/09/2011	22.95	2.08	ETF Percent B Short	Short	18633
12/01/2011	EWA	8.67	23.07	12/09/2011	22.95	1.04	ETF Percent B Short	Short	18687
12/01/2011	EWG	19.51	20.50	12/09/2011	20.00	9.76	ETF Percent B Short	Short	18633
12/01/2011	EWG	9.76	20.50	12/09/2011	20.00	4.88	ETF Percent B Short	Short	18687
12/01/2011	EWQ	19.60	20.41	12/09/2011	20.26	2.94	ETF Percent B Short	Short	18633
12/01/2011	EWQ	9.80	20.41	12/09/2011	20.26	1.47	ETF Percent B Short	Short	18687
12/01/2011	EWY	7.12	56.20	12/09/2011	54.19	14.31	ETF Percent B Short	Short	18633
12/01/2011	EWY	3.56	56.20	12/09/2011	54.19	7.15	ETF Percent B Short	Short	18687
12/01/2011	EZU	13.66	29.29	12/09/2011	29.02	3.69	ETF Percent B Short	Short	18633
12/01/2011	EZU	6.83	29.29	12/09/2011	29.02	1.84	ETF Percent B Short	Short	18687
Showing 1 to 10 of 74 entries									

Portfolio Hedging

- Portfolio hedging is available using quantified hedging strategies.
- Available hedging strategies are:
 - Close to Close Hedge
 - Close to Open Hedge
 - Weekend and Holiday Close to Open Hedge
- Portfolios can be hedged with:
 - S&P500
 - Dow
 - Nasdaq 100
 - Russell 2000

Order Entry Automation

- Auto order entry is available at the following brokers through ConvergEx
- Lightspeed Trading
 - \$25,000 Account Minimum
- TradeStation Securities
 - \$50,000 Account Minimum

Order Entry Automation

View Prestage Signals for Portfolio:

"Auto OX IRA" saved 3/4/2012 10:04:32 AM



Note: Day Trading Signals for Variations with Stops are not supported for account "6132-3168" and are not shown

ACCOUNT	SYM	ACTION	TYPE	PRICE	QTY	ALGO	TIMING	ALGO END TIME	SHORT LOC	SCALE	VARIATION	
<input checked="" type="checkbox"/>	168	FAST	BUY	Limit	47.00	61	Direct	Day	--	--	--	Over-Reaction B - Low RSI Variation 13288
<input checked="" type="checkbox"/>	168	LGF	BUY	Limit	11.89	244	Direct	Day	--	--	--	Over-Reaction B - Low RSI Variation 13288
<input checked="" type="checkbox"/>	168	VPHM	BUY	Limit	26.48	109	Direct	Day	--	--	--	Over-Reaction B - Low RSI Variation 13288
<input checked="" type="checkbox"/>	168	YOKU	BUY	Limit	24.90	87	Direct	Day	--	--	--	Snap Back A - Pull Back Variation 11685
<input checked="" type="checkbox"/>	168	EWZ	BUY	Market	--	21	Direct	Day	--	--	1 1	ETF Power Pullback A Variation 21621
<input checked="" type="checkbox"/>	168	IFN	BUY	Market	--	8	Direct	Day	--	--	1 2/3/4/5	ETF All Market 5 Variation 33717
<input checked="" type="checkbox"/>	168	PIN	BUY	Market	--	10	Direct	Day	--	--	1 2/3/4/5	ETF All Market 5 Variation 33717
<input checked="" type="checkbox"/>	168	YOKU	BUY	Limit	25.47	114	Direct	Day	--	--	--	Snap Back B - Volatility-Based Variation 42186

My Experience with the Machine

- I purchased Larry Connors “High Probability ETF Trading” book, backtested the strategies myself and found they performed as claimed.
- I became acquainted with the Machine in Nov. 2010 at an AFTA SIG meeting.
- I signed up for the free trial and then took a 3 month subscription to the Machine Lite.
- My goal was to verify I could duplicate their backtest results with a typical portfolio
- After three months I renewed for a one year subscription to the Machine Lite.
- I upgraded to Machine Pro in Aug 2011.
- Have attended Connors Group Swing Trading College.

Comments and Observations

- Always save a copy of the signals each day for each portfolio you trade.
- Automated order entry is almost a must for portfolios that have a large number of orders per day.
- At TradeStation with a long/short portfolio many times short orders are rejected because they are not on easy to borrow list.
- Email the account manager and most of the time they can find the shares to borrow, but when they enter the orders they are not in the automated trade system.
- At TradeStation check monthly statement for manually entered orders. Sometimes there is a \$20 manual entry fee. Send email and they will reverse the charges

Comments and Observations

- Orders for the next day are usually available by around 8:00-9:00 PM CST. But on occasion they are not available until 10:00-11:00 PM CST.
- It usually takes about 10 minutes per portfolio to enter orders with automated order entry regardless of how many orders are to be entered.
- Patience is necessary. Sometimes very few orders are generated for days or weeks at a time. Drawdowns can sometimes last for months.
- In trading mean reversion strategies you sometimes have to take some heat. You are losing money on your long or short trades and the Machine is telling you to enter more long or short orders. But, almost always your exit is not at the maximum drawdown. You have to believe in the plan and take the trades. This is not easy sometimes, especially for some people. It is almost better not to watch the balances too closely.

Comments and Observations

- Study the Risk Histogram closely. There is lots of information about what is normal for how large drawdowns are and how long they last. Learn to expect these drawdowns. They are going to happen. When these drawdowns occur, tell yourself this is normal and it will eventually end.
- Don't get frustrated if most of your limit orders are not being filled. The largest edges occur with larger deviations from the mean. In quiet markets these larger deviations don't occur often. Be patient, you will be rewarded in the long run.
- To trade the Machine an adequate size portfolio is necessary to overcome the annual cost of the particular version of the Machine used. More detail to follow.
- Machine orders must be entered daily. Need to think about how to handle vacations and other commitments
- I track all of my orders in a spreadsheet. I have a comment column so I can record any problems or errors. It takes a little extra time, but it is worth it to me.

Sample Portfolios

Machine Basic

Machine Basic Long Only (ETF Only)

Portfolio	CAGR 01-12	CAGR 06-12	MDD	Sharpe	Avg. Exp.	Max. Exp.	Trades/Yr	Win %
Basic Long	9.20%	12.23%	6.99%	1.36	17%	90-100%	516	73%
Basic Long 1	9.57%	12.85%	7.68%	1.34	18%	90-100%	511	72%
Basic Long 2	9.94%	13.40%	8.07%	1.35	17%	90-100%	477	72%
Basic Long 3	9.58%	12.77%	7.38%	1.37	16%	90-100%	482	72%
Basic Long 4	10.21%	13.81%	7.76%	1.38	19%	90-100%	982	75%
Basic Long 5	10.38%	14.17%	8.09%	1.4	19%	90-100%	827	75%
Basic Long 10 MDD	7.68%	10.60%	8.57%	1.01	18%	90-100%	456	72%
Basic Long 15 MDD	9.11%	12.61%	9.04%	1.11	16%	90-100%	388	72%

Machine Basic Long/Short (ETF Only)

Basic Long Short 10 MDD	13.38%	19.11%	8.57%	1.44	23%	100-110%	1061	72%
Basic Long Short 15 MDD	16.31%	26.10%	12.88%	1.32	27%	100-110%	826	71%

Sample Portfolios

Machine Lite

Machine Lite Long Only

Portfolio	CAGR 01-12	CAGR 06-12	MDD	Sharpe	Avg. Exp.	Max. Exp.	Trades/Yr	Win %
Long Lite	16.51%	17.44%	10.38%	1.96	15%	90-100%	607	69%
Long Lite 1	16.34%	16.03%	9.58%	2.36	14%	80-90%	680	71%
Long Lite 2	22.13%	20.10%	14.43%	2.37	16%	90-100%	443	71%
Long Lite 15% DDN	16.51%	17.44%	10.38%	1.96	15%	90-100%	607	69%

Machine Lite Long Short

Long Short Lite	26.27%	25.09%	16.88%	2.42	24%	100-110%	797	68%
Long Short Lite 1	31.55%	28.85%	17.52%	2.46	23%	100-110%	753	69%
Long Short Lite 2	23.05%	29.38%	10.39%	2.13	22%	90-100%	909	69%
Long Short Lite 3	26.25%	29.74%	13.64%	2.36	27%	100-110%	920	69%
Long Short Lite 4	27.12%	32.08%	12.28%	2.47	28%	110-120%	826	69%

Sample Portfolios

Machine ETF

Machine ETF Long Only

Portfolio	CAGR 01-12	CAGR 06-12	MDD	Sharpe	Avg. Exp.	Max. Exp.	Trades/Yr	Win %
ETF Long	12.23%	17.02%	13.41%	1.55	19%	90-100%	451	77%
ETF Long 1	12.36%	16.98%	12.07%	1.49	24%	90-100%	681	75%
ETF Long w/ Day Trades	11.69%	17.46%	7.88%	1.61	12%	90-100%	730	71%

Machine ETF Long Short

ETF Long Short	19.27%	30.91%	12.08%	1.58	28%	100-110%	688	74%
ETF Long Short 1	16.57%	25.47%	9.97%	1.58	31%	100-110%	1159	70%
ETF Long Short w/ Day Tr.	17.84%	29.42%	7.97%	1.58	20%	90-100%	1112	68%

Sample Portfolios

Machine Pro

Machine Pro Long Only

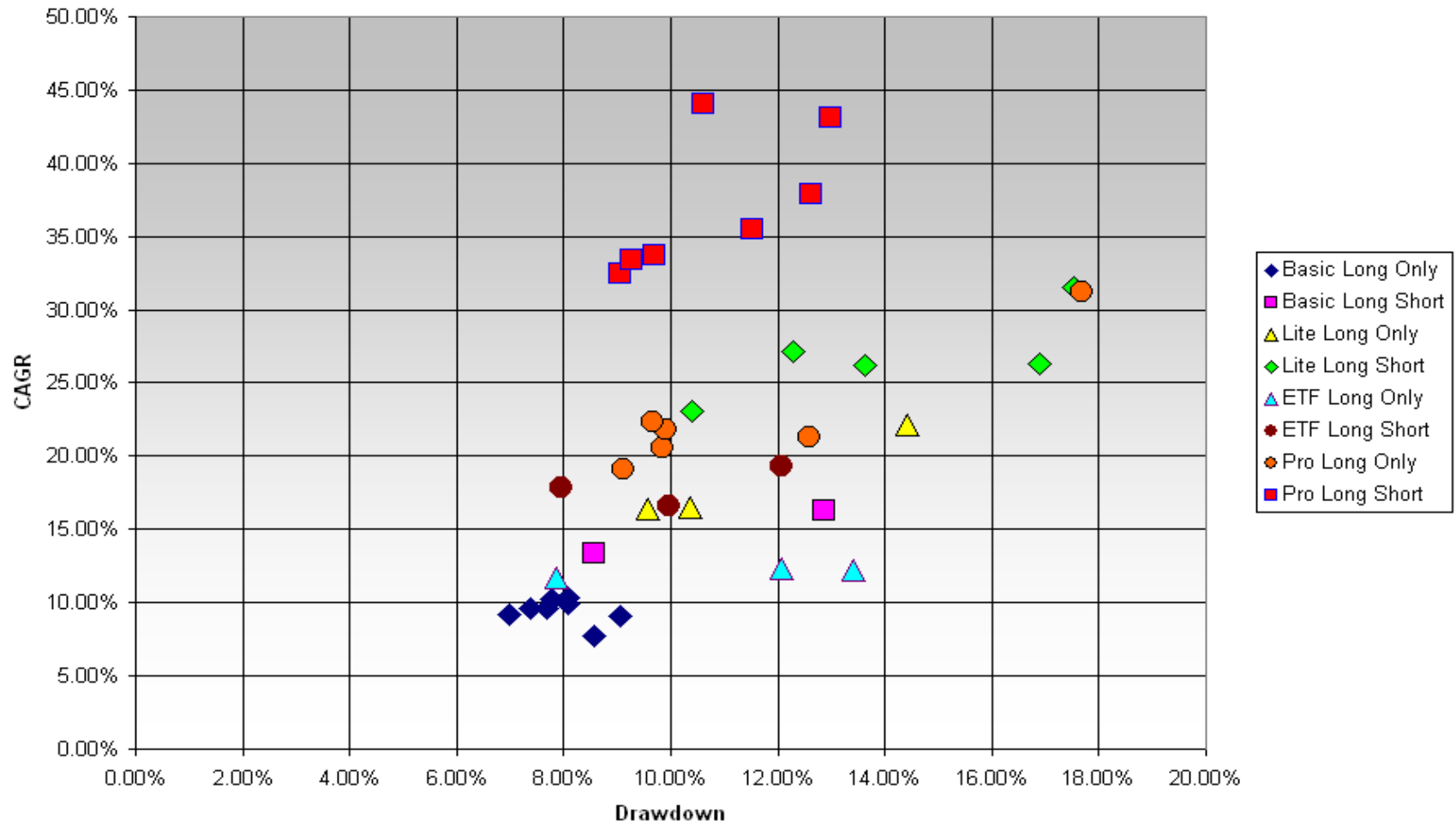
Portfolio	CAGR 01-12	CAGR 06-12	MDD	Sharpe	Avg. Exp.	Max. Exp.	Trades/Yr	Win %
Long Pro	20.56%	27.17%	9.85%	2.32	10%	110-120%	450	67%
Long Pro 1	21.79%	25.32%	9.91%	1.94	7%	110-120%	410	63%
Long Pro 2	31.25%	27.12%	17.68%	2.63	17%	110-120%	551	65%
Long Pro 3	22%	27.31%	9.65%	2.54	11%	110-120%	487	67%
Long Pro 15 DDN	21.25%	21.60%	12.58%	2.14	11%	100-110%	325	73%
Long Pro 15 DDN Day Tr.	19.15%	22.31%	9.12%	2.11	8%	100-110%	603	67%

Machine Pro Long Short

Long Short Pro	33.69%	47.08%	9.70%	2.79	21%	120-130%	768	66%
Long Short Pro 1	43.13%	52.68%	12.99%	3.05	17%	100-110%	408	63%
Long Short Pro 2	37.94%	42.88%	12.61%	3.11	15%	80-90%	158	73%
Long Short Pro 3	35.47%	47.38%	11.52%	2.82	23%	110-120%	686	65%
Long Short Pro 4	32.47%	42.16%	9.05%	3	16%	110-120%	540	68%
Long Short Pro 5	33.41%	46.69%	9.27%	2.85	18%	120-130%	654	66%
Long Short Pro 6	44.06%	51.69%	10.60%	3.21	29%	110-120%	1468	68%

Sample Portfolios

Portfolio Performance Summary 2001-2012



Return Deltas - Actual vs. Backtest

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2010												-1.98	-1.98
2011	0.91	0.08	0.03	-0.16	0.00	-0.31	0.05	-4.46	0.07	-0.46	0.23	-0.82	-4.83
2012	-0.08	0.19	0.15										0.26

Dec. 2010 – Difference was due to several factors. First was startup learning curve where I made errors on some trades. Also did not trade the entire month.

Aug 2011 - Difference between backtest and actual returns was entirely due to differences in the calculation of market values. All of my market trades were at market open and the Machine backtest market values are an average of the days open, high, low and close.

Dec 2011 – Difference due to one order cancelled by broker causing lost profit on that trade.

Machine Versions

- Machine Basic \$1,000/yr.
 - Long/Short ETF Strategies
- Machine Lite \$2,500/yr.
 - Long /Short Stock + ETF Strategies
- Machine Pro \$10,000/yr.
 - Long/Short Stock + ETF Strategies
 - Long/Short ETF Day Trading Strategies

Machine Cost vs. Portfolio Size

Percent Cost Off of the Top vs. Machine Version

Portfolio Size	Machine Basic (\$1,000/yr.)	Machine Lite (\$2,500/yr.)	Machine Pro (\$10,000/yr)
\$10,000	10%	25%	100%
\$25,000	4%	10%	40%
\$50,000	2%	5%	20%
\$100,000	1%	2.50%	10%
\$250,000	0.40%	1%	4%
\$500,000	0.20%	0.50%	2%
\$1,000,000	0.10%	0.25%	1%

Machine Demo

- Lets build and test a balanced portfolio in the Machine.

Free Trial

- If you have any interest in evaluating the Machine, call the account executive below and request a 2 week free trial.

The Connors Group

Peter Yun

973-494-7351

Or

888-484-8220 X 609

Web Site: www.themachineus.com

Appendix

Machine Basic Annual License \$1000:

Long: ETFs Swing Trading

- [ETF Band Stretch](#)
- [ETF Over-Reaction](#)
- [ETF Power Pullback A](#)
- [ETF Power Pullback B](#)
- [ETF RSI Pivot](#)
- [ETF RSI Stretch A](#)
- [ETF RSI Stretch B](#)

Short: ETFs Swing Trading

- [ETF Short Band Stretch](#)
- [ETF Short Over-Reaction](#)
- [ETF Short Pullback A](#)
- [ETF Short Pullback B](#)
- [ETF Short RSI Pivot](#)
- [ETF Short RSI Stretch A](#)
- [ETF Short RSI Stretch B](#)

Appendix

Machine Lite Annual License \$2,500:

Long: Stocks Swing Trading

- [Bounce Buy A](#)
- [Spring Trade](#)
- [Strong Stretch B](#)

Long: ETFs Swing Trading

- [ETF Band Stretch](#)
- [ETF Over-Reaction](#)
- [ETF Power Pullback A](#)
- [ETF Power Pullback B](#)
- [ETF RSI Pivot](#)
- [ETF RSI Stretch A](#)
- [ETF RSI Stretch B](#)

Short: ETFs Swing Trading

- [ETF Short Band Stretch](#)
- [ETF Short Over-Reaction](#)
- [ETF Short Pullback A](#)
- [ETF Short Pullback B](#)
- [ETF Short RSI Pivot](#)
- [ETF Short RSI Stretch A](#)
- [ETF Short RSI Stretch B](#)

Appendix

Machine Pro Annual license \$10,000:

Long: Stocks Swing Trading

- [Bounce Buy A](#)
- [Bounce Buy B](#)
- [Over-Reaction A](#)
- [Over-Reaction B](#)
- [Reversion Buy](#)
- [Snap Back A](#)
- [Snap Back B](#)
- [Spring Trade](#)
- [Stock Scale-In](#)
- [Strong Stretch A](#)
- [Strong Stretch B](#)

Short: Stocks Swing Trading

- [Bearish Over-Reaction](#)
- [Momentum Reversal A](#)
- [Momentum Reversal B](#)

Appendix

Machine Pro Annual license \$10,000:

Long: ETFs Swing Trading

- [ETF All Market 10](#)
- [ETF All Market 5](#)
- [ETF Band Stretch](#)
- [ETF Extreme Over-Reaction](#)
- [ETF Leveraged](#)
- [ETF Over-Reaction](#)
- [ETF Over-Reaction Limit](#)
- [ETF Power Pullback A](#)
- [ETF Power Pullback B](#)
- [ETF RSI Pivot](#)
- [ETF RSI Stretch A](#)
- [ETF RSI Stretch B](#)
- [ETF Stretch Limit](#)

Short: ETFs Swing Trading

- [ETF Short Band Stretch](#)
- [ETF Short Over-Reaction](#)
- [ETF Short Pullback A](#)
- [ETF Short Pullback B](#)
- [ETF Short RSI Pivot](#)
- [ETF Short RSI Stretch A](#)
- [ETF Short RSI Stretch B](#)

Appendix

Machine Pro Annual license \$10,000:

Stocks Day Trading

- [Day Trade L/S: Stocks](#)
- [Day Trade Long: Stocks](#)
- [Day Trade Short: Stocks](#)

ETFs Day Trading

- [Day Trade L/S: ETFs](#)
- [Day Trade Long: ETFs](#)
- [Day Trade Short: ETFs](#)
- [ETF Long Only-A](#)
- [ETF Long/Short-A](#)
- [ETF Short Only-A](#)

Stocks Long-Term Trend

- [Blue Chip Momentum A](#)
- [Blue Chip Momentum B](#)
- [Blue Chip Momentum C](#)

Appendix

Machine Pro Annual license \$10,000:

ETFs Long-Term Trend

- [Trending ETFs A](#)
- [Trending ETFs B](#)
- [Trending ETFs C](#)

Bear Trend: ETFs

- [Bear Momentum A](#)
- [Bear Momentum B](#)
- [Bear Momentum C](#)