eASCTrend® 6.0
Manual

Version 6.05

AbleSys Corporation

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Introduction

Welcome to eASCTrend 6.0, the award-winning trading tool from AbleSys Corporation. This time-tested market analysis program works with a broad range of financial instruments, providing invaluable trading assistance wherever chartable price data is available.

Your first step in initiating a trade is to select the specific stocks, futures, bonds, or Forex markets that you wish to follow. After you've made your selection and entered its parameters into our system, eASCTrend 6.0 analyzes the chart of the market for you, follows developing price action, and alerts you when it is time to enter and exit your trades based on its proprietary formulas. This remarkable program takes most of the guesswork and emotion out of your trading decisions. It even gives you the option to follow our trading signals completely mechanically, or adjust your decisions based on your own trading experience.

Once you learn certain basics, it's easy to use eASCTrend 6.0.This Manual provides a broad overview of the system, from initial set up through working with charts, using your trading tools, and trading strategy. If you have questions that are not answered here, our online **Help** feature is a great resource, or you can e-mail us at support@ablesys.com , or call 1-888-272-1688 to speak with an AbleSys software consultant.

Part One - eASCTrend 6.0 – Basic Operation

In this section we'll look at the basics of setting up price charts according to your preferences, applying eASCTrend indicators, setting up alerts, and using our other helpful features. In Parts Two and Three we'll look at two different strategies you can use when trading with eASCTrend: the **Hybrid Trading Method (HTM)** and the **Mechanical Trading System**.

So, let's get started!

To access the eASCTrend 6.0 tools, your computer system must meet certain basic requirements. You must also load our proprietary software onto your system, and, depending on the frequency of data you require (i.e., whether you day trade or position trade), you must have access to one or more data feeds to provide end of day and/or real-time market price information. System requirements and instructions are provided below.

A. Computer and Data Feed Needs

Computer System Requirements

> Windows XP, 2000, Me, 98, or NT 4.0 (service pack 3 or higher)
> 233 MHz Pentium or compatible
> 128 MB RAM
> 20 MB available disk space
> 28.8K modem or faster (cable, DSL, etc.)
> Internet Service Provider (ISP)

Microsoft Internet Explorer browser version 6.0 or higher
Data Feed access (see section on data modules below)
Suggested minimum screen resolution of 1024 x 768 or above
Sound card and speakers for sound alerts

Data Feed Modules

ABLESYS_EOD/EOD2 are included in your subscription to provide end of day data. If you plan to do intraday trading, you must make your own arrangements to access another data feed provider that offers updated price data throughout the trading day. eASCTrend software supports eSignal data (you may choose Real-time, 15-minute Delayed or End-of-Day data), IQFeed, RealTick, or text files (from CSI Data).

Before installing eASCTrend, please make sure that your data provider software is installed and running properly.

B. Getting Started with eASCTrend 6.0

Internet Connection

To install our software, you must first have an Internet connection established. If you already have an Internet connection set up at your computer because you are on cable or DSL, you may skip this part. Otherwise, if you are on dial up, use WinXP, Win2000, WinNT, WinMe, or Win98 to set up Dial-Up Networking procedures:

1. Double click the **My Computer** icon on your computer desktop. It will bring you to the **My Computer** window. Click the **View** menu and choose **Large Icons …**
2. Double click the **Dial-Up Networking** icon.
3. Double click the **Make New Connection** icon. The **Make New Connection** dialog box pops up. Follow the online instructions to input the required information.
4. Input **Computer Name** and choose a **Modem or Device**, then click the **Next** button.
5. Input your local Internet connection **Phone Number …**
6. Click **Finish**. You are now ready to make the connection. When you double-click the newly created connection icon, the Internet connection will launch.
7. You are requested to input **User Name** and **Password**.
8. Check the box for **Save password**.
9. Check the **Dial Properties …** button on your phone line information.
10. Double-click **Connect** to start the dial-up process for your Internet connection.
11. For your convenience, you can make a copy of the **Internet Dial-Up** icon and place it on your desktop. Highlight (one click) the icon; then right-click and choose the **Create Shortcut** menu. It will ask you to make a copy to your desktop.

Installation and Setup of eASCTrend 6.0 Software

With your Internet connection established, you're ready to install your eASCTrend 6.0 software. Please read the License Agreement before opening the installation program. Then, load the program using the following procedure:

1. Close all Windows applications and run your Internet browser.
2. Go to www.ablesys.com on the Internet.
3. Click on **Download** at the top of our home page and select eASCTrend 6.0.
4. Use your ID and password (you can find them in the confirmation e-mail you received from us) to log in to the download section.
5. Select the data module that you will be using.
6. Download and install your data feed if you have not already done so. It isn't necessary that you have your data feed username and password in order to download and install the data feed software. You can input your data feed username and password later.You may skip the data feed software download if you have already installed your data feed.
7. Click **eASCTrend 6.0** download to start the one-click installation.

IMPORTANT: You can install eASCTrend 6.0 on multiple computers. But one license of eASCTrend will work at only one computer at a time.

Start eASCTrend

Click [icon] , the AbleSys icon, on your desktop; or click the Windows **Start** button > **Programs** > **AbleSys Corporation** > **eASCTrend60 > eASCTrend 6.0** to launch the software.

(If you have problems launching the program remember the following: Before starting eASCTrend, you must have your Internet connection established. And, if you are planning to use a data service such as IQFeed, RealTick or eSignal, the software from your data provider **must be installed. You may run eASCTrend alone or you may have the option to run both eASCTrend and software from your data provider at the same time.**)

When you start up eASCTrend software for the first time, a **Login** window will pop up.

- On the AbleSys side of the window enter the full e-mail address, password and serial number from your AbleSys Web site registration.
- On the Data Feed side of the window, select the appropriate Data Module; input **data feed** username and password. (If you are using AbleSys_EOD you do not need an outside data feed, and you may enter anything for the username/password, or even leave them blank.)

Change Password

If you wish to change your password, click **Tools** > **Change Password**.

Data Feed Indication

Once you are logged in to eASCTrend, a series of lights appears in a **Status Bar** at the bottom of the screen. Data reception from both eASCTrend and your real-time data provider are tracked on this **Status Bar** to keep you informed of the status of your connection to AbleSys and to your data feed.

Depending on the type and number of data feeds you have access to, you can expect a specific configuration of red and green lights on the **Status Bar** as outlined below:

AbleSys Software version	Data Feed	Expected light pattern at the bottom of your screen
eASCTrend Real Time	eSignal, IQFeed, or Real Tick	ABLE HIST TIC DM (all green)
eASCTrend End of Day	eSignal, IQFeed, or Real Tick	ABLE HIST (green) TIC (red) DM (green)
eASCTrend End of Day	AbleSys_EOD or AbleSys_EOD2	ABLE HIST (green) TIC (red) DM (red)

- GREEN means the connection is healthy;
- RED or YELLOW means there is a problem;
- ABLE is the AbleSys server;
- HIST is your data provider's historical server;
- TIC is your data provider's tick history server; and
- DM is your data provider's real-time server.

The pattern of lights can be used to help you identify the source of any problems. If you see yellow lights that do not turn green, as in this sample pattern: ABLE HIST TIC (yellow) DM (green) , you are experiencing a problem accessing one or more of the servers. Most likely this is because you didn't input the correct data provider username or password (these are both case sensitive).

When you first start up eASCTrend, there may be a short period of time during which the status appears as red while the software on your computer connects with the software servers on the Internet.
If you don't see the above lights at all, we suggest that you close eASCTrend 6.0 and start your data feed first; also, make sure your Internet connection, password, and data reception are good. If you continue to have problems, go to the online FAQs and do a keyword search for "lights."

You can turn the **Status Bar** on or off by clicking on **View** in the menubar, and then clicking on **Status Bar**.

Data Feed Servers

The History Server (**HIST**) provides historical daily, weekly, and monthly data which is used to create bars on charts on an end-of-day basis.

The Tick Server (**TIC**) provides two types of data: intraday bar data and tick data. Intraday bar data includes open, high, low, close, and volume data for a period of time specified in minutes. Tick data includes the price and the number of shares sold as well as one record for each trade, which can amount to a large amount of data for volatile stocks.

The Data Manager (**DM**) provides real-time streaming data of various kinds, including a record for every tick and every bid.

Daily, weekly and monthly price charts use data from **HIST** supplemented by real-time data from **DM** (for users who subscribe to an outside data feed). Generally, **HIST** provides data up to the close of the previous day, while the **DM** fills in the current day information.

Intraday interval charts use historical bar data from **TIC** plus real-time data from **DM** to build the chart throughout the day. Accumulation of data into bars is done on the server, so that as the specified time interval gets longer, the volume of data downloaded is reduced. Please also note that the real-time price fluctuation information gets lost during the accumulation process.

Tick bar charts use historical tick data from **TIC** plus real-time data from **DM**. Regardless of the specified number of ticks per bar, every tick for the required period is downloaded. This is because accumulation of ticks into tick bars is not a feature of **TIC**. Since the raw tick data is downloaded when the tick bar charts are plotted, to keep the chart size manageable, subscribers who use this feature should shorten the date range in the **Format Active Symbol Window** (accessed by clicking on the icon in the toolbar) to only one or two days. This will minimize the raw tick data download.

More About Data Feeds Supported by eASCTrend 6.0

As indicated earlier, eASCTrend supports the following data feeds: eSignal, RealTick, and IQFeed. Additional data feeds will be available in the future.

ABLESYS_EOD and ABLESYS_EOD2 are included free of charge with your subscription.

Text file data can also be used. When using text file data, you may import and export ASCII Data files (Text data format) through the **File** menu (in the menubar above each chart window) or by right-clicking your mouse and then clicking on the icon that appears in the resulting menu. Or, you may click on the icon in the toolbar

above each chart window. Either way, you will be taken to the **Format Active Symbol Window** dialog box. Click on **File** under **Interval**, then click on the ⋯ button to the right to import an ASCII format text data file to plot a chart. Note that both the **Date Range** and the **Trading Times** will limit data shown in the chart.

Change Data Feed Module

If you wish to switch your data feed module selection because you have subscribed to or unsubscribed from a data feed provider, you can only do this when you restart eASCTrend 6.0. The **Data Module** selection is only available in the **Login** window.

If you previously checked **Don't show this dialog again** in the **Login** window, you will not be able to see the **Login** window during restart. In this case, you need to uncheck this option first (Click the **Tools** menu in the menubar above the chart window; select **Change Password**), and then restart the program to see the **Login** window at launch time.

Two Important Items

The many helpful tools and features of eASCTrend can be easily accessed through the menubar and the toolbar located above the chart window. Once you learn how to use these, you will find it easy to navigate through the program and work with your charts. All that's required is a little practice.

THE MENUBAR:

File   View   Insert   Format   Tools   Window   Help
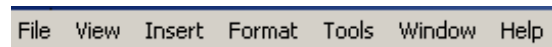
THE TOOLBAR:
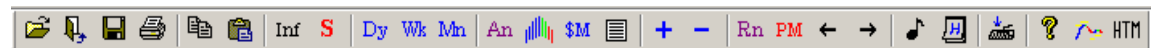
The best way to learn eASCTrend 6.0 quickly:

1. Click *each and every* item within the menubar and toolbar. As different menus and dialog boxes appear, you will become familiar with the functions and actions associated with each item.

2. Click **Help** on the program menubar to start online Help if you need more details about any of features on the menubar and toolbar.

In this Manual we will examine in detail most of the items located in the menubar and toolbar. Keep eASCTrend open on your computer as you read, and follow the directions in each section. You will soon become comfortable with all that eASCTrend has to offer.

C. Working with Charts

With eASCTrend, you can pull up any price chart on your computer by opening it in a workspace. You can then save your workspaces to set up your own online portfolio of charts for the markets you're following. You can have up to eight workspaces, and each workspace can hold up to ten charts.

Once your portfolio of workspaces is set up, you can easily refer to your charts to check their progress throughout the trading day. Saved charts will update according to the type of data feed you have access to. It's also easy to add and delete charts from your portfolio.

Let's look at the simple steps required to manage your charts and customize their appearance to meet your own needs and preferences.

Insert a Chart

You can insert a new chart into a workspace in three ways: (1) in the menubar click on **File** > **New Window** > **Chart Window**, (2) in the menubar click on **Insert**, or (3) use the shortcut keys, **Ctrl-N**. Any of these methods will bring up an **Insert Symbol** dialog box in which you are asked to enter the trading symbol for the market you wish to chart. In this window you can also specify certain appearance characteristics for your chart as well as its time interval (e.g., daily or weekly).

It's easy to find the trading symbol for your market by referring to the resources on our Web site. Simply go to the AbleSys.com homepage and log in. Once you are logged in, click on the **eASCTrend 6.0 Support** link in the **Support** box just below the tabs. In the window that appears next, scroll down to the list of **Easy References** and then click on the **eSignal Symbol Guide** link. You can also access this area by clicking on **Help** in the menubar while you are inside the eASCTrend 6.0 program, and then selecting **Support**.

Format a Chart

You can customize the appearance of any chart to suit your needs and preferences. Initially, all newly created charts display the attributes of our default global chart format. You can make changes to the global chart format, and thereafter all the attributes you specify will take effect when you re-open your saved charts or workspaces, or open new ones.

To format any chart, follow this procedure:

1. Click **Format** in the menubar.
2. Click **Chart** to begin formatting the chart.
3. Using the **Chart Format** dialog box that pops up, you may format the following chart attributes:
   - **Axis Line** color. Click the color drop-down list to format the colors.
   - **Grid Line** color. Click the color drop-down list to format the colors.

- **Background** color. Click the color drop-down list to format the color.
- **Splitter Bar** color. Click the color drop-down list to format the color.
- **Label Font**. Click the button to see font and color options.
- **Status Line Font**. Click the button to see font and color options.
- **Bar Spacing**

   The default value is 40; a higher value of 60 moves the bars closer together so that the chart covers a greater time period.
   When you change this value, the current chart is not changed; the change takes effect when you open subsequent charts.
- **Max. Bar Width**

   The default value of 0 assigns an automatic bar width that works well with OHLC bars. For candlesticks a wider bar is necessary; we have found that an even value of 4, 6, or 8 can be very effective.
   When you change this value, the current chart and all subsequent charts are changed.
- **Show Grid** – Turns Grid ON/OFF.
- **Show Status Line** – Turns **Status Line** on or off. When it is on, the Status Line appears in the upper left corner of the chart, and provides a summary of recent price action, including change, OHLC, and volume.

After changing these settings, you may save your new settings as your custom defaults by clicking the **Save as custom defaults** button. You may also click the button for **Reset to eASCTrend defaults** or **Reset to custom defaults** to make quick formatting changes. Once you set your custom defaults, all the charts you open display these attributes each time you start eASCTrend.

Copy and Paste

After you have created the first chart window, you may simply use the **Copy** and **Paste** icons on the toolbar to quickly generate new chart windows. The copied chart will have the same attributes as the original chart, including symbol and interval.

If it is an intraday chart, and you wish the new chart to represent the same market, but with a different time interval, you may type a number and press **Enter** on the keyboard to change the chart interval. If you wish the new chart to represent a different market, type the new symbol, for example, IBM, and press **Enter** on the keyboard. You can change the interval or symbol for all the charts in the same workspace by clicking the "**All**" button, and then pressing **Enter**.

Arrange Windows

If you want to have more than one chart open in a workspace at the same time, you have three menu options to automatically arrange the charts in your window: **Cascade**, **Horizontal Tile**, and **Vertical Tile**. You can access these options by clicking on **Window** on the menubar.

- Click on **Horizontal Tile** and two or three charts will be arranged in a column. Six, or eight charts will be arranged in two columns.

- Click on **Vertical Tile** and two or three charts will be arranged in a row. Six, or eight charts will be arranged in two rows.

- If you have four or nine charts, click on either **Horizontal Tile** or **Vertical Tile**. Four charts will be set up in a two by two square; nine charts will be set up in a three by three square.

Once you have arranged the charts in a workspace, be sure to save the workspace so that the charts will be in your preferred arrangement the next time you open it.

Bar Spacing

You have two ways to control the spacing between bars on a chart, which determines how many bars can appear on a chart, and therefore the period of time the chart represents. First, as explained earlier, after opening a new chart you can set the bar spacing from 1 to 180 in the **Chart Format** window that appears when you click on **Format** in the menubar and then select **Chart**.

Second, with a chart open, you can change the bar space setting for that chart with the **+** and **−** icons located in the middle of the toolbar. Pressing the **−** icon moves the bars closer together and pressing the **+** icon moves the bars farther apart. If you hold down the Ctrl key while clicking on the **+** and **−** icons, you increase the rate at which the bars move closer or farther apart.

Also, remember that in the **Chart Format** box, **Max. Bar Width** allows you to format the width of the bars.

- The default value of 0 gives an automatic bar width that works well with OHLC bars
- For candlesticks, an even value of 4, 6, or 8 is suggested

Info Window

The **Info Window** gives detailed information on the trading activity during the time period represented by each bar. When you click **Inf** , the **Info Window** icon located on the toolbar, the cursor changes from an arrow to a crosshair. Click the crosshair on any bar in the chart, and the **Info Window** pops up, showing the **Symbol**, **Date**, **Time**, **Volume**, **High**, **Low**, **Open**, and **Close** for that bar. Depending on the kind of data feed you have, the information for the last bar on the chart is updated with every new tick in real time.

If you have used the **An** feature on the toolbar to **Setup Analysis** and add indicators to the chart (see section on Indicators below), the values for those Indicators will also appear in the **Info Window** and will be updated with every new tick in real time. For example, if you have the eASCTrendTS indicator applied to the chart with the "% Trailing Stop" Exit Rule checked, and you've clicked on the last bar of the chart, you

will see the values for **TPLP**, **TEP,** and **Will change to BUY/SELL at xxx (price)** in the **Info Window**, where:

> **TPLP** is the Trailing Profit Level Price (Entry Price plus Profit Level), which is the price value at which the real-time profit-trailing algorithm will be activated.

> **TEP** is Trailing Exit Price, which can be higher or lower than the TPLP. Once the real-time profit-trailing algorithm is activated, you will be able to see the TEP value in the **Info Window**.

> If you are in a long position, when you click the last bar, you will see **Will change to SELL at xxx (price)**. This means that the system will reverse to a sell position when the price reaches the indicated price. Conversely, if you are in a short position, when you click the last bar, you will see **Will change to BUY at xxx (price).**

When you first open the **Info Window**, it will close as soon as you move your crosshair off the bar. To keep the window open, click on the blue arrow in the top-right corner of the **Info Window**. The arrow becomes a blue dot and the box remains where it initially opened. To change the location of the **Info Window**, click and hold in the yellow box at the top of the window labeled **Click here to drag**, and drag the box to the desired location. Now you can click any bar on the chart with the crosshair, and the detailed information for that bar will appear in the Info Window. If you click on the last real-time bar while the trading session is in progress, the **Info Window** will continue to track the current real-time bar, and once that bar has closed, it will show the values associated with the newly formed real-time bar. Click the **X** at the top-right corner to close the **Info Window**.

Please Note: The values for high, low, open, and close are normally shown in decimals. The following bonds are traded in 32nds and their prices are shown in 32nds: us, ty, fv, and tu in the regular session, and zb, zn, zf, and zu in the night session. 103^06 means 103 and 6/32 and is equal to 103.1875.

Holiday List

Some markets are traded almost twenty-four hours a day. For those markets you may see some price data show up even on "holidays." Because these days are very thinly traded their data may be distorted, and therefore could cause a problem for any trading signals you may have activated.

If you want to remove such data, you may set up your own "filter for holidays" by clicking on , the **Holiday** icon, in the toolbar. The **Filter for Holidays** dialog box will pop up. Choose the date of the holiday that you do not want plotted on the chart, and then click the **Add** button to add it to your custom holiday list.

When you want to remove a holiday from your custom holiday list, highlight the date, and then click the **Delete** button to delete it.

D. Working with Workspaces

After setting up charts in a workspace, you must save that workspace so that your charts will be available to you the next time you start eASCTrend 6.0. A workspace in eASCTrend is a page that displays one or more charts according to your specified settings. You may display intraday charts, daily, or even weekly charts on the same workspace. And you can mix any symbols, or even types of markets. You can insert one or more indicators in each chart. Settings for symbols, indicators, and charts can be set to the default values or to values you specify. The following workspace options can be accessed from the **File** menu in the menu bar.

New Workspace

To be taken to the first empty workspace, from the **File** menu click **New Workspace**. Other ways to get to an empty workspace are to type the shortcut keys **Ctrl-W**, or simply click on an unused workspace tab at the bottom of the screen. There are a total of eight workspaces. Initially, the label on the tab of a blank workspace says **Workspace** followed by a number from **1** to **8**.

Save Workspace As

After creating a new workspace, you must save the workspace to keep all of your settings. You can give your workspaces any name, such as SP, My Stocks, or DailyCharts, by choosing **File** > **Save Workspace As…**. The default working directory is eASCTrend C:\Program Files\AbleSys\eASCTrend60\Workspace. All workspaces are stored in this working directory. File names of the workspaces use the .aws extension. Once a workspace has been saved, the tab at the bottom of the screen is relabeled with the name you assigned to the file.

- Tip: The **Save Workspace As. . .** menu is also a quick way to create a new workspace. Simply open an existing workspace, change its settings for symbols, indicators, and charts, and then use the **Save Workspace As. . .** option to assign another name. This will save your new settings in a new workspace with the new name.

Save Workspace

After you change any settings in a workspace, you must save the workspace to keep all of the changes. To save a workspace, select the **File** > **Save Workspace** menu. You can also use the shortcut keys **Ctrl-S** or simply click 💾 , the **Save Workspace** icon on the toolbar.

Save All Workspaces

You can use the **Save All Workspaces** menu item to quickly save all workspaces that are currently open. Click on **File** and then choose **Save All Workspaces**. Or, an even easier way is to simply use the shortcut keys **Ctrl-A**.

Open Workspace

The **Open Workspace** menu allows you to open workspaces that are in your working directory. From the **File** menu, click on **Open Workspace**, or use the shortcut keys **Ctrl-O**, or simply click [icon] , the **Open Workspace** icon on the toolbar. The **Open a Workspace** dialog box pops up and you can highlight the workspace you wish to open. You can also press the **Ctrl** key to highlight more than one workspace to open.

Close Workspace

The **Close Workspace** menu item under **File** allows you to close a selected workspace. You may also simply click on [icon] , the **Close Workspace** icon on the toolbar.

- Tip: If you don't like changes you have made to a workspace, close that workspace without saving it. When you open it again, it will have returned to the state it was in the last time you saved it.

Delete Workspace

The **Delete Workspace** menu option allows you to delete a selected workspace. The shortcut keys **Ctrl-D** have the same function.

- Note: **Delete Workspace** removes the workspace from your screen and deletes the file from your computer's disk drive. If you delete a workspace, you can never open it again.

Save All Unsaved Workspaces on Exit

When you exit eASCTrend, the computer will ask if you want to save all unsaved workspaces. Click on **Yes** if you want to save any changes made during the current session. Click on **No** if you do not want to save any changes made since your workspaces were last saved. Click on **Cancel** if you want to continue your current session. The next time you start eASCTrend, you have the default option to open the workspaces listed in the tabs when you exited. If you did not save them when you exited, the workspaces will be opened using the settings from the last time they were saved.

E. Working with Indicators

We now come to the primary feature of eASCTrend. To analyze markets and help you make trading decisions, eASCTrend allows you to apply your choice of **Indicators** to your price charts. These include proprietary indicators, such as eASCTrendTS, eASCTrend2, and others, along with common indicators such as the moving average, RSI, Bollinger Bands, etc. Many of these indicators come with buy and sell alert signals that you have the option to turn on and off. To see the complete list of available indicators that you can apply to your charts, click on the [icon] icon in your toolbar. You will find further discussion of these specific indicators throughout this Manual. You can apply as many or as few as you wish to any chart. One informational indicator we

mentioned earlier that some traders find useful is the Status Line, which provides you with an up-to-date summary of a market's price action.

Format an Indicator

When you first apply an indicator to your chart, it is initially plotted with default settings. However, you can change the default settings by custom formatting the indicators to your preference.

There are two ways to format indicators:

1. You can format an indicator at the time when you insert it. After clicking the An icon, click the **Format Indicator** button in the resulting dialog box. This brings up the **Format Indicators** dialog box. Use this method to format indicators on the chart you are viewing, or check the **Save as Custom Defaults** button to apply your new formatting to other charts.

2. You can also format indicators by clicking **Format** on the menubar, and then **Indicators**. The **Format Indicators** dialog box will display. Use this method for global settings of indicator formats on the currently selected chart and on any new charts for which indicators are desired. Please note that you need not have a chart open to access the **Format Indicators** dialog box in this way.

You can format settings for **Parameters**, **Style**, **Color**, **Weight**, **Subgraph** and **Enable Alert**.

Please see *Appendix A. Adjust eASCTrend Indicators* for further information on adjusting the parameters.

View eASCTrend Values from Info Window

As you will recall, when you move your mouse across a chart, the shape of the cursor indicates whether or not you have activated the **Info Window** option. A crosshair cursor indicates that you are able to view the **Info Window**, while an arrow cursor indicates that you are not. In order to switch between the two states, click **Tools** > **Info Window**, or, simply click the Inf icon on the toolbar. When you have the crosshair cursor, click on any bar on the chart and the **Info Window** will appear on the screen.

Additional information will appear in the **Info Window**, depending on which indicators you have applied to the chart. For example, if you have applied the eASCTrendSig indicator, click on any bar and you will be able to see values for the **eASCTrendSig BuyStop** or **SellStop** in the **Info Window** (this value can be used as a protection stop for a reduced risk entry). Other eASCTrend stop values you can see in the **Info Window** are: **BuyStop2** and **SellStop2** when eASCTrend2 is applied; **BuyStop3** and **SellStop3** when eASCTrend3 is applied. Please note that the use of **Buy** and **Sell** in the names is position oriented (long or short), not order-type oriented.

If you place stop orders for a long position, you will place a **Sell Stop** order with the BuyStop2, the BuyStop3, or the eASCTrendSig BuyStop values. If you place stop orders for a short position, you will place a **Buy Stop** order with the SellStop2, the SellStop3, or the eASCTrendSig SellStop values.

As you become more familiar with the different indicators and how they impact your trading decisions, you will gain a greater understanding of the key information that's made available in the **Info Window**.

Status Line

The Status Line shows the **Date**, **Time**, **Symbol**, **Net Change**, **Close**, **High**, **Low** and **Volume** of the last bar on the chart. The eASCTrend default has the status line enabled and displayed at the left-top corner of the chart. You can choose to keep the Status Line displayed or turn it off.

There are three ways to toggle the Status Line on and off:

1. Use the **Format** > **Chart** menu to turn the **Show Status Line** on or off by checking or un-checking the box in the **Chart Format** dialog box.
2. The on/off state of the Status Line on a selected chart can also be toggled from the **Tools** > **Status Line** menu by clicking on Status Line.
3. You can also toggle the **Status Line** and format its **Color**, **Font** and **Size** by clicking the **Status Font** button in **Chart Format** dialog box.

Refresh an Indicator

In real time, indicators are updated with every incoming tick. If you subscribe to a data feed that supplies intraday price data, before any bar closes, the High, Low or Close prices keep changing; therefore, the values of indicators on the chart keep changing, too.

As you may know from your own experience, as data keeps flowing in, occasionally the market will supply a bad tick. This is usually corrected as additional data comes in. However, you should be aware of this possibility, and when eASCTrend alerts you with a buy or sell signal, you should refresh the chart to avoid possibly acting on erroneous signals that are associated with bad data. A single chart or all charts may be refreshed by clicking on **Tools** on the menubar (or right clicking on a chart) and then clicking on **Refresh Current Chart** or **Refresh All Charts**.

Refresh clears the chart and then loads all new data from the data service history.

Save Indicators with the Chart

After you set up your first chart window with eASCTrend indicators according to your preferences, you can use this chart window as a template for additional charts. Use the **Copy** and **Paste** icons to create new chart windows quickly. After

pasting, click the new chart and type in a new symbol (the first key press opens a dialog box). When you save the workspace, all the attributes, including the indicators you applied, will be saved.

Alerts

The following eASCTrend indicators are capable of sending alerts:

eASCTrendTS (see Appendix C for alert description and when it is heard)
eASCTrend1
eASCTrend3
eASCTrendSig
Bollinger Bands
ADX

Note: eASCTrend2 does not have an alert of its own, but there is an alert for HTM (Hybrid Trading Method – see Part Two of this manual) which is triggered by agreement between eASCTrendTS and eASCTrend2.

To turn on the alert for an indicator, place a check in the **Enable Alert** box in the **Format Indicators** dialog box. Or to toggle the alert between on and off, go to the **Insert Analysis** dialog box and double click on the words **Alert On** or **Alert Off** next to the name of each indicator you've applied.

The HTM alert is unique. It's **On** when eASCTrendTS and eASCTrend2 are both applied to the chart and the eASCTrend2 alert is set to **On**. The HTM alert is **Off** if either the eASCTrend2 alert is set to **Off** or one of the two indicators is not applied to the chart. eASCTrend2 does not have an alert on its own.

Click , the music alert icon in the toolbar, to toggle the buy and sell signal sound alert on and off.

E-mail alerts can be set up in eASCTrend to be sent through Outlook Express.

1. From the Format menu, select **Email Alert**, place a check next to **Enable alert by email**, and then type in your e-mail address.

2. Set up Outlook Express as your default: from the **Outlook Express Tools**, select **General**. In the lower part -- **Default Messaging Programs**, click the **Make Default** button for using Outlook Express as your default mailer.

3. Set up the Outlook Express security: from **Outlook's Tools**, select **Security**. DO NOT check (uncheck) the "Warn me when other applications try to send mail as me."

AutoScan

Once you have your Indicators set up, you can use **AutoScan**, one of our most helpful features. With AutoScan activated, you no longer have to look through long lists of symbols each day to discover which ones present a trading opportunity. **AutoScan**

searches through your list of market candidates for you, and identifies the symbols that currently offer tradable buy and sell signals. Then it alerts you to these excellent trading candidates by marking them in a comprehensive **AutoScan report**, as well as a pop-up alert. **AutoScan** can search your list using end-of-day (EOD) data, or, if you subscribe to a real-time data feed, it will constantly monitor your symbols in real-time (the Real-Time box in your Portfolio Data List needs to be checked. See procedures below). AutoScan works with your **Custom Data List** (which you input yourself using the procedure described below), or it will use a symbol list you download from WinTick and import into your **Custom Data List** (refer to instructions in the Beginner's Video 1). We recommend that you use eASCTrendTS to run with **AutoScan**.

Procedures:
1. To set up your **Custom Data List** and select indicators for **AutoScan**, select the **Setup AutoScan** option under **Tools** in the menubar, or simply click the Rn icon in the toolbar. The **Portfolio Data List** dialog window appears.
2. You can enter a **filename** for your symbol list, such as **My Stocks**. Or, you may type in **symbol names** in the format of one per line, such as MSFT, GE, CSCO...
3. Choose either the **Daily** or **Weekly** option for the chart.
4. Specify **Last Date** and **Duration** for the chart
5. Check the boxes of your choice of indicators, being sure to double click to turn the alerts **ON**.
6. With eASCTrendTS, you may have the computer scan for the best value of Trading Signal Performance Control (TSPC – which is discussed fully in Section C of Part III of the Manual). Specify the number of shares and the cost per trade by clicking on **Format** in the menubar, and then **Trade Signal**. This opens the **Set Global Trade Signal Formats** window.
7. Once you've entered your parameters, click **OK** to save the settings of your custom data list.
8. Click Rn in the toolbar, and then the **Run AutoScan** button to start the scanning. Or from the menubar, select **Tools** to open the menu and select **Run AutoScan**. We suggest you run AutoScan while the market is closed. However, you may run AutoScan in the background in real time. When you run AutoScan, it will open a window with your custom data list. You can see the percentage meter of the **Scan Process** in the **Status Bar**.
9. After the AutoScan is finished, you may click the **View Scan Results** button or from the menubar select **Tools > View AutoScan Results**. The results display the date, time, symbol, interval, signal name and triggered price.
10. You may **Go to Symbol Chart, Delete Line, Save As File, Print Results** or **Cancel** by clicking the buttons on the **View Scan Results** window.

F. Trading Strategies Reference Table

Part Two of this manual covers the Hybrid Trading Method (HTM). Part Three covers the 100% mechanical trading method. Depending on your markets and trading style, you will be more interested in reading Part Two or Part Three. The following table gives you a quick

guide to which markets and trading styles go best with either HTM or the mechanical trading method so that you can go directly to the section of the manual that's most relevant to your interests. If you prefer to trade with HTM , please read Part Two. If you prefer to trade with 100% mechanical signals, please read Part Three.

	Day Trading Below 30-min	Swing Trading 30-min or Above	Position Trading Daily/Weekly
Stocks	HTM only	HTM/100% Mechanical	HTM/100% Mechanical
Mutual Funds	Not applicable	Not applicable	HTM/100% Mechanical
Index Futures	HTM only for minis	HTM/100% Mechanical	HTM/100% Mechanical
Commodities	HTM only	HTM/100% Mechanical	HTM/100% Mechanical
Forex	HTM only, avoid.	HTM/100% Mechanical	HTM/100% Mechanical
Bond	HTM only	HTM/100% Mechanical	HTM/100% Mechanical

G. Establish your Trading Strategy: The right way to use eASCTrend software

To be successful, traders must treat their trading activity as a business. This means developing a business plan, which includes adopting a set of trading strategies that can be implemented using specific, predetermined rules.

Effective trading requires discipline. Disciplined traders only trade price actions and patterns that fit the strategies and rules they've adopted. They are selective in entering trades because they know that depending on the strategies and rules they've chosen to adhere to, not all price actions are tradable. The gamut of possible market price patterns is unlimited, and it isn't possible to come up with strategies and rules that fit every possible market condition. This is why traders should stick with the kind of trades that fit their rules and that have worked for them in the past.

If you are constantly adjusting your strategies and rules to fit new price patterns, you eventually become a rule-less trader without any discipline. That is why you must adhere to specific trading strategies and rules that are only appropriate for the kind of market price actions you are comfortable trading. If market price actions do not fit your trading strategies and rules, do not trade them.

Patiently wait for the price pattern you're looking for to present itself before entering a trade. If the opportunity you seek is not available right now, be assured that other opportunities will soon present themselves. The market constantly alternates between narrow range price consolidations and large range price movements; the ratio of price consolidations to price movements is approximately 80:20. Experience has shown that during price consolidations it is not appropriate to initiate trend-following trades.

Experienced and successful traders report, however, that they have very good success when they take the entry point at the END of a price consolidation. So be patient and very selective, and wait for the right time to enter trades.

Here are additional points to consider in developing your trading business:

- Only enter a position at the optimal entry point. AbleSys software helps you recognize this point by presenting colored indicators that you can follow by applying simple rules. These indicators, along with sound alerts, allow traders to easily follow their trading program.

- Using dynamic trailing stops is the only way to manage your risk. The software will help you to manage your current open positions by offering very specific initial stops and trailing stops.

- Spread your trading risk by diversifying your account or strategies whenever you can. For example, if you trade stocks, you can determine your per symbol buying power (how much to invest in any one stock) by dividing your usable buying power by the number of markets you wish to trade. You can determine the number of shares of that stock to buy by further dividing the per symbol buying power by the price of the symbol. If you trade e-minis, futures, commodities, or Forex, it is always a good idea to diversify your markets.

- Always put aside 20-30% of your buying power as a reserve. Every trading system and strategy will face periods of drawdown; you need sufficient reserve in order to keep going through these periods. (See the discussion of Maximum DrawDown in Part Three, Section B of this Manual.)

- Trading is a long-term venture. You need a plan as well as patience. Looking for immediate results with instant gratification will cloud your judgment.

Learn to walk before you can run. Learn all the rules and strategies first. Practice or simulate trades before you trade with real money.

Part Two - eASCTrend 6.0 – The Hybrid Trading Method (HTM)

A. Introduction to HTM

What Is HTM?

The Hybrid Trading Method combines the decision-making power of the AbleSys analytical software with the trader's own experience and intelligence. HTM is a trading method that combines two indicators – eASCTrend TS (the back-testable mechanical buy/sell Trading Signal), along with eASCTrend 2 (our classic indicator) – to make trading decisions in any market with interval charts (i.e., prices plotted over time). It can be used for day trading, swing trading and position trading. HTM employs a set of easy-to-follow entry and exit rules that offer very low risk and that remove most of the guesswork from trading. Many traders use HTM on a daily basis.

- **HTM can be used for any interval charts.**
eASCTrendTS responds quickly to market conditions while eASCTrend2 responds more slowly. The combination of the two indicators works in any time interval to give the trader a more complex and comprehensive analysis of the market.

- **HTM can be used equally well for Day Trading, Swing Trading, and Position Trading in any market.**
The dual timing of the two indicators is ideal in that it reduces the whipsaw effect frequently experienced in the small intervals used in day trading. We see the same advantage when HTM is used for swing trading and position trading.

- **HTM can be used for trading any size account.**
The lower drawdown experienced with the Hybrid Trading Method makes it not only desirable for use with large accounts, but with medium and small accounts as well.

- **HTM is easy-to-learn and easy-to-use.**
The Hybrid Trading Method can be applied to a chart in seconds with a click of your mouse. Traders can quickly learn the few easy rules required to implement the method. HTM even comes with buy and sell alerts which are triggered by agreement between eASCTrendTS and eASCTrend2.

- **HTM is almost completely objective and mechanical.**
To know when to enter the market, traders need only watch the mechanical eASCTrendTS – which provides a winning framework – and then watch for agreement with the classic eASCTrend2 indicator – which gives a very accurate prediction of the direction the market is likely to take. All this information is clearly marked on the chart. Because signal agreement can follow chart formations that extend over different periods of time, traders can apply their own experience in deciding when they are comfortable with the risk offered by a particular trade. Once traders have entered a market position using the Hybrid Trading Method, they can follow the stop rules very mechanically.

- **HTM can dramatically remove guesswork during trading.**
Using HTM reduces the influence of emotions on traders' decisions because it allows traders to approach a trade with a predetermined plan, and then strictly follow the

indicators on the chart.

The Benefits of Using eASCTrend 6.0 HTM

As a rule, we find that markets tend to exhibit regular price patterns with clear up trends, down trends, or consolidations, approximately 80% of the time, and irregular price patterns for perhaps the remaining 20% of the time. Therefore, while the nature of the market can be quantified or predicted most of the time, there are significant times when it cannot be quantified or predicted. However, it is during those difficult-to-predict yet critical times between irregular and regular periods that traders find their greatest profit opportunity. HTM addresses this market challenge by using a time-tested analytical software system, combined, to a limited extent, with the critical addition of the trader's own intelligence, to maximize traders' ability to take advantage of market conditions.

HTM meets the needs of traders with technology that is both powerful and easy to use:

- Back-testable eASCTrend TS sets a winning framework, giving traders increased confidence in following the system. Confidence is crucial to trading success.

- The highly accurate eASCTrend2 evaluates and displays the market direction so that traders are more likely to enter on the right side of the market, and therefore have the opportunity to experience a high winning rate.

- Signal agreement between the quick to respond eASCTrend TS and the slower to respond eASCTrend2 helps traders avoid choppy markets while capturing the trend in an early stage. This helps to increase traders' winning rate and performance.

- The easy-to-follow entry rules, referred to as C.A.R.E. (described in Section C of Part Two), identify the high reward, low risk optimal entry point for trend-following traders as well as traders who employ trend-following scalping or low-risk scalping. The objective rules used with HTM make trading less discretionary.

- Specific HTM initial stops, trailing stops, and exit stops offer minute-to-minute trade management. HTM provides lower risk by enabling traders to use relatively tighter stops associated with smaller time intervals. Tighter stops help to minimize the human discretionary element in risk management and exit management.

- HTM is also flexible in that it incorporates each trader's own experience within the HTM framework. Since we are trend followers, the most critical issue for successful trading is to identify a trend in its early stages. In order to accomplish this while avoiding choppy markets, traders need specific knowledge and guidance. HTM's Thrust, Triangle and Time Unit (T.T.T.) techniques (see below) assist traders by providing specific guidelines that help them to identify the trend and increase the likelihood of winning trades.

- Virtual Paper Trading (VPT) is available in all versions of eASCTrend 6.0 to help traders improve their skills by allowing them to simulate trades without using real money. Traders can conduct VPT to practice trading strategies using either historic data or real-time streaming data.

- HTM is easy to apply to any chart, and easy to implement. While viewing a chart, simply click on the HTM icon on the toolbar, and the HTM settings with eASCTrend TS and eASCTrend2 are applied to the chart with the correct parameters. The HTM alert window with sound will pop up to indicate when the market offers the best HTM entry point.

Common Terms Used In Discussing HTM

1. Support and resistance

Support and resistance are areas on a price chart; support is like a floor that prices can't seem to fall below, and resistance is like a ceiling that prices can't seem to rise above. When prices finally do break through support or resistance, this is a critical event that may influence a trader's decision to enter or exit a market. If a trader says, "When that stock goes below $50 per share, I'll buy a thousand shares," then $50 is the support price for that trader. And if a trader says, "When that stock goes above $60 per share, I'll sell all my shares," then $60 is the resistance price for that trader. Support and resistance are revealed through the prices on a chart, which represent the collective decision making of millions of people who are constantly evaluating thousands of financial instruments to choose the best buy and sell prices. Support and resistance are constantly changing. After the fact, it's easy to draw lines on a chart to represent support and resistance. It's not as easy to paint dynamic support and resistance areas on a chart in real time, but that is what we do with eASCTrend 2.
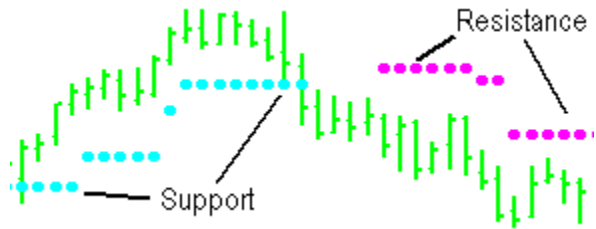
2. Trend movement

When consecutive high points on a chart are higher, and consecutive low points on a chart are also higher, then that portion of the chart is in an up trend, or a long trend.
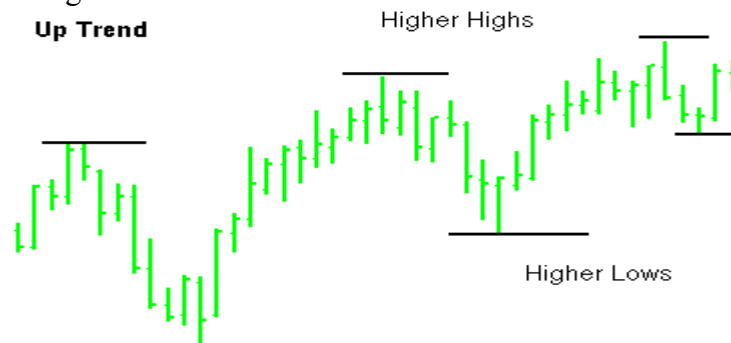
When consecutive low points on a chart are lower and consecutive high points on a chart are also lower, then that portion of the chart is in a down trend, or a short trend.
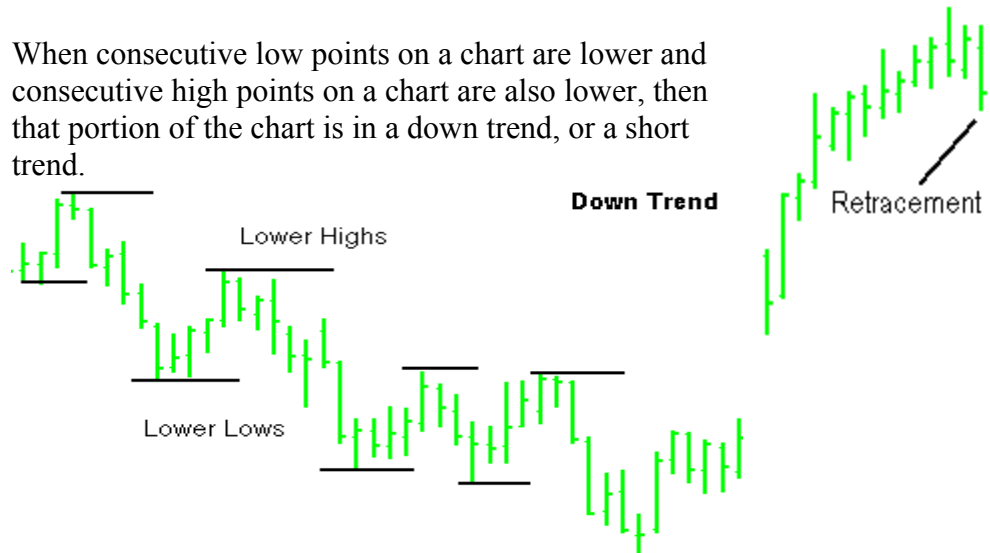
3. **Pullback/retracement**

When a chart that's in an up trend has a higher high, and then the price drops lower, but not as low as the previous low, it is called a pullback or retracement. Conversely, when a chart that's in a down trend has a lower low, and then the price goes higher, but not as high as the previous high, it is again called a pullback or retracement. It is critical to watch what happens after a pullback or retracement: Does the trend continue? Does it reverse? Or does the market enter a period of consolidation?

4. **The second test**

The second test occurs after a retracement and indicates whether prices are going on to continue the trend. In an up trend, the second test is a re-test of the recent highs. In a downtrend, the second test is a re-test of the recent lows. The up trend is continuing if the re-test breaks the recent highs. The downtrend is continuing if the re-test breaks the recent lows. The aggressive eASCTrend2 stops are used during periods of trending. Use the conservative eASCTrend 13 (T13) stops during a re-test. (The T13 indicator, which is discussed further below, is part of TS and is represented by the dots when TS is applied to a chart.) Return to using the eASCTrend2 stops if the trend holds after the second test.
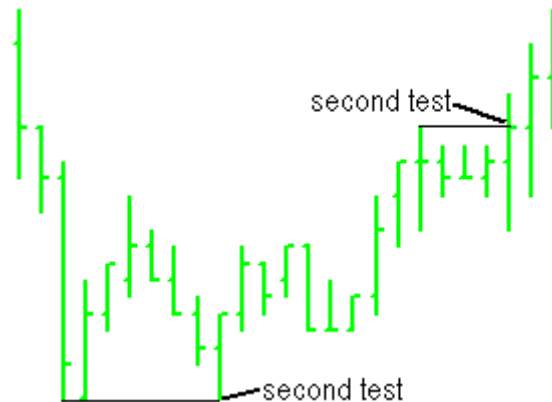
5. Consolidation

Sometimes, instead of trending up or down, prices on a chart stay within a relatively narrow range. When consecutive high points on a chart are the same or lower, and consecutive low points on a chart are the same or higher, then that portion of the chart is said to be in a period of consolidation. Towards the end of consolidation, the range of price movement tends to become even narrower. Breakouts at the end of periods of consolidation offer attractive market-entry opportunities.

6. Thrust, Triangle, and Time

A Thrust move is a strong trend, either long or short. It is often followed by a period of consolidation that roughly forms a triangle. Time is the ratio of the number of bars of consolidation divided by the number of bars of thrust. The larger this number is, the more aggressive a trader can be in responding to a breakout of the triangle.

$$\text{Time} = \frac{\text{bars of Triangle}}{\text{bars of Thrust}} = \frac{4\ \text{delta}}{1\ \text{delta}} = 4$$
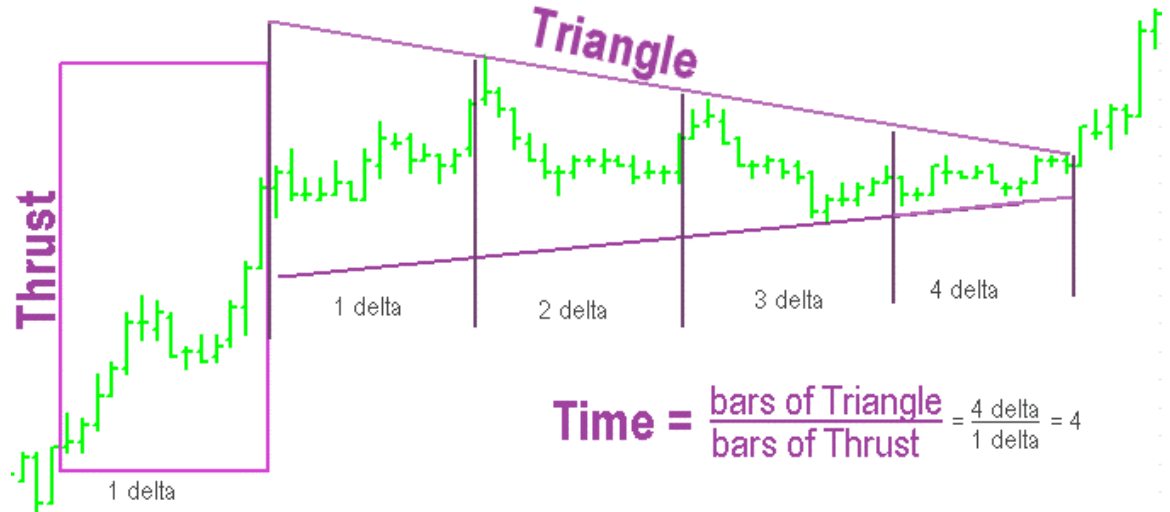
B. How To Set Up a Chart with HTM

1. Insert the symbol you wish to trade

First, open the chart of the symbol you wish to trade by clicking on **Insert** on the menubar, selecting **Symbol**, and typing the symbol into the dialog box. HTM works with any type of market because the eASCTrend indicators work with any type of market. Whether you trade stocks, futures, bonds, or the Forex, eASCTrend will work well for you. Traders should choose markets according to their own style of trading and available capital. A highly leveraged instrument may be right for some traders because it offers a very high potential for profit, but that same instrument may be wrong for others because it presents a higher risk than they can tolerate.
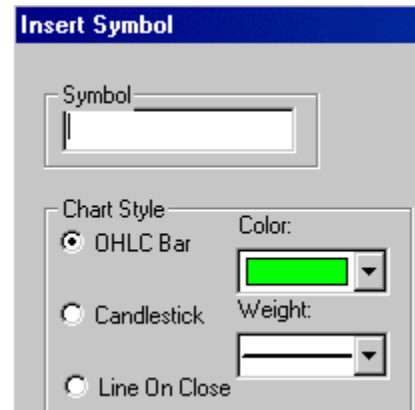
2. Choose the time interval
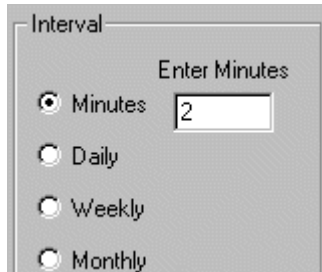
There is no universally optimal time interval to trade. Traders must select appropriate time intervals for their market according to their risk tolerance and profit expectation. AbleSys software is very flexible and can be used for any time interval. The advantage of using a smaller time interval is that the initial risk is lower due to the smaller price swings. In comparison, large time intervals offer relatively larger initial risks. However, smaller time intervals involve more overhead because they require a larger number trades. Also, signal accuracy is relatively lower compared to longer time intervals.

3. Apply eASCTrendTS (TS) and eASCTrend2 (T2)

Once a trader has a chart with green bars pulled up, it is extremely easy to apply the two indicators correctly. Move the mouse to the icon on the far right of the icon tool bar labeled **HTM** and click on it. This is all that's required.

Immediately upon clicking on the **HTM** icon, the HTM analysis is applied to the chart:

- The eASCTrendTS (TS) analysis is applied with the default settings which paint the price bars dark blue where prices are in an up trend, and red where prices are in a down trend. Where prices are consolidating, the bars remain green. A large cyan/ light blue dot (for an up trend) or magenta dot (for a down trend) is placed on the first bar of a new trend. A small dark blue dot (in an up trend) or a small dark red dot (in a down trend) is placed below or above the bars respectively to represent the eASCTrend 13 stops.
- The eASCTrend2 (T2) analysis is applied with our default settings. This

24

places medium-sized light blue dots (for an up trend) or magenta dots (for a down trend) below or above the bars to represent the T2 stops.
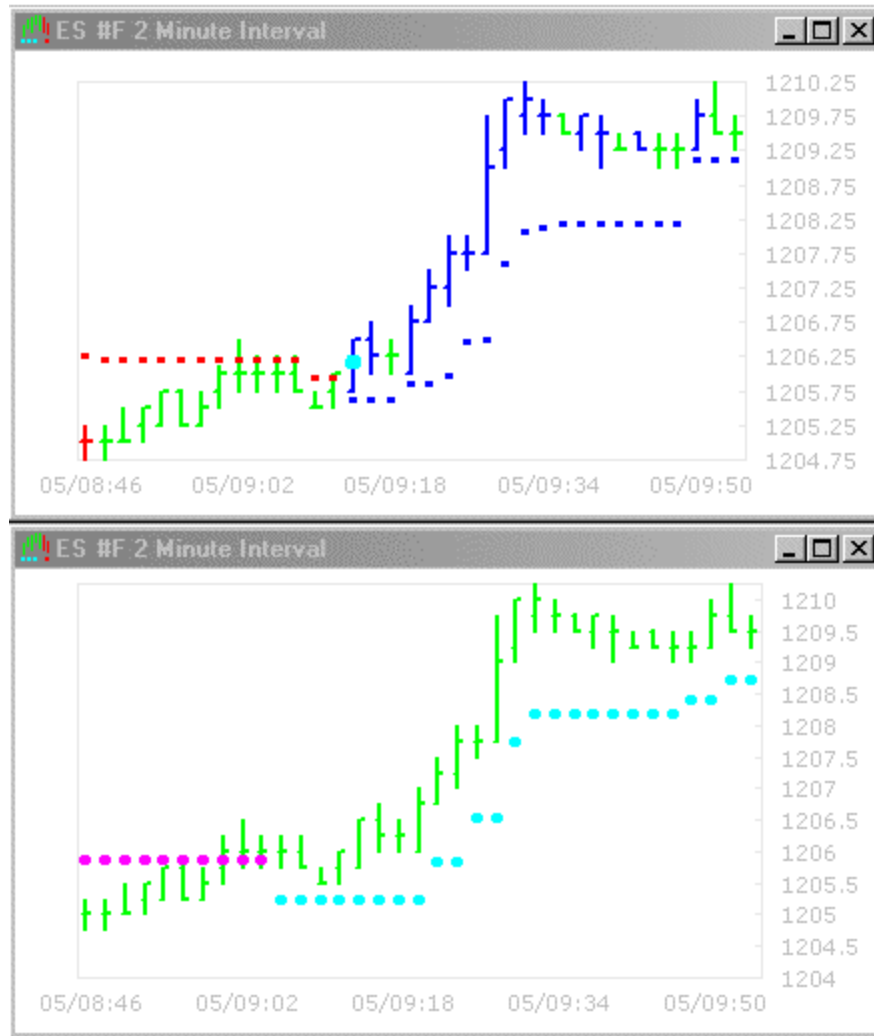
The top chart shows only the TS indicator, and the bottom chart shows only the T2 indicator. They are separated here so that you can clearly see each of the two indicators.

Generally traders apply both indicators to one chart as shown below:
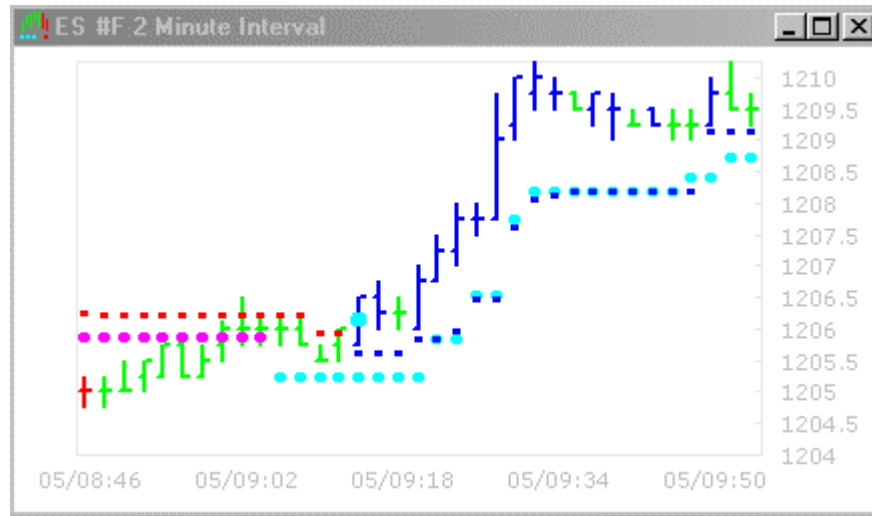
4. HTM Alerts

You can enable an alert for HTM which is triggered when the eASCTrend TS and eASCTrend 2 indicators agree. Both eASCTrend TS and eASCTrend 2 must be applied to the chart and the eASCTrend 2 alert must be set to On in the Insert Analysis dialog window under the An icon in the toolbar. The HTM alert is off if the eASCTrend2 alert is set to off or either indicator is not applied to the chart.
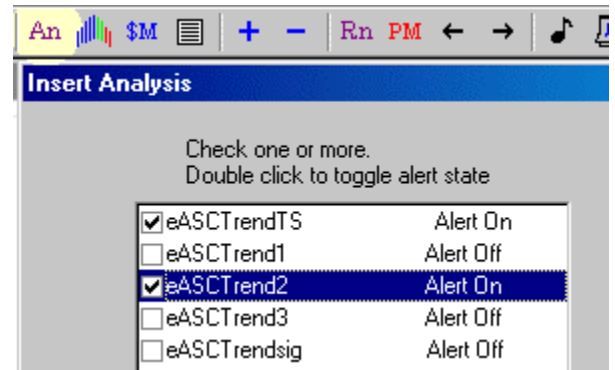
5. Adding a Guidance Chart

Using guidance windows is optional, but it can increase trading confidence. Traders who use guidance windows normally like to use guidance charts with relatively longer time intervals than the charts they are trading. For example they might use daily charts as guidance charts along with 30-min trading charts for swing trading, or they might use 30-min guidance charts along with 3-min trading charts for day trading. We call the charts with the shorter time interval the "trading windows," and the charts with longer time intervals the "guidance windows." Traders will follow the signals and stop values in the trading windows to execute trades. The ideal scenario is to find tradable opportunities in the trading window that are also in agreement with the directional bias indicated by the guidance window. For example, it is ideal to trade a long (buy) TS/T2 agreement in the trading window while the guidance window also indicates a long

(buy) TS/T2 agreement.

Sometimes, it is not appropriate to mechanically enforce a directional agreement between the trading window and the guidance window with equal weight (50/50). Under certain conditions we should give more weight to the signals in the trading window to "break the tie." For example, when you see a significant price movement, you can expect it to be followed by a very long period of price consolidation, perhaps 3 to 4 times the length of the major price movement. If the major price movement takes one hour, traders need to be very conservative in taking trades in the next three to four hours during which consolidation may be taking place. However, after three or four hours of consolidation in the trading window, the signals in the guidance window are less important. Traders should be very aggressive in taking trades from this point if they see signal agreements in the trading windows, regardless of the direction in the guidance windows.

guidance window   trading window
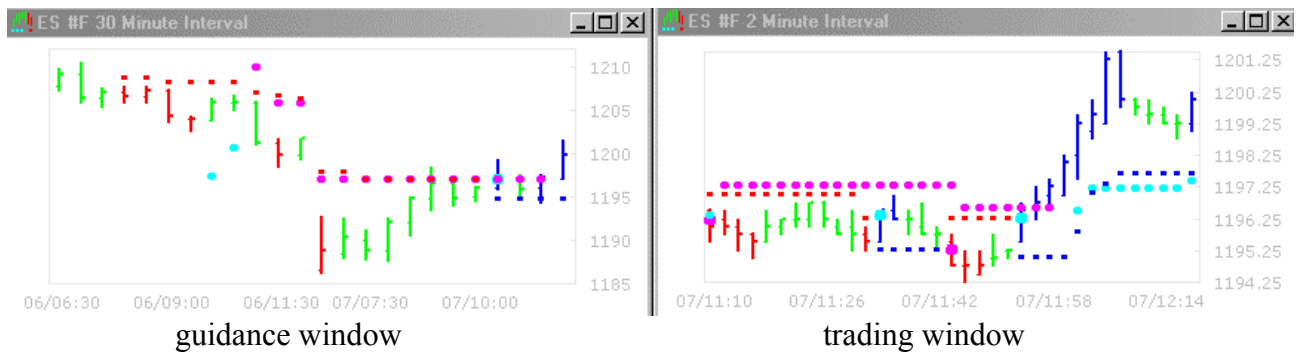
C. Hybrid Trading Method Entry Rules

1. **C.A.R.E.**
   The Hybrid Trading Method entry rules are described with the acronym CARE:

   Consolidation – wait for a narrow range breakout at the end of a consolidation

   Agreement of TS and T2 – get ready to enter a trade after the indicators agree

   Retracement - lower risk by entering during the retracement (optional – see details below).

   Enter - with the reappearance of a small red or blue bar coupled with agreed T2 dots

2. **Consolidation: Identify and then watch for its end**
   Periods of consolidation in a market usually follow large thrust moves, either long or short, and they are followed by another thrust move. The most important task of a trend-following trader is to identify the end of a period of consolidation. This is the best time to initiate a trade because the market has

the potential to soon make another major move, while the likelihood that the consolidation will continue is diminished. To help us recognize the end of consolidation we look at three key elements on the chart, which we call the three "Ts": a) the Thrust leading up to the consolidation, b) the Triangle shape of the consolidation, and c) the relative Time.

a. *Thrust precedes, and helps traders identify, consolidation*
A thrust is a significant movement in market price. It's easy to identify a thrust move by examining the previous 50 to 100 bars on the chart. For day trading, a major move is about 70-80% of the recent daily price range. For swing or position trading, you can easily identify the biggest recent price movement as a series of blue bars (indicating an up trend) or a series of red bars (indicating a down trend). After this significant market price movement occurs, it is important to be conservative about entering trades, because it is very likely that there will now be a period of consolidation.

b. *The triangle narrows as it approaches the end of consolidation*
A thrust move is commonly followed by a long period of consolidation. As consolidation proceeds, prices trade in a more and more narrow range, creating a triangle configuration on the chart. The narrow end of the triangle points toward the end of consolidation. Ultimately the triangle may narrow down to several consecutive bars that have roughly the same lows and highs. Watch for the breakout at this point and be prepared to trade more aggressively.

c. *Relative time (the ratio of the length of time of consolidation to the length of time of the thrust) is critical*
Calculate the "relative time" as the ratio of the number of bars of consolidation divided by the number of bars of thrust. For example, if the thrust lasted about 14 bars, and the period of consolidation has lasted around 40 bars, then the relative time is close to 3. As this relative time becomes larger, the more aggressive a trader can be in responding to a breakout.

triangle

thrust

triangle
$$\text{time} = \frac{\text{triangle}}{\text{thrust}} = \frac{20}{9} = 2$$
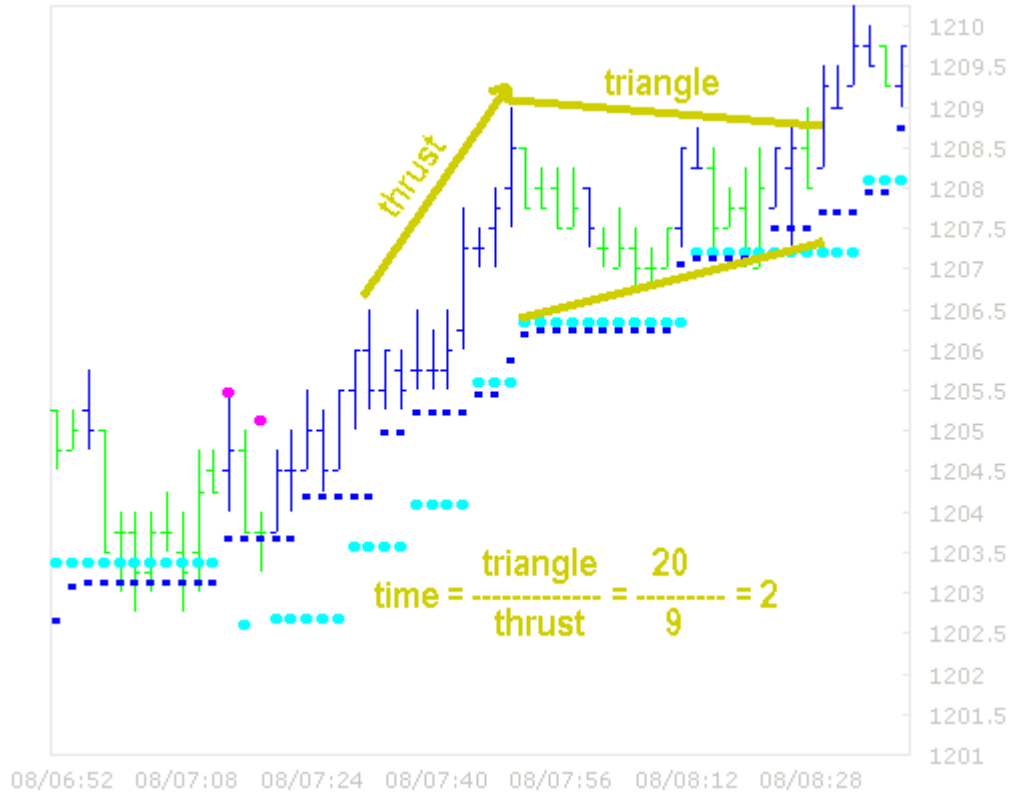
Signs that the market is still in consolidation include large-size bars that move in opposite directions, and bar colors that keep changing. Traders should be very conservative in this kind of market, knowing that the direction of the new trend has yet to establish itself.

Deciding whether a period of consolidation is long enough to warrant trading it on the breakout is the only part of HTM that requires traders to leverage their experience. Once traders decide that this is a good formation to trade, the entry points and stop management are controlled almost 100% by the software program.
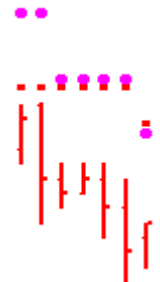
3. **Agreement of TS and T2**

    The relatively quick to respond eASCTrend TS paints a large cyan/light blue dot on the first bar of a long trend. It paints that bar dark blue and all subsequent bars are painted dark blue (long) or green (long hold) until it reverses its position, which it indicates with a large magenta dot on the first bar of a short trend. Then it paints that bar red and all subsequent bars are painted red (short) or green (short hold) until it reverses its position again. The color of the bar is part of TS, and indicates the direction of the current market price (dark blue is up, red is down, and green is neutral).
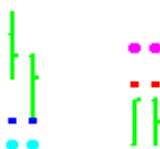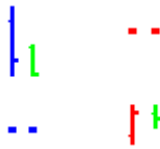
    The relatively slower to respond eASCTrend 2 indicates the direction forecast as well as the key support and resistance areas. Where prices are trending up, it places medium-sized cyan/light blue dots below the bars at the point of support. Where prices are trending down, it places medium-sized magenta

dots above the bars at the point of resistance. There are periods where T2 does not appear on the chart, indicating that the price action is neutral.

The agreement of the two indicators, eASCTrend TS and eASCTrend 2, is the single most important part of HTM in helping traders determine how they will respond to the market – and it is fully mechanical!

There is an agreement for taking a long position if the bar is painted dark blue (eASCTrend TS) and there is a medium sized cyan/light blue dot below the bar (eASCTrend 2).	
There is an agreement for a short position if the bar is painted red (eASCTrend TS) and there is a medium sized magenta dot above the bar (eASCTrend 2).	

It may be easier to recognize when the two indicators are in agreement if we also examine when they are not in agreement.

There is no agreement if the bar is painted green.	
There is no agreement if there is a bar without an eASCTrend 2 medium-sized dot.	
There is no agreement if the bar is painted red and the medium-sized cyan/light blue dot is below the bar.	
There is no agreement if the bar is painted dark blue and the medium-sized magenta dot is above the bar.	

4. Retracement Sets Up a Low Risk Opportunity

When prices have retraced, traders have the opportunity to enter a trade at a better price. However, not all retracements should be traded. Traders should look at the relative time of the current formation (approximately the number of bars of consolidation divided by the number of bars of thrust) in conjunction with other chart features to determine if the chart does indeed offer a good opportunity. Here are some guidelines traders can follow:

Relative time	Guideline
1	Trading is not recommended unless traders can identify the trend with the traditional trend definition of higher highs and higher lows for an up trend, and lower lows and lower highs for a down trend. In this case, always wait for retracement to find a low risk entry point.
2	Trade with caution. Traders need to see the end of consolidation and the breakout as well as retracement.
3	Trade aggressively. Traders need to see a breakout. Retracement is optional.
4	Trade very aggressively. Traders can act on every TS/T2 agreement without waiting for retracement.

(Note: markets traded 24 hours [e.g., Forex and e-minis] exhibit lengthy consolidation periods during non-active trading hours that are not necessarily tradable. The above guidelines are appropriate for normal trading hours only.)

Traders who skip the step of waiting for a retracement give up finding a low risk entry point and therefore risk being in a long position that they entered at a high point, or a short position that they entered at a low point.

On the other hand, traders who wait for retracement risk missing out on entering a trade in a fast moving market. However, while missing a trade may be frustrating, it will not negatively affect a trader's bank account.

Waiting for a retracement offers two advantages:
- When the indicators resume their prior trend following a retracement, it is a good indication that the trend has strength.
- When the market price retraces back, coming close to the position of T2, it offers a low-risk entry point since T2 will be the initial stop loss.
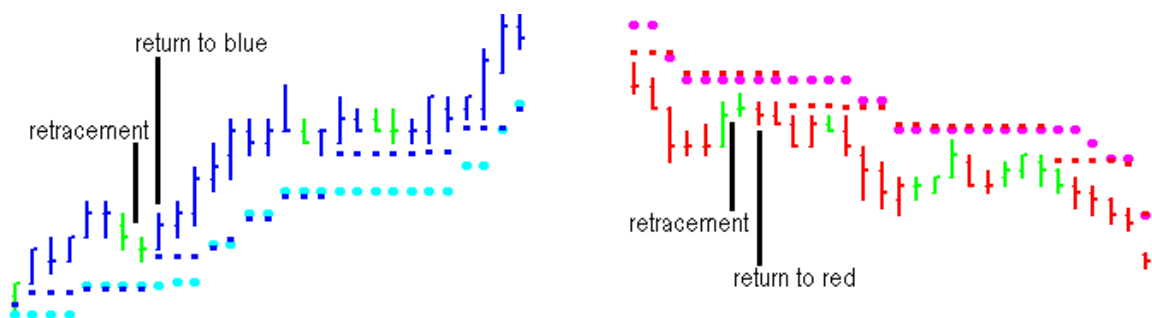
Traders need to predetermine detailed strategies they will use under different market conditions, and follow their rules with discipline during trading.

5. **Enter With the Reappearance of a Small Red or Blue Bar**

After retracement (or after breakout if retracement is skipped), there is a final mechanical test to determine whether to enter a trade: Does the bar color (eASCTrend TS) still agree with the eASCTrend 2 medium-sized dots? If the color of the bar has turned green (neutral) during retracement, traders should wait until the color of the bar returns to the color that agrees with TS and T2.

The ideal situation is for traders to see a small-sized colored bar near an agreed eASCTrend 2 dot. This is called a low-risk entry point.

If traders have the HTM alert turned on, they will see an HTM popup window and hear a sound alert when the appropriate conditions are met. Please note that the alert will mention HTM. The program generates alerts whenever there is a TS/T2 agreement. Traders need to qualify each HTM alert with the C.A.R.E. rules before entering a trade. Not every HTM alert is tradable. Also, please note that the Agreement, Retracement and Enter conditions don't have to appear on different bars. All conditions could be satisfied on one bar, as illustrated by the buy example in the chart below.
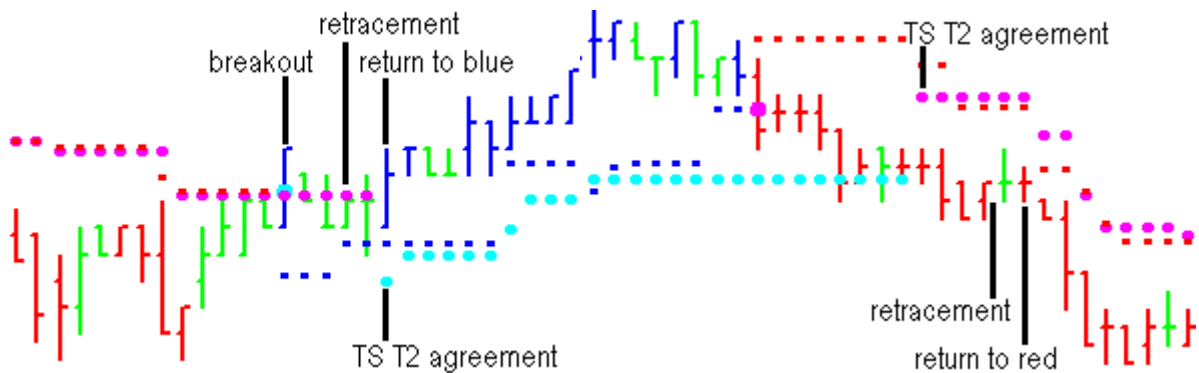
D. HTM Stop/Exit Rules

1. Initial Stop (eASCTrend 2).
Using the location of eASCTrend 2 as the initial stop makes decision making mechanical. Use the **Info Window** to see the price value of T2. Since T2 is an integral part of the decision to enter a position, traders know at the time they enter the market what their risk will be.

Click here to drag

NO #F

Date 06/09/2005 08:50:00
Bar No. = 329
Close = 1541.000
Bid = 0.000
Ask = 0.000
Change = 0.000
Volume = 1184
High = 1541.000
Low = 1540.000
Open = 1541.000
eASCTrendTS
eASCTrend2
BuyStop2 = 1539.200

3 09/08:4
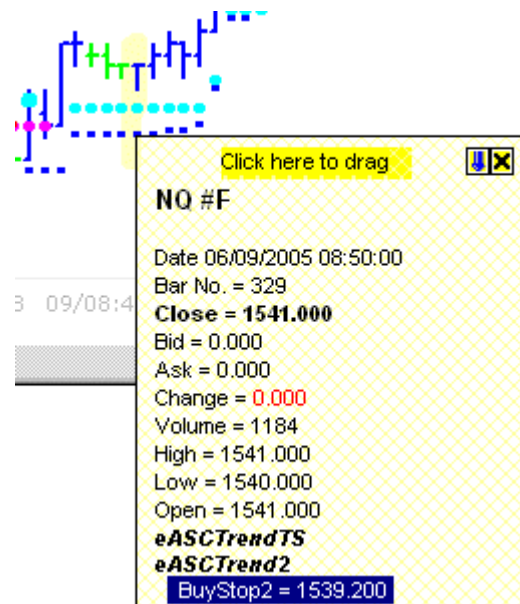
2. Trailing Stop (eASCTrend 2)
Using eASCTrend 2 as the trailing stop also makes further decision making mechanical. When the market moves sufficiently in favor of a position, T2 moves along with the market. Traders can move their stop along with T2, at first to reduce their risk, and then, as the trend continues, to protect their accumulating profit. If the market turns against the position, T2 does not move. This keeps traders in the market during normal retracements so that they can take advantage of the longer trend, but will protect them from further losses if the retracement is major by stopping out the position if the stop is hit.
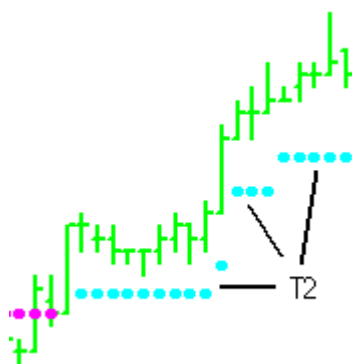
T2

3. Exit Stop (eASCTrend 13 or eASCTrend 2)
If the market turns flat or makes a significant retracement, traders may want to be more conservative. They might therefore change their stop to the eASCTrend 13 stop value (which is part of TS). This is a tighter stop and it is expected that it will be hit as an exit point. If there is a second test and it fails, the tighter stop will better protect profit. If the market

—T13

—T2
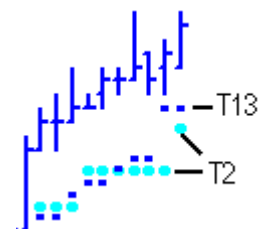
price breaks through with the second test, then traders can return to using the eASCTrend 2 trailing stop value.
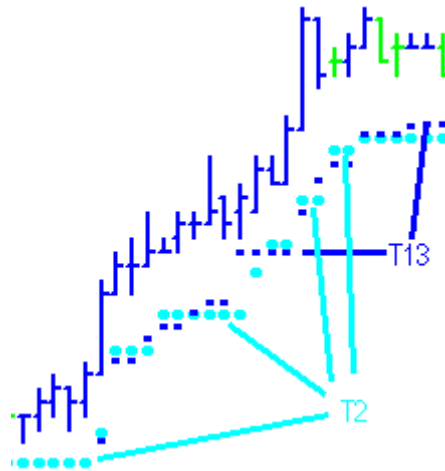
E. **Some Tips**

1. **Be cautious trading if you cannot see a trend.**
    Become adept at recognizing a trend (higher highs and higher lows for an up trend/lower lows and lower highs for a down trend). Be cautious trading if you cannot clearly see a trend on your trading chart.

2. **Don't trade if you feel compelled to trade.**
    Don't trade if exciting market conditions make you feel compelled to trade, contrary to your predetermined trading plan. Following your trading plan protects your from your own emotions.

3. **Enter a cooling off period.**
    Stop trading (cool off) if you have made a series of unsuccessful trades in a very short time frame.

4. **Volume can be used to qualify some potential trend developments.**
    The volume of a market can be used to help you interpret trend developments. For example, when you see volume increase with the up-tick bars in a potential up trend, while you see volume decrease with the down-tick bars during that time period, then there is a high likelihood that the up trend is genuine. Volume needs to be viewed in relation to a group of bars. Relatively large volume associated with a single bar may be misleading since its true significance is uncertain. It is ideal to see breakouts that are supported by increased volume and follow-through price action.

    Be cautious trading if you don't see a clear association between volume and the development of the trend.

In this example, volume is higher when the market moves down and lower when the market retraces. This suggests a strong short market condition.

5. **Enter special Exit Stops at major support/resistance (S/R) levels.**
   eASCTrend tracks key support and resistance levels. Use major support/resistance

   levels (using S/R distribution tables, accessed by clicking on the icon in the toolbar, from longer interval charts) to determine special potential entry or exit target areas.
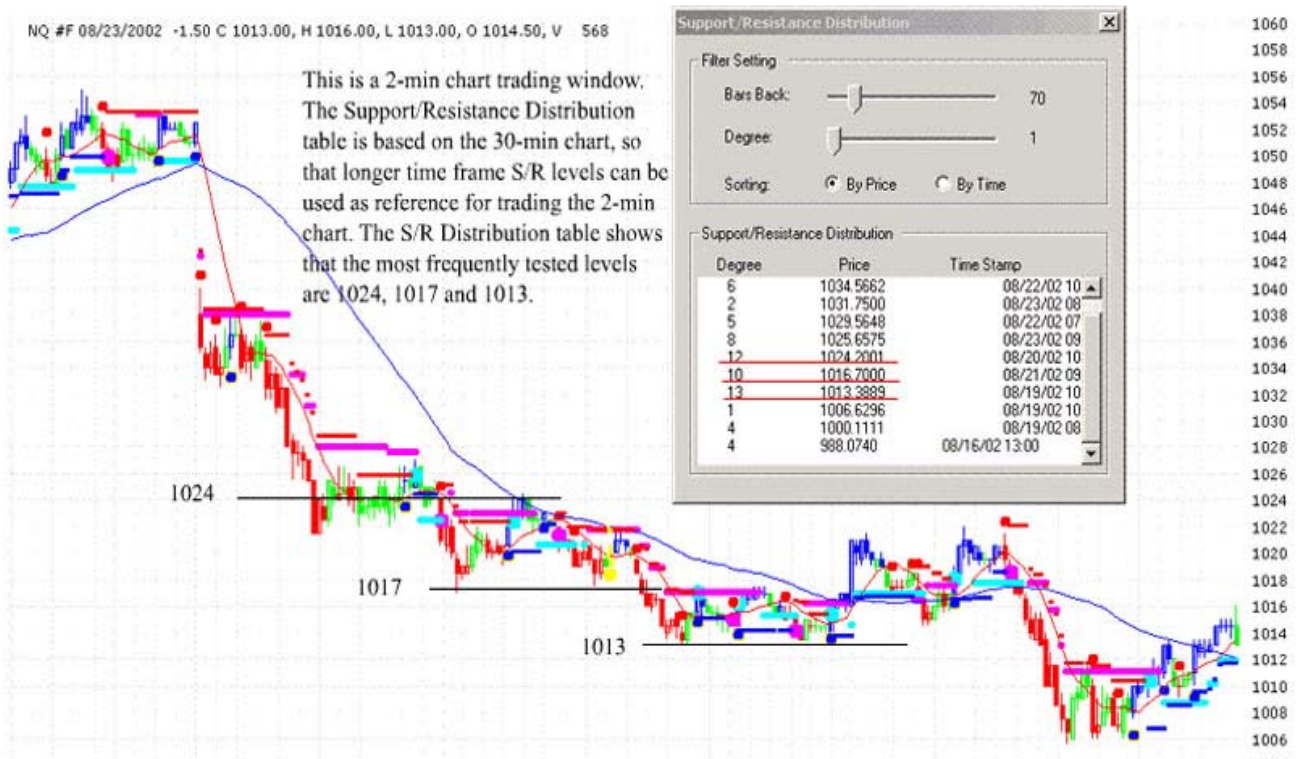
F. Virtual Paper Trading

Virtual paper trading is an ideal way to test trading strategies without risking any money. eASCTrend allows two types of virtual paper trading, giving traders great power and flexibility in trying out different methods and markets: virtual paper trading using historic data, and virtual paper using real-time data.

1. Virtual paper trading (VPT) using historic data

Traders can validate their trading strategy by setting up and following hypothetical trades using historic data. This goes far beyond what they can learn by simply examining the back-testing reports provided by the system. Traders can choose which indicators they want to include in their strategy and they can set the rules they want to use to interpret the indicators. They can use indicators alone using the Classic configuration of eASCTrend (for ASCTrend 3.5 TradeStation version indicator users or eASCTrend 6.0 users), or they can use those indicators in conjunction with the mechanical trading system if they have access to the eASCTrend 6.0 software. In order to practice using the HTM rules, "hide" all the historic data to the right side of your chart by dragging the scroll control under your chart to the left. Then click the right arrow under your chart to "play back" the historic data one bar at a time. When you spot a good entry or exit point, launch the VPT to log your trades.

To initiate VPT using historic data, right-click on any bar of your chart to bring up the right-click menu, and then click on **VPT at This Bar** (or use the **Ctrl-Z** shortcut). The VPT dialog box appears with the closing price of that bar already loaded. You can adjust that price according to your trading style and your interpretation of your trading rules. Click the **Manual Override** box and enter the contract size or number of shares in the field called **Size**. In VPT, the order will use the price in the price field, whether it is the actual closing price, or a price you specified. Click on **Buy** to enter a virtual long position or exit a short position, or click on **Sell** to close a virtual long position or enter a short position. As soon as you click on **Buy** or **Sell,** a new box pops up to inform you that "Now you can manually place the order." Click **Okay,** and your virtual order will be entered into your online **Trading Log** (see Section 3 below).

Please note that VPT cannot automatically simulate the stop orders for exiting trades. When you see a stop hit on the chart for your simulated trade, you need to manually enter the stop value (that appears in the **Info Window**) into the VPT price field before you place the virtual order to exit the trade.
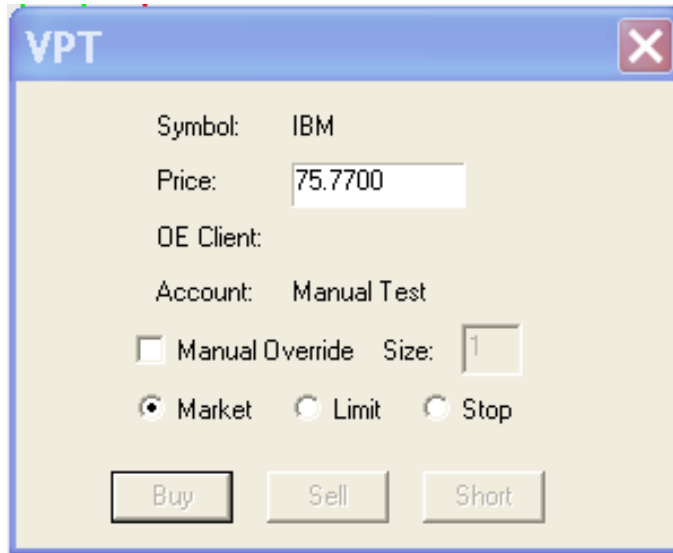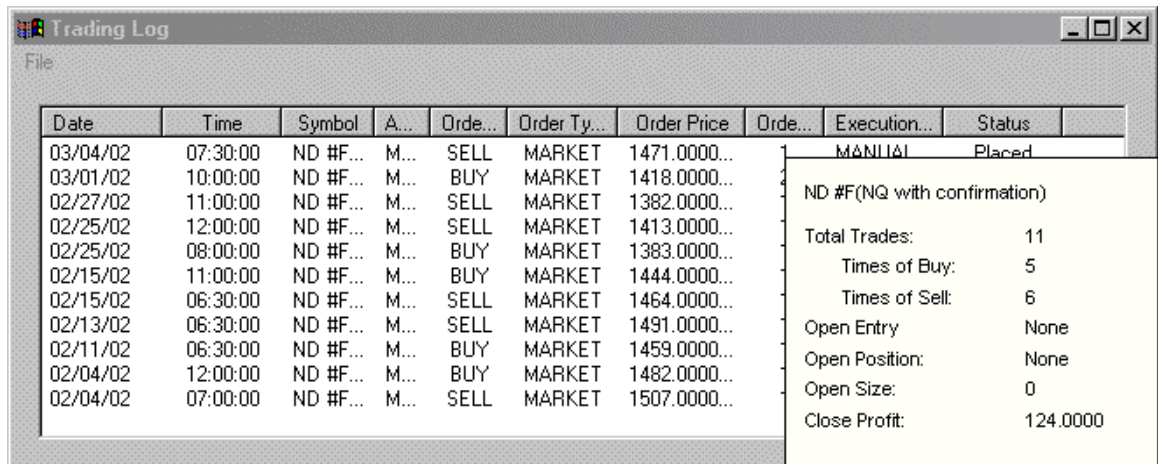
2. **Virtual paper trading (VPT) using real-time data**

Traders who have a real-time data feed can experience real-time virtual paper trading that closely simulates real-time trading by following trades as they actually unfold. This can be very effective whether using indicators, the mechanical trading system, or a combination of both. To initiate VPT using real-time data, right-click on the last bar of a chart and click on **VPT at This Bar** (or use the **Ctrl-Z** shortcut) to enter the real-time bid price if **Sell** is chosen, or the real-time ask price if **Buy** is chosen. Using real-time bid/ask prices closely simulates real-time order fill prices. Using virtual paper trading, traders can experience the dynamics involved in real-time trading, without being limited to entering trades at the bar-close price. As with VPT with historic data, as soon as you click on **Buy**, **Sell**, or **Short**, a new box pops up to inform you that "Now you can manually place the order." Click **Okay**, and your real-time data VPT trades are entered into your online **Trading Log**. Again, prices are given in points for futures and must be multiplied by the point value.

3. **Your VPT Trading Log**

eASCTrend maintains a record of your virtual paper trades in your Trading Log. To view your **Trading Log** window, click on **File** and then **Show Trade Log,** or use the shortcut **Ctrl-T**. A summary window for the trade can be displayed for any line in the log by clicking on that line. A completed trade log might look like this:

The Trading Log allows traders to keep track of all their trades, both real-money trades and virtual trades. Traders can use the Trading Log window as a Virtual Paper Trading system by entering their trades as previously described. Traders can recognize their virtual trades because column #4, the **Account** column, reads "Manual Test."

G. **Optional Indicators for the Hybrid Trading Method**

Here are additional indicators traders can place on charts, using the An toolbar icon:

1. **eASCTrend 1 (T1) and eASCTrend3 (T3) as a Substitute for TS**

The eASCTrend 6.0 TS indicator is actually made up of other indicators that were developed earlier. These include eASCTrend 1 (T1) and eASCTrend 3 (T3). Subscribers to the ASCTrend 3.5 indicator package (for the Trade Station charting platform), who do not have access to TS, can use T1 and T3 together as a substitute.

T1 is similar to TS. T1 shows the direction of the current price via colors. When the market changes to or stays in an up trend, the bars become or remain BLUE. When the market changes to or stays in a down trend, the bars become or remain RED. When the market goes sideways or is not strong on either side, the bars become or remain GREEN.

T3 is almost equivalent to eASCTrend 13 (T13), another component of TS which we mentioned earlier. It offers a prediction of the direction of price movement and draws a price channel with Blue and Red dots. BLUE DOTS below the lows of the bars indicate two variables: (1) the market is in an up trend; (2) the values of the BLUE DOTS are the protection stops or the profit target stops (if the position has

accumulated profit) for the long position. The RED DOTS above the highs of the
bars indicate two variables: (1) the market is in a down trend; (2) the values of the
RED DOTS are the protection stops or the profit target stops (if the position has
accumulated profit) for the short position.

As we said earlier, eASCTrend TS can be replaced with eASCTrend 1 and
eASCTrend 3, but do not apply eASCTrend TS and eASCTrend 1 on the same chart
since one will paint over the other and lead to confusion.
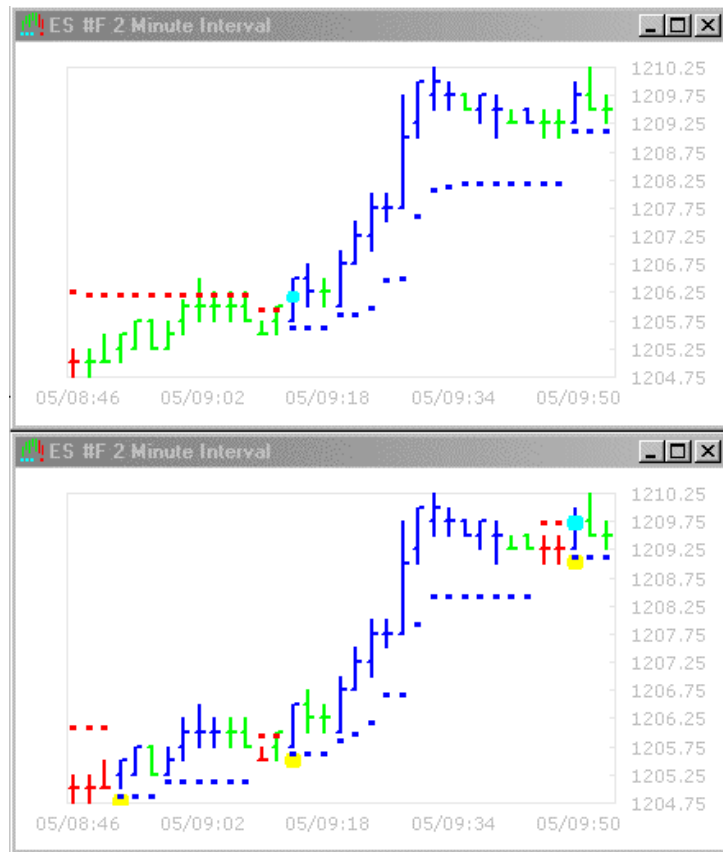
The top chart has TS and the bottom chart has T1 and T3

2. eASCTrendSig (TSig) as a Bonus Indicator

Not all traders will be interested in using TSig, and it is not necessary to use, but it can serve as a bonus indicator for traders who find it of value. TSig studies current price action and offers the best entry points near areas of key support and resistance in conjunction with the prediction of price direction. Traders can use TSig to increase or decrease the number of shares or contracts in existing positions for proper trade-level money management. Normally we use TSig with default parameters (see Appendix A). Adjust eASCTrend indicators if you want to adjust the parameters.

TSig will study the current price actions and offer the best entry points near the key supports/resistances in conjunction with the price direction prediction.

TSig large red dots above the bars are for sell

TSig large blue dots below the bars are for buy

eASCTrendSig Buy/Sell signals

3. Adding Volume to the Chart

Volume can help in the interpretation of price action and the identification of potential trend developments. The Volume indicator reports the trading volume for the associated bar.
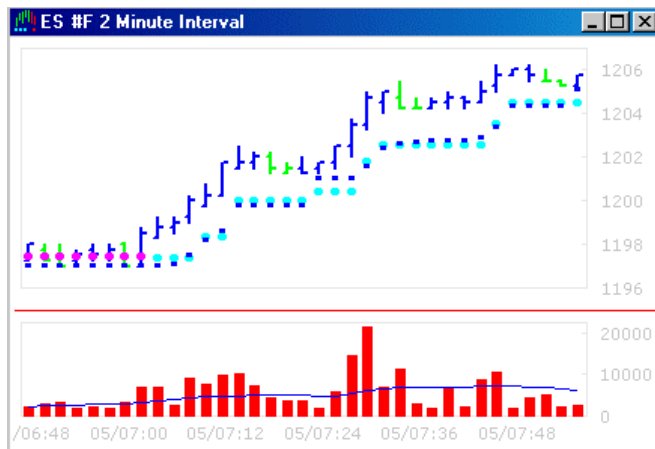
In this example, volume is higher when the market moves up and lower when the market retraces. This suggests a strong long trend is in effect.

Part Three - eASCTrend 6.0 – The Mechanical Trading System
(For Chart Intervals of 30 Minutes and Above)

You can skip Part Three unless you strictly use the 100% mechanical trading system with portfolios such as:
1. Automatic Order Execution (AOE) account
2. Managed fund accounts for money managers
3. Fully mechanically traded accounts for the purpose of diversification
4. Fully mechanically traded accounts according to your trading style or trading plan

Please note: Using a 100% mechanical trading system is only appropriate for chart intervals of 30 minutes or above.

(Please read Part Two directly if you use HTM for Day Trading)

A. What makes eASCTrend 6.0 a desirable mechanical trading system?

Precise Buy/Sell Signals

eASCTrend 6.0 provides 100% computer-generated buy/sell/exit signals with sound alerts. Based on these signals, Autopilot Order Execution (AOE) is possible.

Robustness

- **Back-testing**
  Our rigorous program of back-testing validates the trading system and allows us to derive the best system settings. Detailed back-testing results are posted at www.ablesys.com.

- **Forward testing (walk forward/simulation)**
  Our ongoing program of forward testing is a true simulation of real-world scenarios where traders can use recent market data to determine the settings they will employ for their upcoming trading. The key system settings are derived from the sample data first (based on back-testing results) and then the settings are applied to the **out-of-sample forward** data. Forward testing results are available at www.ablesys.com.

- **System in action**
  Examples of Dow Jones, S&P 500, and NASDAQ charts are updated on a daily basis. You may see them on our home page at www.ablesys.com.

Time-proven/Universal

- **Time-proven award-winning software**

eASCTrend has successfully survived both bull and bear markets for more than ten years. The program works and continues to prove itself effective in today's markets.

- **Proven in a variety of markets**
  eASCTrend has proven its effectiveness with stocks, mutual funds, bonds, futures, and Forex, as well as international markets.

- **Proven by a variety of users**
  eASCTrend is used today by trading firms, banks, fund managers, trading advisors, and professional and individual traders worldwide.

  Since 1997, eASCTrend has been honored each year with Readers' Choice Awards by *Stocks & Commodities* magazine in Futures Trading Systems, Stock Trading Systems, and Options Trading Systems. eASCTrend has convinced many of the most market-hardened traders, money managers, and CTAs that it can improve their trading results. Please see *Appendix D* for testimonials from actual customers.

Easy to Use

- No complicated charts to interpret.
- Colored bars/dots indicate market directions at a glance.
- Precise buy/sell/exit signals with sound alerts.
- No need to use other indicators.
- No need to constantly change settings once they are tuned to your preferences.

Supports Money Management Strategies

A winning system is the foundation for efficient money management

Money Management (MM) is critical to effective trading. A good MM strategy can make a winning system even more profitable. However, MM is not a trading system—it cannot turn a losing system into a winner. Therefore, you must first have in place a winning trading system, such as eASCTrend, to support your MM strategy. eASCTrend 6.0 offers MM as an optional extra only in its End of Day Deluxe and Real Time Deluxe Plus software packages.

Lets You Test for Yourself With Virtual Paper Trading Before Trading Real Money

- Test the specific market you are trading.
- Validate the settings by performing your own back-testing over a significant number of days, or even multiple years.

Enables Broker-assisted Trading

- Broker-trade the system signal; then verify it at home.
- Verify the accuracy of your broker's execution. You and your broker receive synchronized signals generated by eASCTrend 6.0, making verification easy.
- *No more broker discretionary trading.*

B. Is the Mechanical System Trading Method the right solution for you?

Some mechanical trading systems are profitable in the long run, year after year. However, some traders quit during those times when the system experiences periodic drawdown, especially major drawdown — although they may later regret their decision. A primary reason why people do not stick with a mechanical system is their failure to understand the nature of Maximum Drawdown (MDD).

Understanding Drawdown

The concepts of drawdown and maximum drawdown
Drawdown, or loss as markets move against you, is an inevitable part of system trading. The goal of system trading is not to be perfect 100% of the time, but to have an overall preponderance of winning trades. At times a system might sustain a few consecutive losing trades, which will cause drawdown in the account equity. Maximum Draw Down (MDD) – the maximum loss from the high to the low in a market move – occurs in choppy markets, and may be daunting to traders who must maintain adequate margin reserve to hold their position during MDD. The following formula is suggested in funding an account:

Initial Account Balance = Minimum Margin + 1.5 x MDD.

In this formula use the 5-year MDD for your symbol. To get this information check the back-testing report by consulting the **Mini Report** in the **Format Trade Signal for Active Chart** window, accessed through the ᴵᴵᴵᴵ icon in the toolbar, or by consulting the **Trade Signal Report** by clicking the 🖹 icon in the toolbar. Adjust the chart dates to cover 3 to 5 years if you are using a daily chart. The longer the time period, the more meaningful the back-testing will be.

MAX DRAW DOWN (MDD)

The maximum consecutive draw down for the account equity (balance).
A trading system might have a few consecutive losing trades. The losing trades will cause draw down in account equity.
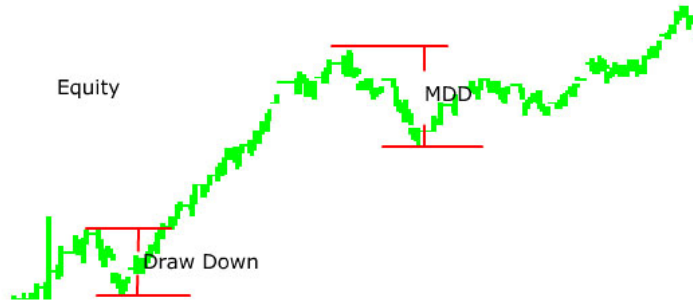
Drawdown and Maximum Drawdown (MDD)

Drawdown is a cost of doing business

When you start a business, it's necessary to plan in advance all the costs of running that business. It wouldn't make sense to say, "I wish I didn't have to buy inventory, to lease office space, or to hire people to do the job." These are unavoidable costs. Likewise, when trading, it doesn't make sense to say, "I hope I don't have any losing trades!"

Accept drawdown as inevitable

Expecting to pick only winning trades is wishful thinking; such an outcome is impossible. You will lose your confidence as a trader if you hold yourself to an impossible standard.

Instead, make it clear in your mind that while you follow system trading it's not your job to know whether a trade will be a winner or a loser. Your job is to recognize the signals and execute them. Losses are an expense of system trading that should be planned for and accepted. It is only a matter of time (generally a very short period of time) before there will be new highs in the equity curve. All trading systems, even highly successful ones, spend most of the time in some sort of drawdown in between the occasional highs.

Take a long-term view of system trading

By taking a long-term view, a system trader can remain optimistic even while the system experiences a period of drawdown. When drawdown is understood to be a transitory condition, traders can maintain their faith in proven strategies. Trading is about winning over time and gradually building a growing equity curve. The outcomes of day-to-day trades are only part of a much larger picture. If you become frustrated unless your system constantly shows a profit, then you might want to reconsider whether system trading is appropriate for you.

Risk only the capital that you can afford to lose
Risk capital is the money that you can lose comfortably and still maintain your lifestyle. Don't start trading with capital that you need to live on. The market is notorious for taking "scared money."

Making a Commitment

Trading as a business requires a serious commitment. Making a commitment is the first step to achieving any great success.

Commit with an understanding of the nature of drawdown
Once you verify for yourself that a system works over time, you can be comfortable with drawdown. By knowing that system trading is a winning strategy over the long haul, you can be willing and able to tolerate losses. When you understand fully that losses are part of the process of system trading, you replace fear with confidence.

Sufficient capital
A system trader needs to have sufficient capital. To sustain the maximum drawdown, the initial account balance is recommended to be: minimum margin + 1.5 x MDD (using the 5-year MDD to be conservative).

Persistence after consecutive losing trades
Experienced system traders persist in taking trades, even after consecutive losses. Some traders even purposely initiate trading after sustaining consecutive losses, because they know that a drawdown is usually followed by large profit.

C. Trade Signal (TS) and Adjusting the Factors That Affect It
You can customize your mechanical trading system by adjusting certain parameters that affect the way Trade Signal (TS) – the heart of the mechanical trading system - functions.

Trade Signal (TS)

Trade Signal (introduced earlier as eASCTrend TS) is an automatic and mechanical trading system. Earlier we applied TS by using the [An] icon on the toolbar while looking at a chart, but you can also insert the TS into a chart by clicking [icon] , the **Apply Trade Signal Using Global Format** icon on the toolbar. This causes the **Format Trade Signal for Active Chart** dialog window to pop up, which gives you many more options to customize your use of TS. If you don't wish to make any changes, click **OK** to exit this dialog box. Buy and Sell signals will now be displayed on the chart. You can then view the system performance report using these settings by clicking [icon] , the **Display Trade Signal Report** icon located in the toolbar. This report gives you a summary of how TS (applied with your parameters) back-tests in this market, in addition to providing a trade by trade track record.

Trading Signal Performance Control (TSPC)

Trading Signal Performance Control (TSPC) allows you to customize how sensitive TS will be in signaling trades. TSPC is typically an integer from 0 to 10. The smaller the TSPC number, the more sensitive the system is, and the more trades are triggered. TSPC is a key parameter for a dynamic and self-adaptive trading system. To adjust TSPC, return to the **Format Trade Signal for Active Chart** window by clicking the icon, and change the default number next to **TSPC** in the Parameters area. To help you choose this number, click on the $\boxed{\text{\$}}$ icon under **Scan TSPC** , which automatically finds an appropriate TSPC to generate your choice of either the best net profits or the best AbleSys Index. Normally you would select the best profit, but you might choose to select the best AbleSys Index if you want fewer and more efficient trades. Note that TSPC is similar to **RISK** in the classic version of eASCTrend.

After clicking on **Scan TSPC** $\boxed{\text{\$}}$, the TSPC parameter will be adjusted to match the results of the scan.

Deviation

Deviation (DEV) is another key parameter that may be adjusted in the **Format Trade Signal for Active Chart** window to improve system performance. The main function of Deviation is to adjust eASCTrend stop values by a certain percentage to make them compatible with a trader's level of risk tolerance. eASCTrend initially calculates stop values based on market conditions according to your risk preference. In practice, however, these theoretical calculations often deviate from real-time market conditions. Adjusting the value of the deviation enables the system to account for the difference between theoretical calculations and real data in assigning stop values.

For example, if the buy stop (small blue dot) value is 100, setting Deviation at 1.0 (%) will adjust the buy stop value to 99. Inversely, if the sell stop (small red dot) value is 100, setting Deviation at 1.0 (%) will adjust the sell stop value to 101. Since changing the DEV will vary the stop values, the entry points will also be changed accordingly. In general, when the market price crosses a sell stop, it is time to exit a short position and a buy signal is issued. And when the market price crosses a buy stop, it is time to exit a long position and a sell signal is issued. (Please note: Sell stops and buy stops are trading position-oriented terms. A "sell stop" is a protective stop value for a "sell" position. Traders need to use the "sell stop" value inside the **Info Window** to place a "buy stop order" in the order execution platform to protect their short/sell position.)

There is an interaction between Deviation and TSPC: when TSPC has a larger value, the market price may need to make a greater movement in crossing a stop before a trade is signaled. The **Info Window** for the last bar on a chart displays the price that triggers a reversal of the position.

Check **Best Deviation** to include this parameter along with **Scan TSPC** to determine the TSPC for best profit or best AbleSys Index. Alternatively, you can use the **Scan Deviation** feature to select this parameter for best real-time signal accuracy. Note that

Scan Deviation is available only when you are not using entry at bar close (EBC); however, entry at bar close is necessary if you have chosen to follow the system for mechanical trading. So, to use **Scan Deviation** you must temporarily turn off EBC.

Real Time Signal Accuracy

Prices fluctuate constantly during trading hours. Depending on the time interval of your charts, during real-time trading you will notice buy or sell signals that appear and then disappear before the bar closes. How many of these signals that are triggered in real-time, but then disappear by the bar close, are misleading, and how many can get you into successful trades?

You can get your answer by learning the Real Time Signal Accuracy (**RTSA**) of your chart. RTSA is determined by calculating the ratio of bars that offer trade signals at the bar close, to the total number of bars that have signals that are triggered in real time. For example, if real-time signals show up ten times during the back-testing period, and two of those signals disappear by the bar close, the RTSA is 80%. It is important to know the RTSA before you decide upon the execution method you will use with eASCTrendTS signals. (See the discussion of eASCTrendTS Execution Methods below.)

This phenomenon is not specific to AbleSys software. Every software system in the market presents trading signals or indicators in the same way. However, AbleSys makes it convenient for you to use this valuable signal by calculating the RTSA for you. Simply click on ▤ , the **Mini Report** button inside the **Format Trade Signal for Active Chart** dialog box, and scroll the control on the right side of the Mini Report window to see the RSTA value at the bottom of the Mini Report.

RTSA is not to be confused with system winning rate. System winning rate is the ratio of winning trades to total trades. For example, if ten trades are executed, and six of them are winning, the winning rate is 60 percent.

D. eASCTrendTS Execution Methods

Two different methods for executing trades can be used with eASCTrendTS signals: (1) Entry at Bar Close (EBC) and (2) Dynamic Execution. Only the first method is 100 percent mechanical. The second method leverages traders' discretion in their real-time execution of the eASCTrendTS signals to get better results. Neither of these two methods of trading is the same as the Hybrid Trading Method discussed in Part Two.

EBC Execution

Entry at Bar Close (EBC) Execution is the simplest approach to using eASCTrendTS. Based on the parameters you choose, the system generates buy and sell signals. By waiting until the bar closes to enter a trade, you have 100 percent RTSA by definition, and you therefore avoid the uncertainties associated with the real-time signals. With this approach you simply issue buy or sell orders at the close of bars according to the trading signals issued by eASCTrendTS. Although you will know about the buy/sell signals

before (sometimes a long time before) the bar closes, you will wait until the bar closes to execute your order. EBC is a simple and 100% mechanical approach. These fully mechanical signals can be used by Autopilot Order Execution (AOE) (discussed in Section H below) to execute orders automatically.

Another advantage of EBC execution is that since it is 100% mechanical, you can allow your position to run free without placing stops, provided you have the discipline to execute the buy and sell signals as they present themselves. By executing the signals on presentation at the end of bar close, the most damage that can be done to your trade equity is the loss your position may incur during a single bar. This is why you can trade without stops – your risk is controlled at the same time. An advantage of not using stops is that you avoid being stopped out of trades prematurely as a result of normal market fluctuation that could give rise to false hits as the market retraces prior to proceeding once again in your direction.

Some traders prefer to enter trades at the open of the next bar. The long-term back-testing reports show that bar open execution and bar close execution yield the same results.

The downside of using the EBC execution method is that fill prices for your orders are often less optimal due to signal slippage – the slippage between the real-time TS triggering price, and the price when the bar closes.

Although the EBC execution method can be applied to charts using any time intervals, it has proven to be more effective on charts with intervals of 30 minutes or above.

The Auto Order Execution (AOE) optional feature can only be used with EBC execution.

Dynamic Execution

Dynamic Execution allows you to enter trades based on the real-time signals before the bar closes or at bar close according to the following guidelines.

1. After a long period of consolidation (a triangle pattern ending in flat prices and low volume), take the trade aggressively if it is a "sure"(that is, relatively stable) TS in the early stage of the bar formation.

2. Take the trade if the TS is stable and 80 percent of the bar time has elapsed.

3. If the signal is unstable (appearing and then disappearing several times), wait for the bar close to enter a trade.

The Dynamic Execution method will result in better order fills but you need to have the experience to deal with the uncertainties of the real-time signals. Since you enter a position before the bar close, you are holding a so-called real-time position. You need a

49

way to protect the real-time position since the real-time TS has a potential to reverse. You can place a very tight stop order to protect the real-time position. This, however, may have an adverse effect on your trading performance by causing you to be stopped out of some trades prematurely.

The Dynamic Execution method requires more attention and experience on the part of the trader than does the EBC execution method. A trader must have strong discipline to be successful when applying the Dynamic Execution method. Practicing with Virtual Paper Trading can help you improve your skill. (See Section F on Virtual Paper Trading in Part Two – The Hybrid Trading Method.)

In order to trade according to a reliable signal and retain as much profit as possible when using this execution method, the RTSA should be configured to be at least 60 to 80 percent or higher. Please use **Scan DEV** (see below) to find the appropriate values for DEV and RTSA.

E. Overview of TS Functions

As we discussed in Section C, in eASCTrend version 6.0, the classic eASCTrend indicators along with certain trading rules are integrated into a single trading signal called eASCTrendTS. This one mechanical buy/sell signal eliminates the need for further chart interpretations or trading rules. TS is mechanical and confirmation of its settings comes from back-testing, which is performed by the system outside the trading session. Therefore, there is no need for traders to recalibrate these settings. The eASCTrendTS signal pinpoints the exact entry and exit points for trading. Because eASCTrendTS is a purely mechanical system based on a single signal, it is very easy to learn and use, even by traders who are new to the market or new to ASCTrend technology.

This section looks in greater depth at the basic eASCTrendTS functions and how to use them. We've already looked at some of these functions, but this section provides a complete summary. To access all these functions, first click on , the "Rainbow" button on the toolbar. This opens the **Format Trade Signal for Active Chart** dialog box.

In the dialog box, you will see the following functions that are available in eASCTrendTS:

- Input Parameters
- Mini Report
- Scan TSPC
- Best DEV
- Scan DEV
- Entry at Bar Close
- Enable Alert
- Exit Rules
- Format Plot Style (Style, Color and Weight)
- Reset eASCTrend Defaults
- Save as Custom Defaults

- Reset to Custom Defaults

F. In Depth Explanations of TS Functions

1. Input Parameters
The following eleven input parameters are displayed as a list in the **Format Trade Signal for Active Chart** dialog box:

- **TSPC** – Trade Signal Performance Control is a *key parameter* for maximizing your results in different markets or at shorter or longer time intervals. You may select any positive integer, usually from 0 to 10 (although you may specify a number above 10 on occasion). A smaller number makes the system more sensitive and produces more trades. A larger number makes the system less sensitive and will produce fewer trades. The default TSPC value is 4. eASCTrendTS will automatically select this parameter, which you can change to fit your trading style using the assistance of the **Scan TSPC** function (discussed in item 3 below).

- **MONYRISK** – This number is a unit number that when multiplied by the average recent 10-bar range determines the trailing stop algorithm. It is a setting of how far to place stops from the current symbol value based on the number of units a trader is willing to risk. The higher the value, the greater the risk. If the position profit is greater than the set MONYRISK, the software will start to tighten the protection stops accordingly, resulting in a trailing stop. The default value of 2.0 is the same as the MONYRISK value used in the eASCTrend indicators. Most traders do not adjust MONYRISK from the default value.

- **DEVIATION** (DEV) – DEV makes a stop adjustment as a percentage of the symbol value. The default value is 0.0, and eASCTrendTS can automatically select this parameter for you. However, you may make minor changes to loosen or tighten the stops by setting DEV between -3.0 and 3.0 based on your risk tolerance and trading style. As DEV goes up, there is less chance of hitting stops, and therefore you will have fewer trades. However, if the market turns, you may give back some profit due to your relatively slower response to changing market conditions.

- **Nth Bar** – After entering a trade, the number of the bar on which you will exit based on either the Nth bar exit rule or the Intelligent Nth bar exit rule (discussed in point 7, Exit Rules, below). The default value is 3 bars. This feature is very useful in choppy markets where it is important to act quickly. Using the Nth bar exit rule will help increase the system winning rate and overall AbleSys Index, but by leading to an automatic exit when the Nth bar is hit, it may reduce total net profits. Using the Intelligent Nth bar rule lets the system override the Nth bar exit rule and keeps you in a trade that is going well.

- **ProfitLevel %** – This very advanced feature is useful to traders who are in a profitable position, and who want to take advantage of real-time price fluctuation without running the risk of exiting prematurely. When the position gain (current price minus Entry Price) exceeds the ProfitLevel, the breakeven or real-time trailing stop algorithm exit rules become active. The default is 5.0 (i.e., 5.0% of the symbol value. The setting you use for ProfitLevel will depend on the symbols you trade and the intervals you use for the charts).

- **Trailing %** – This is a real-time algorithm designed to take advantage of quick-moving markets by setting appropriate exit points. It makes more refined decisions for real-time exits than those made by T2, T3, or T13. The default value for Trailing % is 100. You will get the most conservative back-testing reports with this setting. If you set it to 80% in trading, the real-time trailing algorithm will risk 20% of the position gain to capture even more profit in a quick-moving market. Note: The back-testing reports for non-100% trailing are for reference only. This is because the trailing algorithm is a real-time feature and the data feed vendors do not offer real-time price fluctuation information in historic data. This is why you can use 100% Trailing to obtain the most conservative back-testing reports, while setting it to 60%-90% in real-time trading.

- **ExitMA1** – Moving average period 1 for the Moving Average exit rule. The lower this number, the more closely the average follows the current symbol value. With a lower number, the average is more sensitive to price changes, resulting perhaps in more trades, but that are of less consequence.

- **ExitMA2** – Moving average period 2 for the Moving Average exit rule. ExitMA2 is based on a longer period than ExitMA1, which means it gives a picture of the longer-term direction of the symbol. An exit signal will be triggered when the ExitMA1 and ExitMA2 values cross each other on the chart.

- **ContractSize** – The number of shares or futures contracts you trade. For stock trading, use the actual number of shares that you normally trade, such as 500 or 1000. For futures trading, use the actual number of contracts that you normally trade, such as 1 or 2.

- **PointValues** – Dollar amount per unit, for common stocks = 1, S&P 500 futures = 250 (e-mini ES = 50), NASDAQ 100 futures = 100 (e-mini NQ = 20), T-Bonds futures = 1000, Crude Oil = 1000, Soybean futures = 50, and so on. The default value of 1 is always appropriate for stocks. For other markets, such as the Forex, this figure must be adjusted. To determine what the number should be, go to the Easy Reference section accessed from the Member Login area. Once you are logged in, click on the eASCTrend 6.0 **Support** link in the Support box just below the tabs. In the window that appears next, scroll down to the list of **Easy References** and then click on the **eSignal Symbol Guide link**. You can also access this area by clicking on **Help** in the menubar while you are inside eASCTrend 6.0 program, and then selecting **Support**.

- **CostPerTrade** – Commission plus execution slippage cost, i.e., the difference between the value of the symbol at the time the signal is presented vs. your actual fill, per round-trip trade in dollars. If it costs $2.50 to buy one e-mini contract, then the round-trip commission is $5. If it costs $7.50 to buy 500 shares of a stock, then the round trip commission is $15. Add to the commission the expected slippage for the round trip to come up with the cost per trade. For example, if you expect the e-mini S&P to slip a quarter point, that is half a point or $25 per round trip. Add that to the commission and you have $30 for the cost per trade. If you expect a stock to slip one and a half cents, that is three cents per round trip or $15 for 500 shares. Add that to the commission and you have $30 for the cost per trade. You **must** increase the cost per trade if you have higher commissions or higher slippage. Also, you **may** increase the cost per trade if you would like more conservative results in back-testing.

  Note: you must enter valid values for ContractSize, Point Values, and CostPer Trade before you auto select values for TSPC and Deviation.

2. **Mini Report**

   The Mini Report gives you a quick way to experiment with the settings of different parameters by back-testing your desired variations from the default values – and you can do this without ever having to leave the **Format Trade Signal for Active Chart** dialog window.

   Clicking ▤ , the **Mini Report** icon, will display key system performance results in the Mini Report window. Among the items displayed are: Net Profit, Number of Trades, Winning Rate, Max Drawdown, Profit Factor, AbleSys Index, and Real Time Signal Accuracy (please note: This is the only place where you can see RTSA). To test your ideas, just replace the default numbers next to the different input parameters such as TSPC, MONYRISK, DEV, and so on, with numbers of your own choosing. Then re-click the **Mini Report** ▤ icon and a new report of key system performance results is displayed, based on back-testing your new parameters.

3. **Scan TSPC**

   Scan TSPC helps you determine the best figure to use for the TSPC parameter. To run the Scan TSPC function:

   a. Select the chart time interval manually, e.g., 30-minute or daily, in the **Format Active Symbol Window**. Mechanical settings are used for swing/position trading only. Multiple-year data is recommended for selecting the TSPC/DEV. If you trade markets with intervals smaller than 30 minutes, you don't need to use Scan TSPC. Please just use the default setting for the Hybrid Trading Method, which is the TSPC number that appears in the parameter window when you first open the **Format Trade Signal for Active**

Chart window. These defaults are appropriate for any intervals, including very small intervals, such as 1 to 5 minute charts).

b. In the **Format Trade Signal for Active Chart** dialog box, click the **Reset to eASCTrend Defaults** button. The default values of TSPC = 4 and Deviation = 0.0 will appear.

c. Input **ContractSize** (typically 1 contract for futures or 1000 shares for stocks), PointValue (typically 250 for the S&P or 1 for stocks) and **CostPerTrade** (such as commission plus slippage, e.g., $100, etc.). Do not leave **CostPerTrade** at zero.

d. Apply any exit rules (see below).

e. Now you are ready to run Scan TSPC. Click $, the Scan TSPC icon, and the program will automatically calculate the most profitable TSPC for the date range you selected when you first created the chart. After performing the calculation, the software will automatically input the suggested TSPC value for you in the Parameters list.

f. Click on ☰ , the **Mini Report** icon, to display the result summary for your review.

4. Best DEV

The Best DEV function will auto-select the best pair of integers for DEV and TSPC for the most profitable result.

To use the Best DEV function, check the **Best DEV** box in the **Scan TSPC** area; input start and end values for the DEV routine in the Scan Deviation area if you wish to expand the scope for scanning (or, more likely, simply use the default values of start –1.5, end 1.5); then click the $ icon. Notice that you may change the start and end values to your preference, but the step value for Best DEV is always 0.1. The system will run to find the best pair (combination) of DEV and TSPC for the most profitable results. This is a two-dimensional process that will find the highest performance peak among many peaks. The Mini Report will display the best result, and the best TSPC and DEV will be input directly into the Parameter area of the **Format Trade Signal for Active Chart** dialog box.

This function is only applicable if the chart intervals are 30 minutes or above. It is recommended that a trader use longer-term data such as multiple years.

5. Scan DEV

Traders who use the Dynamic Execution Method for entering trades will want to take advantage of the Scan DEV feature. Unlike the EBC approach, which is fully mechanical and uses Best Deviation, the Dynamic Execution Method is based on

54

real-time TS signals where execution occurs prior to bar close. This leaves the trader subject to the unstable TS signals associated with real-time data, a problem that is reduced by using Scan DEV to select the best value for DEV to produce the best real-time signal accuracy (RTSA). As previously discussed, the main function of Deviation is to adjust both the number of trades triggered and the real-time signal accuracy. Please note that you need a relatively high RTSA to use the Dynamic Execution Method. Scan Dev is available only when Entry at Bar Close (EBC) is unchecked.

Increasing the Deviation will loosen the position of stops, thereby reducing the number of trades and increasing the real-time signal accuracy.

Decreasing the Deviation will tighten stops, thereby producing more trades and decreasing real-time signal accuracy.

The **Scan DEV** function is designed to find the best Deviation value for a balanced RTSA and the most profit.

- The following is the main guideline for selecting the Deviation parameter: a larger TSPC is associated with a smaller Deviation, and a smaller TSPC is associated with a larger Deviation. For example, if TSPC = 8, then you might use DEV = -0.1. Inversely, if TSPC = 1, then you might use DEV = 0.5. The purpose of maintaining the inverse relationship is to avoid entering into choppy markets and to keep from overtrading.

- Scan DEV is appropriate only if you are using the Dynamic Execution method, and you want to adjust RTSA while TSPC is fixed.

  To use the Scan DEV function:

- Click , the Target icon, which will run the Scan DEV routine. Review the results in the Mini Report.

- Normally, a higher RTSA will sacrifice profits. Therefore, you might not want to adjust the DEV for the highest RTSA. RTSA from 60% to 80% is practical. See the following section about how to enter trades under such RTSA conditions.

6. **Entry at Bar Close**
   With Entry at Bar Close (EBC) checked, which is the default setting for TS, the back-testing reports will offer accurate simulation for the EBC 100% mechanical execution results. With EBC unchecked, the back-testing reports will give the simulation for the real-time TS signals, which are used for Dynamic Execution or Hybrid Execution Method (HTM).

   Note: The back-testing reports for real-time TS (EBC unchecked) are for reference only. This is because the TS signals with EBC unchecked are a real-time feature and

55

the data feed vendors do not offer real-time price fluctuation information in historic data. AbleSys uses RTSA to show the accuracy of this simulation.

7. **Enable Alert**

The **Enable Alert** option enables the delivery of buy/sell signals with sound alerts and an alert window that pops up on your computer screen.

8. **Exit Rules**

The eASCTrendTS default settings leave unchecked all the exit rule boxes. With no exit rules selected, you may simply follow the buy/sell signals of eASCTrendTS. This means that once you are in a market, you will be given buy and sell signals on an ongoing basis so that you will always have a position in that market, i.e., moving from long to short and back to long as the trend changes from one direction to the other.

If you check one or more of the exit rules, the Auto Select functions will include your selected exit rules in the calculations.

Because eASCTrend has been designed to be a universal trading system that fits the needs of all traders, all of the exit rules listed below are made available. You may find that only one or a few of the exit rules are useful to you given the characteristics of the market you are trading. You have the option of selecting exit rules for non-symmetric entry and exit. Be aware that if you select certain exit rules, they may keep you from holding a position at times. Using exit rules may reduce your risk; however, because you may trade less, you may also sacrifice some profit.

- **Nth Bar**: Exit on the Nth bar after entering a buy/sell position. Use the Nth bar exit mainly for choppy markets, such as the S&P futures daily chart. You need to input the appropriate "Nth bar" number in the input parameter window mentioned above. You can determine the best value of N through your own trial and error, using the back-testing report as a feedback mechanism to evaluate different settings. Use End of Bar Close execution.

- **Intelligent Nth Bar**: Exit on the Nth bar in a choppy market, but stay on the trend and maintain the position in a trending market (a desirable approach in a mixed choppy/trending market). Bar close execution.

- **Green Bar**: Exit on the Green bar under certain conditions. Bar close execution.

- **eASCTrend Stop**: Exit when the eASCTrend Stop is hit. You can either place a limit order using the stop value (determined by consulting the **Info Window** to find the eASCTrend13—BuyStop/SellStop) of the previous bar (last closed bar/limit order needs an update whenever a change is made in stop value), or exit the position when you see the exit alert if you don't like to place/update the limit order in advance. Real-time execution.

- **Moving Average**: Exit on the cross of MA1 and MA2. Bar close execution.

- **Break Even**: Exit when the price returns to the Entry Price, having first reached the Trailing Profit Level Price (Entry Price plus Profit Level). Real-time execution.

- **Trailing Stop**: This is usually a real-time feature depending on the options checked. It has the potential benefit of capturing more profit in a market making quick moves by risking a small percentage of the position gain. The algorithm will be triggered once the Trailing Profit Level Price (TPLP) has been reached. The real-time position gain is the difference between the latest Profit Peak and Enter Price. If you check this exit option, an exit alert will be issued when the price retraces a certain percentage (20% of the position gain if trailing is set at 80%) from the Profit Peak.

  For example, if you enter at $100 and Profit Level is 4%, the TPLP will be $104. When the market reaches a new Profit Peak at 110, the difference between the latest Profit Peak and Entry Price is $110-$100 = $10. If the Trailing % is set to 80%, the exit alert will be issued when the market pulls back to $108 (110-10*0.2). This price ($108) is called Trailing Exit Price (TEP). If 100 is used for the trailing %, the alert will be issued right on TPLP. You should exit your position in real time when you see the exit alert. Or you can place a limit order in advance using the TPLP value in the **Info Window** in order to avoid slippage. Otherwise, whether you exit in real time or at the end of bar close depends on which of the following options are checked:

  - **APL**: Exit based on a computer-generated Automatic Profit Level. Profit Level in Parameters window is ignored. Execute in real time.

  - **ATE**: Exit based on a computer-generated Automatic Trailing Exit. Trailing % in Parameters window is ignored. Execute at bar close.

  - **EBC**: Back-testing with bar close price for trailing stop exit. Execute at bar close for trailing exits. Exit at bar close.

  - **Re-enter**: This option will issue a re-enter alert. Execute at bar close.

  - **Exit 1/2 Position at Trailing stop**: Exit 1/2 position and hold the other half until the position reverses.

- **Day Trading Only** will automatically exit all positions at market close. You will not hold any position overnight. The system will re-enter positions when market conditions continue at the opening of the next day.

- **Intra-Trade Risk Control Exit and Re-enter** reduces the intra-trade drawdown in some markets. This exit should be executed at the end of the bar.

- **Extreme Intra-Bar Risk Control** exits a losing trade when extreme market conditions are detected during the creation of a bar. This exit should be executed in real time.

Note: Back-testing reports for all real-time features are for reference only. Data feed vendors do not offer real-time price fluctuation information in the historic data. Real-time features cannot be simulated accurately with back-testing.

9. **Format Style: Color, Style, or Weight**

    You can format plot color, style, or weight of the various features to change them from the eASCTrend defaults to suit your preferences.

10. **Reset eASCTrend Defaults**

    Click the **Reset eASCTrend Default** button to restore all settings to eASCTrend defaults.

11. **Save as Custom Defaults**

    After you finish formatting eASCTrendTS, you can click the **Save as Custom Defaults** button to save your changes as custom defaults.

12. **Reset to Custom Defaults**
    Click the **Reset to Custom Defaults** button to restore all settings to your custom defaults.

13. **The No Trade Zone (NTZ) Feature**
    When traders execute trades mechanically (buy, sell, exit) in choppy markets, they can experience drawdown. NTZ is the equity chart of the original signal chart. When applied, it serves as a filter that can be used in conjunction with the original chart to let you control the amount of drawdown. With NTZ applied, when the system sees that your account equity fluctuation in a particular symbol is too great, it will stop system trading for that symbol by ignoring buy and sell signals on the signal chart. When the system sees that it's possible for you to start making money again, it signals you to re-enter that market, and it honors the signals once more. The procedure for using NTZ is as follows:

    a. You need to have at least one symbol chart with eASCTrendTS applied. **EBC** (Entry at Bar Close) **must** be checked.

    b. Open a new chart and check **Filter Chart** in the **Format Active Symbol** window.

    c. Choose the filter type for No Trade Zone.

    d. If there are two charts with eASCTrendTS, you may select which chart receives the filter.

    e. After the Filter Chart is created, eASCTrendTS must be applied to it using the eASCTrend default values for all parameters except TSPC, Contract Size, Point Values, and Cost Per Trade.

f. **Contract Size**, **Point Values**, and **Cost Per Trade** are set to the same values as the original chart.

g. Entry at Bar Close (**EBC**) must be checked on both the original and the filter charts.

h. Do not use any Exit Rules and do not check Best Deviation.

i. Click on **Scan TSPC ($)** and then click on **OK**. The system will now determine the optimum NTZ setting for that symbol.

You do not trade when the NTZ chart is in a no-trade position (bars are red), but you do enter both long and short positions as directed from the original chart for that symbol when the NTZ chart is in a yes-trade position (bars are blue). The Mini Report associated with the NTZ chart will also show total trade, long trade, or short trade profits. Since NTZ is an equity chart, the total "long trade" performance in the Mini Report represents the trading result if the NTZ trading method has been implemented. Please ignore total trade and short trade performance results since they are not relevant for the NTZ chart.

Also, ignore the data on the line labeled Buy/Hold Profit in the Mini Report associated with NTZ chart because it is not related to your trading. Look at the Mini Report of the original chart for Buy/Hold Profit.

14. First Hour Rule

If you select **First Hour Rule** and **Day Trading Only**, eASCTrendTS may not give buy/sell signals during the first trading hour if the position changed from yesterday's last position.

15. 1st Hour Trend2 Rule

If you select **1st Hour Trend2 Rule** and also have eASCTrend2 on the same chart, when the new buy/sell signals in the first trading hour do not agree with eASCTrend2 signals, eASCTrendTS will not give the buy/sell signals.

G. TS Report

eASCTrend 6.0 provides back-testing reports on the performance of the trading system. By clicking ⊟ , the **Display Trade Signal Report** icon in the toolbar, you will see the report. Here is the typical report format:

Performance Summary
(For Symbol from mm/dd/yy to mm/dd/yy)

Total Net Profit   Buy/Hold Net Profit
Total % Net Gain   Buy/Hold % Gain

Max Draw Down   Buy/Hold Max Draw Down
% Max/Avg DD vs. Net Profit   % Buy/Hold Max DD vs. Profit

Gross Profit	Total Trades
Gross Loss	Winning Trades
Avg win/Avg loss	Winning Rate
Profit Factor	AbleSys/EXP Index
Avg Winning Trade	Consecutive Winning Trades
Avg Losing Trade	Consecutive Losing Trades
Avg Trade	Avg Holding Bars
Largest Winning Trade	Avg Winning Bars
Largest Losing Trade	Avg Losing Bars

Maximizing Total Net Profit is our goal in trading. Three key factors of a trading system will help us to reach this goal:

    (a) Winning Rate = (Winning Trades / Total Trades) • 100%.
    (b) Win/Loss Ratio = Avg. Winning Trade / Avg. Losing Trade.
    (c) Profit Factor = Gross Profit / Gross Loss.

The AbleSys Index is an overall performance factor, which equals the product of (a), (b), and (c). That is, AbleSys Index = (a) x (b) x (c).

If the AbleSys Index (or simply **ABC Index**) = 1.0, it means the trading system will just break even. ABC Index > 1.0 is a winning system. In the trading software industry, ABC Index > 1.2 means it is a tradable system. However, with eASCTrendTS, typically, look for ABC Index > 2.5 as your tradable system. Don't trade any symbols or charts for which the ABC Index is less than 2.5, even when the symbols are your favorites. With experience and with highly leveraged instruments you may reduce this number slightly.

H. **Advanced Features of eASCTrend 6.0 – Options Available Only in the Deluxe Plus Module**

1. Money Management (MM)

Money Management (MM) is a very important issue in trading. A good MM strategy can help a winning system make even more profit.

However, MM is not a trading system. It cannot turn a losing system into a winner. Nor does MM deal with buy/sell/stop signals. It only calculates the appropriate size of trades (number of shares for stocks or number of contracts for futures or Forex) based on your current account equity (or balance). Therefore, you must first have a winning trading system in place, such as eASCTrend, as the basis to which your MM strategy is applied.

AbleSys has made a state-of-the-art Money Management formula available as an optional add-on with the End of Day Deluxe and Real Time Deluxe Plus subscriber modules. The **MM** feature creates a decision tree based on your account balance and the margin requirements for your trading instruments, as well as your risk tolerance.

As your account balance increases or decreases with market conditions, and you move to different levels of the decision tree, **MM** tells you how many shares or contracts you should trade to maximize your profitability.

To help you set up **MM**, AbleSys has also created an innovative **Money Management Calculator** that is associated with any chart for which **MM** is enabled. This tool puts information about your optimal trade size at your fingertips.

These are the performance requirements your trading system must meet so that you can apply the MM strategy:

- A winning system with ABC Index > 1.2.
- Lower Max Drawdown (MDD) < 1/4 of initial account balance.
- Higher winning rate > 60%.
- Sufficient number of trades within a given time period based on a trader's own preference.

In this formula, the Net Profit value is not very important. As long as the system meets the above requirements, the MM strategy will significantly increase the net profit with a sufficient number of trades.

Setting up **MM** involves a two-part procedure. For the first part you set up the **MM Calculator**. Begin by clicking on , the rainbow icon. In the **Format Trade Signal for Active Chart** window that appears, select the **Enable Money Management** feature under the **Advanced Features** area at the right side of the box. Click on the **Setting** button, which is now active, and the **Advanced Functions** window will appear.

Enter the amount of money you have budgeted to trade in this symbol. Base your opening balance on the initial margin requirement (specified by your brokerage firm) and the **Maximum Draw Down (MDD)** (which you can find in the back-testing report). (Please make sure that the margin value you input is for each share of stock or for each contract. The **Reserve Calculator**, which is discussed below, will use this value, in conjunction with the Shares/Contracts Per Unit to determine the margin reserve you will need for each unit increase or decrease.)

For example, if the initial margin requirement for the symbol you want to trade is $25,000, and the MDD is $10,000, you should plan an initial account balance of $40,000 or greater. Please note that the MDD is multiplied by 1.5 to ensure you have sufficient margin reserve in your account. The formula is:

Start Balance = Minimum Initial Margin + 1.5 x MDD

Next enter the **Shares/Contracts per unit**, which is the number of shares (for stocks) or the number of contracts (for futures) which make up a unit. This value will be used to calculate the real trading position size inside the **MM Calculator**.

Then enter your **Risk Increase Rate (RIR)**. **RIR** is the risk fluctuation associated with each unit position increase or decrease. It defines the dollar amount per unit by

which you need your account to grow before the Money Management program moves you to the next level of the Money Management decision tree. **RIR** equals the account equity increase for only the first step up in the decision tree. **MM** automatically calculates the increase in equity required to move up additional steps based on the **RIR** value and the number of units. **RIR** is commonly set to 1/2 the **MDD**.

The **Rate of Risk Decrease** is defined as a percentage of **RIR**. By default this is set at 50%. You can change this figure, but to be safe, always keep the **Rate of Risk Decrease** smaller than 100% of the **RIR**. Doing this ensures that you always scale back your market exposure (trading position size) faster than your rate of risk increase (**RIR**).

Finally, go to the **Reserve Calculator** area of this window and click on , the **Reserve Calculator** icon. Each cell of the **Reserve Calculator** will now be filled. The purpose of the **Reserve Calculator** is to help you budget your account for the money management strategies. Please make sure that no negative values appear in the **Reserve** column. Negative values in the **Reserve** column indicate that you are at risk of using up all your account reserve. In order to avoid this overly aggressive handling of your account, you have several options: you can either increase your initial account balance, or increase the **RIR** value (which slows down rate of risk increase from step to step in the decision tree), or decrease your **Shares/Contracts per unit** (which lowers margin usage, and therefore risk). By making adjustments like these you can ensure that the values in the **Reserve** column turn positive.

Click **OK** in both the **Advanced Functions** window and the **Format Trade Signal for Active Chart** window, and you're now ready to move on to the second part of the process, which is activating the **MM** feature.

To use the MM feature, click on , the **Money Management** icon on the toolbar, and the **MM Calculator** will pop up. The first level in the **MM Calculator** presents the initial balance and the initial position size. When using MM, never trade fewer contracts or shares than this initial contract size.

When your account balance increases to the **Maximum Reached Equity** listed for the second level, click on the plus sign (+) in front of the **U** on the second level. You will see a sub-chart with instructions concerning the number of contracts or shares to trade as long as you are at that level.
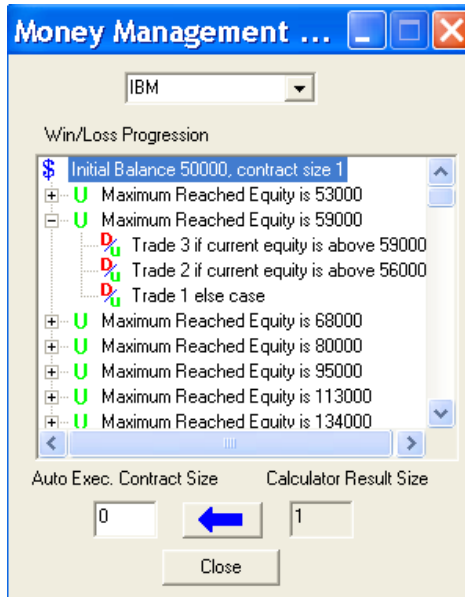
When your account balance increases to the next level, click on the minus sign (**-**) on the previous level to close that sub-chart. You will not return to that level again. Then click on the plus sign (**+**) in front of the **U** on the next level. You will see a sub-chart with instructions concerning the number of contracts or shares to trade as long as you are at that level. You never return to a previous level. As you trade at each level, follow the instructions in the sub-chart at that level until your account balance increases to the next level. Within the levels, the green **u** means the condition of the account is up and the red **D** means the condition of the account has declined.

Important Note: If you select the **Auto Order Execution** module, the Auto Execution Contract Size is the actual trading size automatically filled in on the order entry form. Before each trade, you must double-check this number and adjust it if necessary to match the **MM Calculator** information.

In the above example, the initial account balance is $50,000 and the trading size = 1 contract. If the account balance increases to $53,000, you would click on the plus sign (**+**) in front of $53,000 and follow the instructions to trade two contracts. If the system is losing, but the account balance is still above $53,000, you would still trade two contracts. However, if the account balance drops below $53,000, you would trade one contract

After the account balance increases to $59,000, you would click on the minus sign (**-**) in front of $53,000 to close that level and click on the plus sign (**+**) in front of $59,000 and follow the instructions to trade three contracts. If the system is losing, but the account balance is still above $59,000, you would still trade three contracts. However, if the account balance drops below $59,000, but stays above $56,000, you would trade two contracts. If the account balance drops below $56,000, you would reduce your trade to one contract. Once the account balance has reached $59,000 and then declines below $56,000 you trade only one contract. You do not trade two contracts until the account moves up above $56,000 again, even though originally you went to two contracts at the $53,000 level. Your increase is more cautious until you reach the original high.

2. Auto Order Execution (AOE)

Auto Order Execution is available as an optional extra in the Real Time Deluxe Plus version of eASCTrend. Please note that for the AOE module to work properly, you must have the correct settings selected so that eASCTrend 6.0 can link with your brokerage trading account (please see the AOE installation instructions on the Member Login page of WWW.WINTICK.COM).

When you are set up with the AOE mode, all the buy/sell signals in your chart will be sent to the AOE module for processing, and eASCTrend will automatically fill in the correct information on the order entry form for your selected "clients," such as Interactive Brokers, Coesfx, and so on.

To begin, open the **Format Trade Signal for Active Chart** dialog window, place a check in the box labeled **Enable Order Execution,** and click on the now active **Setting** button. The **Order Execution** dialog box pops up.
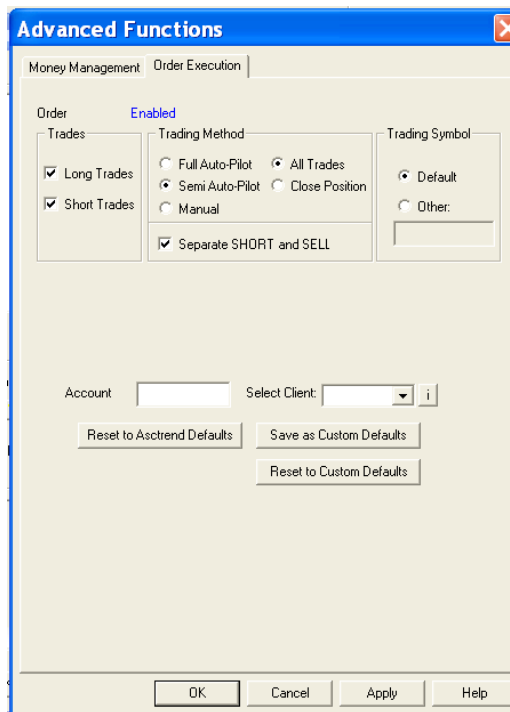
This dialog box uses the following terms:

- **Trading Methods:**

   a. **Full Autopilot** –Program auto-fills and auto-submits orders. A trader must monitor the computer when Full Autopilot is functioning. New users should start with the Semi Autopilot until they are familiar with the system.

   b. **Semi Autopilot** – Program auto-fills order entry form; user needs to click **Submit** to send out the orders.

c. **Manual** – Program doesn't fill or submit orders.

d. **All Trades** – Enables auto order execution for all trades.

e. **Close Position** – Enables the auto order execution for the next trade to only close the current position and stop trading. This option will not reverse your position.

f. **Long Trades** – Enables long trades.

g. **Short Trades** – Enables short trades.

- **Trading Symbol**: This option allows the trader to trade a symbol other than the symbol of the chart that has been pulled up. For example, a trader who has pulled up a chart for the S&P 500 could use this feature to initiate automatic order execution for the e-mini.

- **Separate SHORT and SELL**: This option is used for stock trading only. It is not applicable for futures trading. Here, SHORT means Sell Short stocks.

- **Account**: Input account number.

- **Select Clients**: Click on the drop-down selections; pick one of the order entry forms, such as InteractiveBrokers.com (IB).

- **Reset to eASCTrend Defaults**

- **Save as Custom Defaults**

- **Reset to Custom Defaults**

- **Apply**: Click on Apply to apply the settings for the active chart.

A special note on resuming AOE after a service interruption: Occasionally a service interruption will occur due to a power outage, a NIC card failure, a network problem or a server problem, etc. AOE execution is very robust. The positions in your brokerage account will strictly follow the chart with AOE settings once the service is resumed.

AOE has the capability to synchronize InternetBrokers.com (IB) positions to the chart position. Once you turn on AOE for a symbol chart, the IB position associated with the symbol will be exclusively controlled by AOE. For example, if you turn on AOE for your IBM chart in eASCTrend 6.0 with, say, 1000 shares, your IBM position in your IB account will be forced to follow the chart signals. If the signal is long/buy, the IBM position in your IB account will be long 1000 shares. If the signal is short/sell, the IBM position in your IB account will be short 1000 shares. All the pre-existing positions before the launching of AOE or any change of AOE settings will be appropriately adjusted in order to make sure that positions in your IB account will follow the charts in terms of the number of shares and long or short positions. If the current chart indicates that we should short 1000 shares of IBM, the IB account should have a short position of 1000 shares of IBM as a result of the AOE order
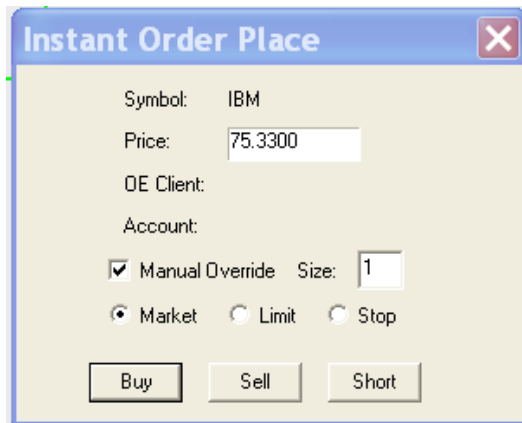
execution. It does not matter whether prior to initiating AOE you were long IBM for 100 shares or 2000 shares, or short 400 shares.

Your IB account can have both AOE-controlled and non-AOE-controlled positions at the same time. But one symbol can only have either an AOE-controlled or non-AOE-controlled position, not both. Also, each eASCTrend 6.0 license can have only one AOE chart for any symbol.

3. Instant Order Place (IOP)

Instant Order Place offers a convenient way to manually augment the Semi Autopilot or Full Autopilot order execution. It works with the **Automatic Order Entry** (**AOE**), which is available as an option in Deluxe Plus, by allowing you to manually override the **AOE** signals in situations where you desire more control over a trade.

To use this feature to enter an order manually, click on , the **Instant Order Execution** virtual keyboard icon in the toolbar, to bring up the **Instant Order Place** dialog box.

In the **Instant Order Place** dialog box, enter the price at which you want your order executed. Then place a check next to **Manual Override**, and enter the contract size or number of shares in the **Size** field. Now specify the type of order you want executed: **Market**, **Limit**, or **Stop** order. Click on **Buy** to manually enter a long position or exit a short position, or click on **Sell** to manually close a long position or enter a short position. With some trading platforms, you must click on **Short** to enter a short position; otherwise you can ignore the button labeled **Short**. The orders that are generated by the **Instant Order Place** window will be placed in the AOE module.

Depending on whether you have selected the "Semi Autopilot" or "Full Autopilot" setting, the AOE module will process your **IOP** orders accordingly. Where "Semi Autopilot" has been selected, while the correct information will have been entered into your order form by the system, you must transmit your orders yourself by going

67

to your brokerage window and manually entering your order. With "Full Autopilot selected, eASCTrend will transmit the order for you.

When you close the **Instant Order Place (IOP)** window, a dialog box pops up, giving you the option to turn on or off the **Enable Auto Execution** setting (EAE status). The purpose of this window is to make sure the software understands your intention, while offering a convenient way to switch between manual and automatic order execution. Please refer to the following table to see how this works:

EAE status before IOP	Question upon leaving IOP	Selection	EAE status after IOP
On	You have turned OFF AOE. Are you sure?	Yes	Off
		No	On
Off	You have turned ON AOE. Are you sure?	Yes	On
		No	Off

Appendices

Most traders will not need to refer to the technical information in these appendices. They are only placed here as a reference in the interest of completeness.

Appendix A. Adjusting eASCTrend Indicators

While it is not necessary to change the default settings of the eASCTrend indicators, subscribers have the option of customizing indicators if they think it will help them better fulfill their trading style.

1. **eASCTrend1 (T1)**
   The **RISK** level of **T1** can be adjusted from 1 to 10. A value of 1 is the most sensitive, with minimum delay in issuing signals, and 10 is the least sensitive. *The default value of* **RISK** *is 3.* Under normal conditions, the default setting should be your first choice. You may adjust the **RISK** level by clicking **Format** > **Indicators.** Select eASCTrend1 from the drop-down menu to format and change the parameters*.* **RISK** *for T1 is very similar to TSPC for TS.*

   You can format the weight of the bars on your charts from **Format** > **Symbol** (or simply click the **S** icon)*,* and you may change the **Weight** of bars. The paint-bar color can be changed to your preference. Click **Format** > **Indicators** and click **Color** to change the color of the bars. Please note that if you change the color choices from their default colors, you must perform a 'color translation' when reading the AbleSys documentation. This documentation presumes you are using the default eASCTrend colors. Until you are experienced with the indicators, we suggest you do not change the colors of bars or indicators.

   There are a total of four signal display modes in **T1**. Details of the modes are listed below:

   a. **ASCMODE 0** – Classical blue bars and red bars.
   b. **ASCMODE 1** - Classical blue bars and red bars with Significant Trend Change (STC) signals.
   c. **ASCMODE 2** - Classical blue bars and red bars with T1 Long Term signals (LT). This is the default mode.
   d. **ASCMODE 3** – All signals of MODE 0, 1, and 2.

2. **eASCTrend2 (T2) and eASCTrend3 (T3)**

   Adjust the RISK and MONYRISK

   RISK and **MONYRISK** are two inputs for the trend-stop indicators. Select T2 or T3 from the **Format** > **Indicators**. You can change the **RISK** and **MONYRISK** parameters.

RISK

eASCTrend provides flexibility. The **RISK** factor for both **T2** and **T3** can be adjusted from 1 to 10, with 1 being the most sensitive with minimum delay and 10 the least sensitive. *The default value of* **RISK** *is 3.*

MONYRISK

MONYRISK is an optional input for T2 and T3. This option affects the trend-stop values only. It does not affect the trend determination. A specific range unit for MONYRISK is used here. This unit varies with the volatility of the markets and is defined by market movement. When you change this input value, you can choose to loosen or tighten the stops. The amount of money at risk varies depending on the market. For example, MONYRISK 1.0 for common stocks means $1.00 per share; MONYRISK 1.0 for S&P 500 futures means $250 per contract; MONYRISK 1.0 for currencies means $125,000 per contract and MONYRISK 1.0 for T-Bonds means $1000 per contract.

Why use this specific unit? To avoid the Symbol Universe Settings. There are over 25,000 security symbols in the United States alone. It is hard to check and set up each symbol universe accurately and individually. Furthermore, when you use third-party data, different data venders use different symbol names and different units for the same security. Symbol Universe Settings become very complicated.

The MONYRISK factor is applied to eASCTrend calculations only when the LONG or SHORT positions have profits. When profit is greater than the MONYRISK unit set, extra protection for the profit will be activated automatically. T2 or T3 TREND STOPS will start to tighten the stops. The MONYRISK will also affect the calculations for the low risk entry points. *The default value of* **MONYRISK** *is 1.50 for T3 and 2.0 for T2 respectively.*

In another words, after the profit for the position becomes greater than 1.5 times the average market movement, eASCTrend will begin to tighten stops. MONYRISK can be adjusted from 0.5 to 5.0. If you like to use Fibonacci numbers, you may use them as inputs, such as: 0.382, 0.618, 1.000, 1.382, 1.618, 2.000, 2.382, 2.618, and so on.

If you do not want the MONYRISK option at all, simply input a large number, such as 1,000,000. Under this 1,000,000-unit setting, T2 or T3 will follow only the market's price projection in deciding stops.

3. **eASCTrendSig (TSig)**

    a. **TSig in Different Modes**

    TSig will provide a buy signal with a big BLUE dot when buy conditions are met. The value of the big blue dot is the initial stop for the position. TSig will provide a sell signal with a big RED dot when sell conditions are met. The value of the big red dot is the initial stop for the position. There are seven signal modes in TSig. You may

select buy signal only, or sell signal only, or select both buy and sell signals. See the next section, **Input Parameters of TSig**, for more details concerning **ASCMODE**.

b. Input Parameters of eASCTrendSig (TSig)

From the **Format** menu, click **Indicators**…, and select **eASCTrendSig**. You may change the **Parameters** of eASCTrendSig. You can adjust the variables of **RISK**, **MONYRISK**, **OFFSET**, and **ASCMODE.**

RISK

RISK can be changed from 1 to 10, with 1 being the most sensitive setting with minimum delay, and 10 being the least sensitive. *The default value of* **RISK** *is 3.* It is recommended that you use the default value when you first start. You may choose to change values after you become familiar with the markets you are trading.

MONYRISK
The variables of **MONYRISK** affect the eASCTrend stop values only; they will not alter the trend determination. This option works in the same way as the MONYRISK for T2 or T3. See the corresponding section for MONYRISK. *The default value for* **MONYRISK** *is 1.5.* The default should be your first choice when you start; later you can adjust the value from 0.5 to 5.0. For those who like Fibonacci numbers, you may use inputs such as: 0.382, 0.618, 1.000, 1.382, 1.618, 2.000, 2.382, 2.618, and so on.

OFFSET
The default value of **OFFSET** *is 1.0.* When you choose a value of 1.0 for OFFSET, you accept the signals-defined market. Using OFFSET 1.0 means you choose the market self-defined dynamic factors. You may also loosen or tighten signal conditions by adjusting the value of OFFSET. OFFSET must be a positive number ranging from 0.3 to 3.0.

The smaller the number, such as 0.3, the fewer trading signals will be generated, and the higher the accuracy. The bigger the number, such as 3.0, the more trading signals will be generated, and the lower the accuracy. *The default value for* **OFFSET** *is 1.0.* You should use the default value when you first start.

ASCMODE
For convenience and clarity in searching, you may choose different signal modes from the following seven signal modes in eASCTrendSig:

1. ASCMODE 1: Classic eASCTrendSig **BUY and SELL** signals.
2. ASCMODE 2: Classic eASCTrendSig **BUY** signals.
3. ASCMODE 3: Classic eASCTrendSig **SELL** signals.
4. ASCMODE 4: eASCTrendSig **Long Term BUY and SELL** signals.
5. ASCMODE 5: eASCTrendSig **Color Change BUY and SELL** signals.
6. ASCMODE 6: Signals of ASCMODES **4 and 5**.

71

7. ASCMODE 7: **All eASCTrendSig signals**.

4. Four Input Parameters

There are four input parameters used by eASCTrend indicators: **RISK, MONYRISK, OFFSET** and **ASCMODE.** See the table below for the summary.

	RISK	MONYRISK	OFFSET	ASCMODE
eASCTrend1	Yes	No	No	Yes
eASCTrend2	Yes	Yes	No	No
eASCTrend3	Yes	Yes	No	Yes
eASCTrendSig	Yes	Yes	Yes	Yes

Here,

Yes - the parameter is used by the indicator.
No - the parameter is not used by the indicator.

RISK can be changed from 1 to 10 to select its sensitivity; 1 is the most sensitive with minimum delay and 10 is the least sensitive. The default value of RISK is 3.

MONYRISK is an optional input. This option affects the eASCTrend stop values only, not the trend determination. A specific unit, which is the average range of the last 10 bars, is used for MONYRISK. The default value for MONYRISK is 1.5 for T3 and 2.0 for T2. It can be adjusted from 0.5 to 5.0. Traders who like the Fibonacci numbers may try inputs such as: 0.382, 0.618, 1.000, 1.382, 1.618, 2.000, 2.382, 2.618, and so on.

OFFSET. The default value of OFFSET is 1.0. When you choose a value of 1.0 for OFFSET, you accept the signals-defined market. You may loosen or tighten signal conditions by adjusting the value of OFFSET. OFFSET must be a positive number ranging from 0.3 to 3.0.

The smaller the number, such as 0.3, the fewer trading signals will be generated, and the higher the accuracy. The bigger the number, such as 3.0, the more trading signals will be generated, and the lower the accuracy. You should use the default value (see above) when you first start.

Default Setting of eASCTrend Indicators:

Indicator	Risk	MONYRISK	OFFSET	ASCMODE
eASCTrend1	3	-	-	2
eASCTrend2	3	2.0	-	-
eASCTrend3	3	1.5	-	1
eASCTrendSig	3	1.5	1	7

ASCMODE of eASCTrend Indicators

	eASCTrend1	eASCTrend3	eASCTrendSig
ASCMODE 0	Trend only – Blue and Red bars	Stops only – Blue and Red dots	
ASCMODE 1	Trend plus STC (a)	Stops plus BO (c)	Classic Buy and Sell signals
ASCMODE 2	Trend plus LCC (b)		Classic Buy signals only
ASCMODE 3	All signals of eASCTrend1		Classic Sell signals only
ASCMODE 4			LCC (b)
ASCMODE 5			SCC (d)
ASCMODE 6			Both LCC & SCC
ASCMODE 7			All signals of eASCTrendSig
DEFAULT	ASCMODE = 2	ASCMODE = 1	ASCMODE = 7

(a) **STC** – Significant Trend Change signals
(b) **LCC** – Long Term Color Change signals
(c) **BO** – Break Out signals
(d) **SCC** –eASCTrendSig Color Change signals

Appendix B. Other Indicators in eASCTrend

The following indicators can all be applied by clicking on the ![An] icon in the tool bar, and selecting the desired indicator by checking its box.

1. Moving Average

A moving average (MA) is a price average calculated over a specified period of time. For example, a 10-bar moving average includes the prices of the last ten bars on a chart in its calculation. It is one of the most commonly used trend-following indicators. The Moving Average indicator in eASCTrend is calculated by one of four methods (labeled 0, 1, 2, or 3) depending on the Type of analysis you select. The default for Type is 0, and the default value for Length is 10 bars.

Type = 0	calculate using the Closing price
Type = 1	calculate using the Opening price
Type = 2	calculate using the High price
Type = 3	calculate using the Low price

Calculations:
$$MA = (C1 + C2 + ….+ Cn) / N$$
Where,
MA = Value of Moving Average
C1, C2,…Cn = Close prices of last N days (bars)
N = Length to average

Usage
A moving average (MA) is the average of a market's closing prices over a defined period of time. For example, a 10-day moving average is an average of closing prices over a 10-day period. Moving averages will not indicate an imminent trend change, but will help you determine if an existing trend is continuing by measuring the current direction, or help to confirm that a trend reversal has taken place. A moving average is similar to a trend line except that the moving average curves with the movement of price. It can also provide support and resistance levels.

2. Stochastic

The Stochastic oscillators indicate overbought and oversold areas in the market based upon momentum or price velocity. The Stochastic Classic indicator calculates the location of the current price in relation to its range over a period of bars.

Calculations:
Stochastics are made up of four individual calculations: FastK, FastD, SlowK, SlowD. The core of the calculations is based upon the FastK value which is calculated in the following manner.

74

FastK(Length) = (C - L)/(H - L)*100
Where
     L = Lowest Low of a specified period
     H = Highest High of a specified period
     C = Today's Close
     Length = Specified period of time
FastD is an exponential average of FastK. SlowK is also an exponential average of FastD. SlowK equals the FastD. SlowD is an exponential average of FastD.

Default Parameters
    eASCTrend uses Slow %D
    Price value is Close
    Length is defaulted to 10

3. Volume

The Volume indicator displays the trading volume for the current bar. The unit of volume for stocks is in millions of shares. Volume for index futures is counted by ticks (trades). The weight of the histogram bars cannot be formatted. The color of the histogram bars can be formatted. The Volume indicator is located by default in subgraph 1. However, you may move it to subgraph 2 or 3 if subgraph 1 is being used by other indicators.

4. Exponential Moving Average

The moving average may be the most widely used indicator. The Exponential Moving Average (EMA) indicator calculates and plots an exponentially weighted average of prices, specified by the Price input, from each of the most recent number of bars specified by the Length input. This method of calculating a moving average gives greater weight to the market's most recent price activity, and a reduced weighting to older prices. (A simple moving average gives equal weight to all the prices in the series.) A moving average is generally used for trend identification. Attention is given to the direction in which the average is moving and to the relative position of prices and the moving average. Rising moving average values (direction) and prices above the moving average (position) would indicate an uptrend. Declining moving average values and prices below the moving average would indicate a downtrend. A displaced moving average plots the moving average value of a previous bar or later bar on the current bar. This indicator is NOT displaced by default. Changing the input Displace to a positive number displaces the plot to the left. Changing the input Displace to a negative number displaces the plot to the right.

Calculations:
     EMA = (Close[0] x Exp%) + (EMA[1] x (1-Exp%))
Where,
     EMA = Value of Exponential Moving Average
     Close[0] = Today's Close price
     Exp% = The chosen exponential percentage

EMA[1] = Yesterday's EMA value

Default Parameters
Default value of Length is 10.

Usage
The EMA is designed to solve both the problems of time lag with the simple average, and the diminished importance of the past with weighted average. It is the most sophisticated of the three types of averages.

5. MACD

Moving Averages are trend-following indicators that don't work well in choppy markets. Oscillators tend to be more responsive to choppy markets. The Moving Average Convergence Divergence (MACD) indicator combines the best characteristics of both. MACD, which was first developed by Gerald Appel, is basically still a trend-following indicator.

Calculations:
MACD = EMA1 – EMA2
Where,
MACD = Value of Moving Average Convergence Divergence
EMA1 = Fast Exponential Moving Average
EMA2 = Slow Exponential Moving Average

Default Parameters
Price value is Close
Length of EMA1 is 12
Length of EMA2 is 26

6. PercentR

Percentage Range (PercentR) is essentially a technique for determining oversold and overbought signals in trading. The study uses the price range over a given period of time to establish a normal trading range. It then identifies occurrences of prices outside this normal trading range. PercentR is a numeric value containing the current %R value.

Calculations:
%R=100*((Hr-C)/(Hr-Lr))
Where
r = The time period selected
Hr = The highest High of that period
Lr = The lowest Low of that period
C = Today's Close

The period should be at least five trading days, and half the length of an identifiable

market cycle. The more volatile a market, the shorter a period traders will want to use for their range. The period will vary with each trader's market time frame. For a market of average volatility, a good period would be ten days.

The parameter LENGTH can be hard coded with a whole number, or it can be replaced by a numeric simple input whose default value is a whole number.

7. Relative Strength Index

The Relative Strength Index (RSI) indicator is used in non-trending markets to identify tops and bottoms, buy and sell opportunities, and market extremes (overbought / oversold).

The RSI is an oscillator with values ranging from 0 to 100. Many consider 50 to represent the RSI "zero line." Many analysts draw support and resistance lines based on RSI calculations. Divergences between the RSI and price can also indicate certain market conditions.

The RSI indicator calculates a value based on the cumulative strength and weakness of price, specified in the input Price, over the period specified in the input Length. For that number of bars, RSI accumulates the points gained on bars with higher closes and the points lost on bars with lower closes. These two sums are indexed, with the index plotted on the chart. The RSI plots as an oscillator with a value from 0 to 100. The direction of RSI should confirm price movement. For example, a rising RSI confirms rising prices.

RSI can also help identify turning points when there are non-confirmations or divergences. For example, a new high in price without a new high in RSI may indicate a false breakout. RSI is also used to identify overbought and oversold conditions when the RSI value reaches extreme highs or lows. This indicator automatically changes the color of the RSI plot when it exceeds either of the levels specified in the inputs BuyZone and SellZone. Horizontal reference lines are also plotted at these levels as visual aids.

8. Weighted Moving Average

The moving average may be the most widely used indicator. The Weighted Moving Average (WMA) indicator calculates and plots a weighted average of prices, specified by the Price input, from each of the most recent number of bars specified by the Length input. This method of calculating a Moving Average gives greater weight to the market's most recent price and a reduced weighting to older prices. (A simple moving average gives equal weight to all the prices in the series.)

A moving average is generally used for trend identification. Attention is given to the direction in which the average is moving and to the relative position of prices and the moving average. Rising moving average values (direction) and prices above the moving average (position) would indicate an uptrend. Declining moving average values and

77

prices below the moving average would indicate a downtrend. A displaced moving average plots the moving average value of a previous bar or later bar on the current bar.

This indicator is NOT displaced by default. Changing the input Displace to a positive number displaces the plot to the left. Changing the input Displace to a negative number displaces the plot to the right.

Calculations:
WMA = (Close[0] x Exp%) + (EMA[1] x (1-Exp%))
Where,
   EMA = Value of Exponential Moving Average
   Close[0] = Today's Close price
   Exp% = The chosen exponential percentage
   EMA[1] = Yesterday's EMA value

The default value of Length is 10.

Usage
 In addition to the simple moving average, or a 2- or 3-line moving average, you can also apply a weighted moving average. This assigns more value to recent price data and lesser value to prices further back in time. The trend is considered to be up as long as the moving average line is rising along with the price. A close below could indicate a change in direction. A downtrend is considered to be continuing as long as the line is declining along with the price. A close above could indicate a change in direction.

9. **Bollinger Bands**

The Bollinger Bands indicator is a moving average presented as a pair of bands, one above and the other below the price bars on a chart. The Bollinger Bands are calculated by one of four methods depending on the value of Price Type.

Default Parameters
 Price Type is 0
 Length is 20.
 NumDevsUp is 2.0.
 NumDevsDn is -2.0
 Displace is 0

10. **Average Directional Index**

The Average Directional Index (ADX) is an oscillator with a range between 0 and 100. Low readings indicate a weak trend and high readings indicate a strong trend. A high reading can indicate a strong downtrend as well as a strong uptrend.
The default value of Length is 14.

Appendix C. Alert Sounds in eASCTrend

Alert name	Sound	When it is heard
eASCTrendTS Buy	ding ding ding	appearance of large cyan/light blue dot on bar
eASCTrendTS EBC Buy	phone ring	close of bar with large cyan/light blue dot
eASCTrendTS Sell	thud	appearance of large magenta dot on bar
EASCTrendTS EBC Sell	glass crash	close of bar with large magenta dot

Appendix D. Traders Share Their Experiences Using eASCTrend

- "With the experience as a floor trader, and after trying various trading software on the market during the last 35 years, I am using ASCTrend for my trading decisions. I have been using ASCTrend for almost four years. To place 50 S&P contracts on the market, I have to be really sure about the directions for my core positions. I depend on ASCTrend to detect the market directions. To be able to 'sit' on a substantial amount of positions is a difficult thing to do, but that's where the big money is to be made."- **J.B., Greensboro, NC**

- "I have been using ASCTrend since the beginning of 2001, making money in trading Mutual Funds, stocks, options, and day-trading the e-minis. I have tried many software programs since the late 80s and nothing has been as consistent as ASCTrend. While some software give 'ratings' on fundamentals and others curve fit the technicals, only ASCTrend gives me clear entries and exits with consistent results. I depend on ASCTrend for my entries and use ASCTrend stops to manage my trades after I open my trade. Both the entries and exits are very specific, making risk management very easy. ASCTrend is the only software that has provided me with a practical way of making money in trading regardless of the market or timeframe." - **R.R., San Jose, CA**

- "I have been using ASCTrend since April 2003 trading e-mini S&P and making money. The eASCTrend training CD is especially helpful. The time I spent on studying the training CD is well worth the effort; it provides excellent modeling to take emotion (fear and greed) out of a trade, improves discipline in adhering to trading rules, and allows me to pick up the winning trades consistently." - **E.M., West Point, NY**

- "eASCTrend 6.0 is the closest thing I have ever seen to a 'trend-predicting' program rather than a 'trend-following' program. Anyone can follow a trend after the fact; predicting a trend before the fact is quite another thing, but you have only to look at any trending chart equipped with AbleSys technology to see that eASCTrend 'never misses a big move.' Never. It's almost uncanny. It is a brilliant program designed and created by brilliant people. It is a benchmark. Thank you sincerely for sharing this wonderful technology with the investing public."- **S.S., Hollywood, FL**

See more Testimonials online.

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