



Confidential Reference Guide

Three Core Trading Set-Ups

- Cross-Over Buys and Sells
- Re-Entry Buys and Sells
- Reversal Trades – Buys and Sells

Please refer to your manual for a visual example of each trade set-up. Refer to the training videos for a comprehensive discussion of the strategy. The ongoing trading videos at the Owner's Club to get walkthroughs.

Remember that the trade set-ups being universal, you can use what you learn in any of the videos and apply it to the market and timeframe you personally choose to trade. There are some anomalies about certain markets (such as the "start-up" of the e-Minis when daytrading, or the active hours and inactive hours on forex, etc...) but the core set-ups themselves will be the same across all markets.

TRADE SETUPS STAY IN PLAY UNTIL AN OPPOSITE TRADE IS TRIGGERED

CrossOver BUY SETUP

1. Faster trend line crosses up on the slower trend line. The cross requires a move through the slower trend-line, not just too the line
2. Wait for candle confirmation, an up candle to close one tick or more above the trendlines (Set-Up candle)
3. Entry price is $\frac{1}{3}$ of NP_inc value (always round up to the next highest tick that market trades in) added to the high of the Set-Up candle. In the case of most markets the NP_Incremental value is 1.5. In forex we are using 2.0. The $\frac{1}{3}$ value would be 0.50 in most markets (0.67 in forex)
4. Set stop based on Set-Up candle to price level of the higher of the two lower band trendlines.
5. Set target price to the entry price plus the difference between the entry price and the stop price. If you adjusted the entry we typically still use that same differential but add it onto the adjusted entry price.

Additional Notes/Suggestions: Pay attention to the most recent swing high or low on the charts. Notate if you are close to high or lows of the day. Pay attention to "key levels" – a quick review of these might lead to a small adjustment to your entry price. These are discussed in more detail within the training videos. This applies to all set-ups detailed below. Typically these are very small adjustments to put the odds even more in our favor by hurdling potential areas of resistance/support that are extremely close by to our calculated levels.

CrossOver SELL SETUP

1. Faster trend line crosses down on the slower trend line. The cross requires a move through the slower trend-line, not just too the line
2. Wait for candle confirmation, an down candle to close one tick or more below the trendlines (Set-Up candle)
3. Entry price is 1/3 of NP_inc value (always round up to the next highest tick that market trades in) subtracted from the low of the Set-Up candle
4. Set stop based on Set-Up candle to price level of the lower of the two upper band trendlines
5. Set target price to the entry price minus the difference between the entry price and stop price. . If you adjusted the entry we typically still use that same differential but add it onto the adjusted entry price.

Additional Notes on CrossOver trades...

If you get another set-up bar to occur after the first you need to do a two bar breakout rule. If you need that defined please refer to the training video CD's which covers this on the last training CD.

The trade entries stay in place even if price action drops back through the trendlines or even to the other side, as long as a trade is not triggered in the other direction.

If market is overbought (when we are long) or oversold (when short) per our OS/OB indicator, we would tighten up stops as trade progresses. See training videos for more details.

RE-ENTRY LONG SETUP (regular)

1. After successful long trade to profit target (Cross-Over or Reversal)
2. Pull back into upper bands (must at a minimum touch one band trendline) which might just touch or even trade through the band trendlines
3. Set-Up "Up" candle must close above the upper bands for re-entry. The candle must come back out of the bands and close above all the bands (see the manual/videos)
4. Add 1/3 NP_incremental value to Set-Up candle high for entry price. Make any logical adjustment based upon previous criteria detailed.
5. Set stop based on Set-Up candle to price level of the higher of the lower bands.
6. Set target price to the entry price plus the difference between the entry price and the stop price.
7. If in overbought status we can raise stops to the level below the upper bands as price rises.
8. Re-entry long is cancelled when any short trade triggers.

RE-ENTRY LONG SETUP (Deep Pullback)

1. After successful trade to profit target (Cross-Over or Reversal)
2. Pull back into or below lower bands and close within them (it must close within the bands not below)
3. The up candle must close above the lower bands for entry (but does not have to close above the higher bands)

4. Add 1/3 NP_incremental value to Set-Up candle high for entry price.
5. Set stop based on Set-Up candle to price level of the lowest of the lower bands.
6. Set target price to the entry price plus the difference between the entry price and the stop price.
7. If in overbought status we can raise stops to the level just below the upper bands as price rises.
8. Re-entry long is cancelled when any short trade triggers or when price closes below the lower bands (you can still use your regular Re-Entry Long Set-Up detailed above just not the special Deep Pullback in this situation.)

RE-ENTRY SHORT SETUP (regular)

1. After successful short trade to profit target (Cross-Over or Reversal)
2. Pull back into lower bands (must at a minimum touch one band trendline) which might just touch or even trade through the band trendlines
3. Set-Up Down candle must close below the lower bands for re-entry. The candle must come back out of the bands and close below all the bands (see the manual/videos)
4. Subtract 1/3 NP_incremental value from Set-Up candle low for entry price. Make any logical adjustment based upon previous criteria detailed.
5. Set stop based on Set-Up candle to price level of the lower of the upper bands.
6. Set target price to the entry price minus the difference between the entry price and stop price.
7. If in oversold status we can lower stops to just above the upper bands as price lowers.
8. Re-entry short is cancelled when any long trade triggers.

RE-ENTRY SHORT SETUP (Deep Pullback)

1. After successful trade to profit target (Cross-Over or Reversal)
2. Pull back into or above upper bands and close within them (it must close within the bands not above)
3. The down candle must close below the upper bands for entry. (but does not have to close below the lower bands)
4. Subtract 1/3 NP_incremental value from the Set-Up candle low for entry price.
5. Set stop based on entry candle to price level of the highest of the upper bands.
6. Set target price to the entry price minus the difference between the entry price and stop price.
7. If in oversold status we can lower stops to the level just above the upper bands as price lowers.
8. Re-entry short is cancelled when any long trade triggers or when price closes above the lower bands (you can still use your regular Re-Entry Short Set-Up detailed above just not the special Deep Pullback in this situation.)

REVERSAL LONG / OVER SOLD

1. NP_OS/OB indicator to -2.00 or lower to start calculations for possible reversal long.

An oversold reversal long is calculated on each candle that closes below the NP_MOM. Do not calculate candles that close above the NP_MOM. As price begins to rise we stick with the best calculated entry up to the most recent candle and allow our entry to be hit. If price comes back down and closes below the NP_mom we will probably have a better entry to calculate, we use with the best calculated entry. Subsequent closes below the bands do not invalidate the setup.

2. Add the NP_Incremental value to the MOM value of the Set-Up candle for entry price. Make any logical adjustment – especially in the case of reversals when you are going against the trend take note of key levels

3. Set stop to a few ticks below the low values (swing low) reached before reversal sets up.

4. Profit target is 2x (times) the NP_incremental value (if the NP_Incremental is set to 1.50) or 1.5x (times) the NP_Incremental value (if the NP_Incremental is set to 2.0 such as with forex) of the Set-Up candle added to the entry price.

5. Reversals are only cancelled by hitting target on reversal. You can enter a reversal set-up a second time if the first trade stops out.

NOTE: Stops can be raised once the NP_OS/OB crosses above the zero line. Use level of lower bands to guide you for a smart stop placement, or we can take the NP_incremental value at our current candle and subtract it from the momentum value (NP_Mom) to adjust the stop up from the original swing low. If the trade has moved well in our favor we should consider tightening further, potentially using half of the NP_Incremental Value. The idea is to tighten stop but do not get too aggressive on this – you still want to give the trade room to breathe – just take advantage of the opportunity to cut risk but not overly so (see ongoing training videos for more details)

REVERSAL SHORT / OVER BOUGHT

1. NP_OS/OB indicator to +2.00 or higher to start calculations for possible reversal short.

An overbought reversal short is calculated on each candle that closes above the NP_mom. Do not calculate candles that close below the NP_MOM. As price begins to drop we stick with the best calculated entry up to the most recent candle and allow our entry to be hit. If price comes back up and closes above the NP_mom we will probably have a better entry to calculate, we use the best calculated entry. Subsequent closes above the bands do not invalidate the setup.

2. Subtract the NP_incremental from the MOM value of the Set-Up candle for entry price. Make any logical adjustments – especially in the case of reversals when you are clearly trading initially against trend

3. Set stop to a few ticks above the high values (swing high) reached just before reversal sets up

4. Profit target is 2x (times) the NP_incremental value (if the NP_Incremental is set to 1.50) or 1.5x (times) the NP_Incremental value (if the NP_Incremental is set to 2.0 such as with forex) of the Set-Up candle subtracted from the entry price.

5. Reversals are only cancelled by hitting target on reversal. You can enter a reversal set-up a second time if the first trade stops out.

NOTE: Stops can be lowered once the NP_OS/OB crosses below the zero line. Use level of higher bands to guide you for a smart stop placement, or we can take the NP_incremental value at our current candle and add it

to the momentum value (NP_Mom) to adjust the stop up from the original swing high. If the trade has moved well in our favor we should consider tightening further, potentially using half of the NP_Incremental Value. The idea is to tighten stop but do not get too aggressive on this – you still want to give the trade room to breathe – just take advantage of the opportunity to cut risk but not overly so (see ongoing training videos for more details)

Trade for Profit Rule

Just a reminder. Calculated targets give you precise objectives. However, we like to always remind ourselves that we are Trading For Profit. If we get close to target, lets say for example 90% or more (as an example) we typically get pro-active making sure we lock in profits no matter what in that situation. If you've traded for any length of time you likely have stumbled and given up a big gain after missing a target by a couple ticks. Keep the "Trade for Profit" mantra in mind at all times – even when using a mechanical target level.