AIQ

Opening Bell
Newsletter

Exchange Traded Funds Techniques - Part I

Ready to Start Trading ETFs? First Step, Determine the Current Condition of the Market

By Steve Palmquist

Steve Palmquist, a full time trader with 20 years of market experience, has shared trading techniques and systems with investors at seminars across the country, including AIQ seminars. He is the founder of www.daisydogger.com, a web site that provides market analysis, trading tips and techniques, and educational material.

This is the first in a series of articles focusing on Steve's ETF trading techniques.

Whenever I meet an inexperienced trader I am usually asked, "What is the key to successful trading?" or "How do you pick good stocks?" Inexperienced traders are often in a never-ending search for a technique that always wins. When the technique they are using results in a few losing trades, they decide it doesn't work and move on to another. Eventually they give up, or hire a fund manager. If they hire a manager, then they begin all over again—searching for the manager that always wins. There is no system that wins all the time, regardless of what the slick ads we all get in the mail say.

STEVE PALMQUIST

The experienced trader knows that making money in the market involves knowing what to trade, when to trade, and how to change techniques and trading styles based on current market conditions. Using the same techniques and setups in all market conditions can churn your account, and give you a lot of practice at taking drawdowns. The market will not adapt to us so the experienced trader learns how to adapt

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to the market. If you don't adapt to the market it will eventually chew you up, along with your account.

The first step in improving trading results is to realize that the market has three modes, and we need to develop trading styles for each of these different modes. The market can be in an up trend, defined as a set of higher highs and higher lows. It can be in a down trend, defined as a series of lower highs and lower lows. Or it can be in a trading range, where the price oscillates between areas of support and resistance.

After determining which of the three modes the market is currently in, I select one of my trading tools that has been designed for and tested under those market conditions. I also adjust my strategy for position sizing, profit taking, and number of positions in the account.

Traders, like carpenters, need to have a toolbox with more than one tool in order to get the job done. Just as a carpenter won't build a house using only a screwdriver, successful traders must pick the proper tools to use for the current market conditions. My trading

Figure 1. Candlestick chart of Nasdaq shows market in trading range Jan. through Mar, 2006.

toolbox consists of more than a dozen different trading techniques that have been carefully tested under each of the three market conditions. The actual trading process during market hours is the simple part of the job; successful traders put in a lot of work developing and testing systems before they ever place an order.

Trading Range Market Mode

An example of a trading range market is shown in **Figure 1**. During the first three months of 2006 the NASDAQ traded in a range bounded by resistance in the 2330 area and support in the 2238 area. I use the NASDAQ for determining market conditions because it is representative of both big and small-cap

stocks. The Dow Jones Industrial Average and the S&P 500 indexes are focused solely on big-cap stocks, and thus just represent a narrow slice of the overall market. The NASDAQ gives a better representation of what is going on in the overall market.

> *"The most profitable time to trade is when the market is in a clear trend. When the market is in a trading range, it carries a little more risk…The pullback pattern, consisting of a rapid price run-up followed by a low volume retracement, is one of several trading patterns that I use during trading range markets."*

The most profitable time to trade is when the market is in a clear trend. When the market is in a trading range, it carries a little more risk. I compensate for this risk by taking smaller than normal positions. Due to the nature of a trad-

ing range, it is also important to take profits quickly. For most stocks to move a considerable distance they need the market to be trending. In a trading range market such as that shown in Figure 1, stocks and ETFs on average tend to retrace or base sooner. This characteristic is one of the contributing factors that keep the overall market in a range.

Since ETFs tend to move shorter distances when the market is in a trading range, it makes sense to take profits quickly. An example of this is shown in **Figure 2**, which shows the iShares Financial Services ETF (IYG) during the first three months of 2006. IYG had a nice run-up during February, reaching a peak on 02/27.

During the following nine sessions it pulled back or retraced on generally below average volume. On March 13, it broke out of the pullback by forming a higher high on above average volume. The pullback pattern, consisting of a rapid price run-up followed by a low volume retracement, is one of several trading patterns that I use during trading range markets.

Note that IYG tried to break out of the pullback on 03/03 and 03/08 by making a higher high than the previous day, but the volume on both occasions was below average, making the pattern suspect. The breakout on 03/13, noted by the up arrow in Figure 2, made a higher high than the previous day and did it on above average volume. For traders, it is very important to watch volume. Volume represents the power, or interest, behind a move.

Stocks triggering or breaking out on low volume are generally suspect. This implies that there is not much interest in the move, and if there is little interest then the stock is less likely to keep moving. There are always counter examples, but in general I trade with the volume. I want to see stocks moving up on increasing volume and pulling back or retracing on
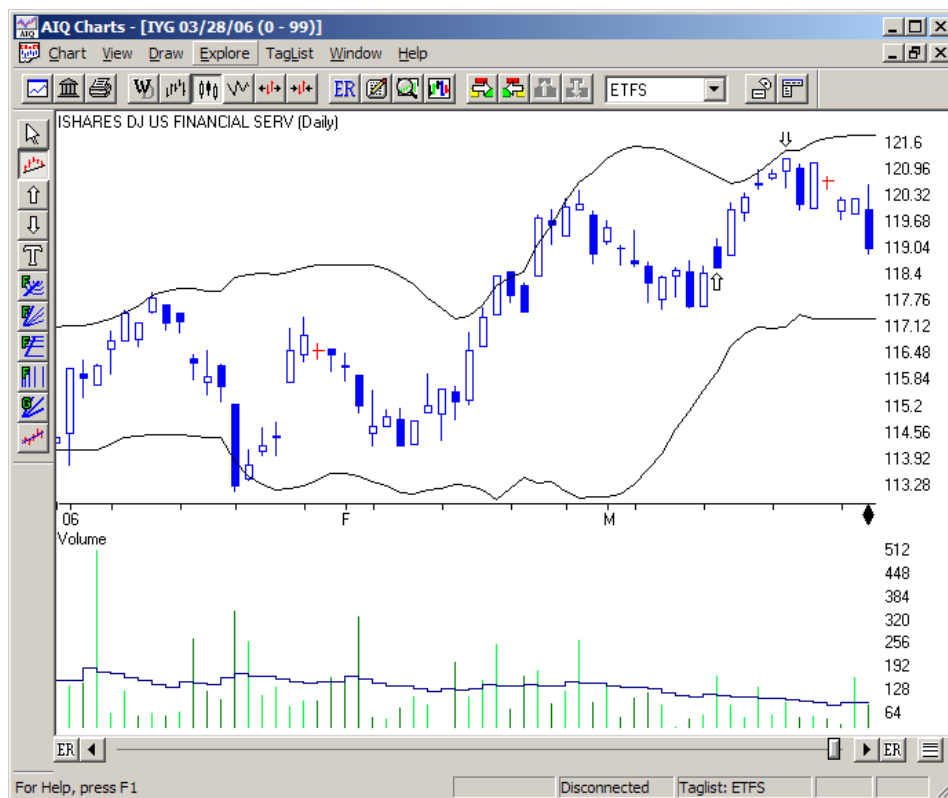

Figure 2. Daily chart of iShares Financial Services ETF. Pullback trading setup is shown by up arrow on 3/13, a day of above average volume.

declining volume.

I define tradable pullback patterns by a setup condition followed by a trigger condition. When the setup conditions are met it makes the security interesting and it goes on my watch list. When the trigger conditions are met I enter the trade. Some setups never trigger, which is not a problem since the market always provides more interesting setups so I just move on to the next. Trading is about patterns, not particular stocks or ETFs.

The setup conditions for this type of pullback trade are a rapid price rise of at least two weeks with several above average volume up days, followed by a pullback or retracement on generally below average volume. Stocks and ETFs that show strong gap downs or

pullbacks on large volume are ignored; there are more fish in the sea.

IYG, shown in Figure 2, met these setup conditions by running up from the $114 area to the $120 area between 02/08 and 02/27, and

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after the run-up pulling back or retracing on below average volume—so it made my watch list.

Once an ETF is on my watch list I set an alert to let me know when it has made a higher high than the previous day. The higher high is the first part of the trigger. The

second part of the trigger is that the higher high occurs on increasing volume. If both these conditions are met then I take the trade.

IYG made higher highs than the previous day on 03/03 and 03/08, but the volume was below average so both trigger conditions were not met. On 03/13 it made a higher high and the volume was above average, indicating that it was time to enter a position (see up arrow).

To use this technique one needs a way to estimate the volume on the day of the trigger. The way I do this is to recognize that there are 13 half-hour trading periods in the trading day, and also that the volume is generally larger in the first half hour than in subsequent periods. Based on this information I have a series of multipliers for volume based on the time of day.

At the end of the first half hour of trading, I multiply the volume at that point in time by ten to estimate the volume at the end of the day. At the end of the first hour of trading, I estimate the day's volume by multiplying the current volume by 6.5. After 90 minutes of trading, I multiply the volume by 4.3, and after two hours use a multiplier of

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3.2 and so on. This approach allows me to estimate a stock's or ETF's total daily volume at any interim point during the trading day.

It is not necessary to sit in front of the trading screen all day. I use an alerts screen to notify me when a setup on my watch list has made a higher high than the previous day, and then estimate the volume using

Figure 3. Daily chart of iShares Healthcare ETF. Pullback trading setup is shown by up arrow on 3/08, an above average volume day.

the technique outlined above. If the volume is estimated to be above average, then I have a valid trigger and can consider taking a position. Note that many brokers will email price alerts to cell phones, allowing you to trade from almost anywhere.

I do not enter a position unless I know exactly where I will exit. Immediately after entering a position I set a stop loss order to take me out and limit my losses if the pattern fails. I also set a limit order to take me out when the stock hits a profit target. The stop loss order is always entered just under the lowest low of the setup pattern. The profit target is set at different places depending on the current market conditions.

In trading range market environments stocks tend to make a

quick move after the trigger, then pullback again or base. Because of this behavior I typically set my limit order just under the recent high, just under the upper Bollinger Band, or under a key trendline or resistance level. I do not enter orders for even numbers or numbers ending in five, since that is where most people enter and I want my order to be just under where the crowd has theirs.

In the case of IYG (Figure 2), the low of the setup pattern was $117.5 on 03/07, so the stop should be set just under this level at $117.39. If the setup fails and price reaches a lower low, then the pattern will be invalidated and I no longer want to be in the position. My risk on the trade is the difference between the trigger price and the stop loss. Remember, the trigger occurred on 03/13 when IYG moved above the previous day's high on above average volume. Since the previous day's high was $118.6 my risk on the trade is $118.6 minus $117.39 or $1.21.

I use the amount at risk, $1.21, to help determine how many shares to buy. If I am willing to risk $500 on each trade then I can buy 500 divided by 1.21, or 413 shares. Each trader has different account sizes and financial situations and thus is willing to risk different amounts on each trade. Determining the maximum amount you are willing to risk on each trade is an important part of trading.

Trading is a statistical business, where it is important to have a system that wins more often than it loses and the average winning trade gains more than the average losing trade loses. If these conditions are met, then averaged over the long term, the system is likely to be profitable. Any single trade may or may not be profitable, but after a number of trades the statistics should prove out and the system should show a profit. Recognizing the statistical nature of trading is one of the keys to success.

Traders who risk half their account size on each trade may see some spectacular returns in the short run, but are highly likely to go broke in the long run. There are old traders and bold traders, but few old bold traders.

Let's assume that with a large number of trades a system can show eight losing trades in a row. If that is the case, I want to be able to take this hit without risking my account or becoming emotional. I use this information to determine the maximum amount I am willing to risk on any single trade. If a $12,000 drawdown would not risk a trader's account or cause him to lose sleep, then the most he should be willing to risk on any single trade would be 12,000 divided by eight, or $1,500.

In the case of the IYG trade, the spread between the trigger and the stop loss was $1.21, so the number of shares to trade would be 1,500 divided by 1.21 or 1239 shares. In practice I round these share numbers to the nearest hundred.

Remember, the stop loss is placed under the low of the setup pattern, not some random number or percentage. The market does not care about random numbers or percentages, but it does care about patterns. Let the pattern determine the stop loss, and let the maximum amount you are willing to risk on any single trade determine the number of shares to buy.

After placing the stop order under the low of the setup pattern, I enter a sell limit order at a profit target. In trading range markets I am looking to take profits quickly so the limit order is usually placed just under the high of the setup pattern, or just under the upper Bollinger Band. In the case of the IYG trade shown in Figure 2, I placed the limit order under the Bollinger Band at $120.74.

The limit order was hit on the fourth day of the trade resulting in a profit of $120.74 minus $118.6, or $2.14. IYG moved to a new high of $121.2 two days later (see down arrow on Figure 2), then started another pullback to a low of $118.65 on 03/29. Forget about getting out at the exact high; it can't be done consistently. However, this technique captured most of the move and resulted in a much better profit than if we had held for another two weeks.

When the market is oscillating between support and resistance, traders should focus on taking quick profits and moving on to the next trade. Making a number of small profits during a trading range market can be much more profitable than blindly buying and holding, hoping for the best. Hope is not a trading technique, taking profits is. Longer-term holding and letting positions run is for trending market environments, not trading range markets.

With stocks and ETFs that trade on low volume (less than 100,000 shares a day), I will consider using a mental stop rather than entering the stop order. Very low volume securities can sometimes be manipulated, so caution is warranted. With higher volume securities, I usually enter on a market order. With low volume securities, I always use a limit order to enter a new position.

The OCO, or "order cancels order," entry is ideal for traders. After taking a trade I enter both the stop and the limit orders using this order type. If either one is executed then the other order is cancelled. This allows me to take a trade, enter the exit parameters, and let the broker's computer keep an eye

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on things for me while I do something else. Most brokers offer the OCO trade entry. If yours doesn't, consider changing brokers.

Figure 3 shows another example of trading pullback setups during a trading range market environment. In Figure 3, iShares Healthcare (IYH) showed a nice run-up between 02/07/06 and 02/27/06, then pulled back or retraced for six sessions. As IYH started pulling back after the run-up, it made my watch list as an interesting setup to watch. On 03/08 it moved above the previous day's high of $64.15 on above average volume, which constituted a trigger condition (see arrows).

When IYH triggered on good volume the trade could be entered at $64.20, slightly above the previ-

ous day's high. After entering the trade, a stop should be placed under the low of the setup pattern. The low of the pattern was $63.75 on 03/07, so a stop order was entered for $63.64 to protect against pattern failure.

The difference between the entry at $64.20 and the stop at $63.64 was $0.56. If the maximum amount a trader is willing to risk on any single trade is $500, then the amount purchased should be 500 divided by 0.56, or 892 shares. Along with the stop order entry, a limit order should be set at a profit target which is this case would be just under the upper Bollinger Band, which was $65.49 on the day of the trigger. I would use a limit order of $65.39.

After the trigger, IYH continued to move up and hit the 65.39 level

on the eighth day of the trade, causing the limit order to be executed. It reached a high for this run the following day and then started an eight-day pullback that took it back under the trigger price. Holding this stock for sixteen days would have resulted in no gain. Using the techniques outlined above resulted in a profit of $1.19 in eight days. A 2 % profit in eight days keeps food on the table; repeating this a number of times during a trading range market puts money in the bank.

ETF Techniques—Part II, scheduled for the August issue of the Opening Bell, will focus on trading in trending markets.

If you would like to see Steve Palmquist's current market analysis and trading setups, send an email to eft@daisydogger.com.

Market Review

Broader Averages Already Below 10%

After a lousy May, June provided little relief for the bulls. For the month of June through the 28th, the S&P 500 fell 2.5%. Once again the damage was worse for the broader market averages. The Nasdaq fell about 4% and the Russell 2000 fell about 5.7%. Clearly, the S&P 500 understated the extent of the damage in the market.

Using a weekly chart, the S&P 500 has a support level of 1223. This is found by connecting the lows dating back to August 2004. The daily chart shows resistance at 1260. This level acted as support in May and acted as resistance in June.

It's been a long time since the bears controlled the market. There hasn't been a 10% S&P 500 correction since March 2003. This is the second longest time in this index's history without a 10% correction. The only bull run that lasted longer was from October 1990 through May 1996.

Thus far the S&P 500 has fallen 7.7% from its May 5 high. Broader indexes, however, have already fallen more than 10%. From its May high to its June low, the Nasdaq Composite is down 11.6% and the Russell 2000 is down 13.9%.

During this correction, there have been few safe havens. Looking at Fidelity's 40 sector funds, none have increased in value over the last two months. Some have small losses. These include Medical Delivery, Food & Agriculture, Transportation, and Home Finance.

Other sectors have big losses. In the last two months, Networking is down 19%, Developing Communications is down 17%, Electronics is down 15% and Brokerage is down 14%.

Market Quotes

Need Intraday Quotes? Find Them in Two Places-- The myTrack or TradingExpert Quotes Page

By David Vomund

Whether you are a short-term or longer-term trader, you will want to get intraday quotes on the market averages and stocks that you are interested in trading. If you use TradingExpert Pro with the myTrack lease program, there are two areas where you can get

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quotes—the myTrack quotes page and the AIQ TradingExpert quotes page. There are advantages to each.

myTrack Quotes System

When you install TradingExpert using the monthly lease program, the myTrack quotes software is automatically installed. To access this software, go to AIQ's Quick Launch Menu and select the *myTrack* icon at the extreme right. It may take a minute for the software to connect to the myTrack servers.

Once in the myTrack software, enter in the left column the ticker symbols you want to track. You can add a variety of information to the remaining columns. To add a column, point the mouse to the column header and right click. You can then select the available

items.

On my screen, I prefer to set the second column to the last trade, the third column to the change from the previous day, the fourth column lists the percent change from the previous day, and the fifth column lists the composite volume. After those important columns, you can add columns that are important for your needs.

DAVID VOMUND

In **Figure 1**, the first five columns are set as outlined above followed by xLast, which lists after-hours quotes. These quotes only appear if you keep the software running after the market closes. Other columns include the time of the last trade, the PE, the yield, and the bid and ask prices.

There are some nice features in myTrack. For instance:

You can right-click on a ticker symbol and get a historic end-of-day chart updated through the current day. Or you can select an intraday chart.

To find individual company information, right-click on a ticker symbol, choose *Third Party Information*, and then *Fundamental Data*.

If you know the name of a stock but need its ticker symbol, choose *Functions* from the menu bar and then *Symbol Lookup*.

Finally, if you need myTrack technical support, click *Functions* and then *Chat*.

Figure 1. The myTrack user-configured quote screen.

For real-time subscribers, an advantage of the myTrack quotes system is that it includes five pages (select each page on the top left of the screen). This allows you to break your quotes into different segments.

For example, on page one I have market index quotes along with the stocks that I want to closely follow. On page two I have style index ETF quotes. Page three shows sector ETF quotes. Page four has my favorite Nasdaq 100 technology stocks, and page five contains fundamentally attractive value stocks that I want to track. By clicking on each page, one can get a quick feel for the market internals.

Figure 2. The Select Indicators dialog box of AIQ TradingExpert's Quotes system is used to select the indicators that are displayed on the quotes screen and the time values for each selected indicator.

TradingExpert Quotes System

To access the TradingExpert Quotes system, click the *Quotes* icon on the Quick Launch Menu (in older versions of TradingExpert the icon is named *Barometer*). Similar to the myTrack system, ticker symbols are entered in the first column. To add additional columns, point to the column header and right-click the mouse. Choose *Insert Column* and select the appropriate field.

You can sort columns by clicking their titles or you can change the column order by dragging them to the appropriate area. After custom-
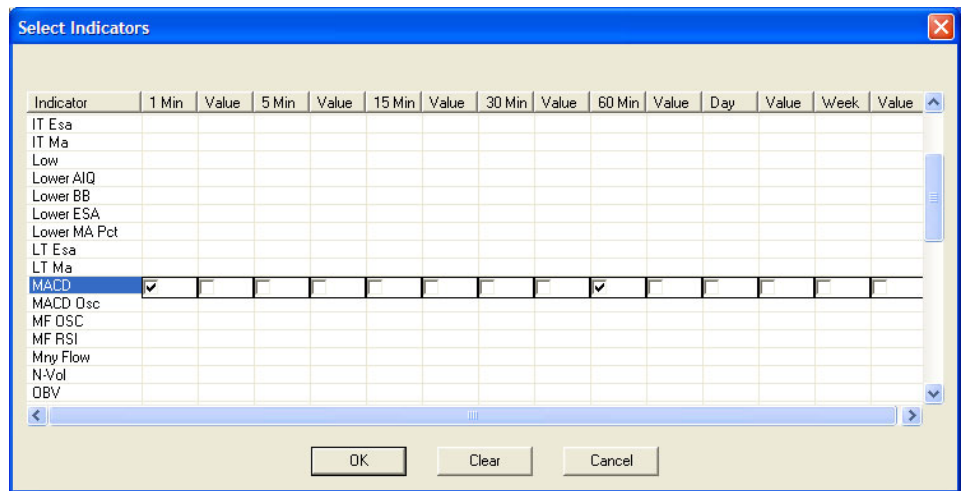
izing the screen, save the file by clicking *File* and *Save*.

New users may become frustrated initially because the system default is to list the ticker symbols in alphabetical order. You may enter ticker symbols in a preferred order but the next time the file is opened the tickers will again appear in alphabetical order.

To fix this, insert a new column

by pointing to the top of a column, right-click the mouse, choose *Insert Column*, then select *Row #*. This will

> *"The advantage of the AIQ Quotes system is the Color Barometer feature, which allows you to get a quick "snapshot" view of the status of the indicators for a specific security."*

number each row. By clicking on the column title, it will sort by row numbers so all your tickers will be in the same order as they were entered.

The advantage of the AIQ Quotes system is the Color Barometer feature, which allows you to get a quick "snapshot" view of the status of the indicators for a specific security. Whereas the Color Barometer on the Control Panel shows a snapshot view of all the indicators for one security, the Quotes Barometer displays the status of selected indicators for several securities, and shows their change over time.

We chose to follow the 1-minute and 1-hour MACD indicator. To accomplish this, right-click on any existing column header and select *Insert Indicator Column*. A *Select Indicators* dialog box will appear.

Next to the MACD indicator,

Figure 3. AIQ TradingExpert Real Time Quotes & Custom Barometer screen. In addition to the user-configured data columns, two MACD Color Barometer columns are shown, 1 min. and 60 min.

place a check mark on the 1-minute and 60-minute box (**Figure 2**). Clock *OK*.

Our quotes screen with the color barometer is complete (**Figure 3**). We see the ticker symbols along with their quotes, changes, volume, and bid-to-ask spreads. This is followed by the MACD Color Barometer.

Looking at the 1-minute barometers, the most current barometer appears in the left side. The previous minute is in the second box from the left and so on. Looking again at Figure 3, we see the 1-hour MACD readings are solid green, showing that the securities have been strong for several hours, but the color red appears under the one-minute barometers.

In other words, the indicator has been strong for most of the day but over the last few minutes it is pulling back. Because EWC has several green 1-minute MACD boxes it kept its strength longer than the rest, but in the last minute its MACD has turned lower as well.

Whereas myTrack has five quotes pages, the TradingExpert quotes screen is an individual file. Most users will choose to create multiple files that can be quickly opened and closed.

Whether you use the myTrack quotes page or the AIQ quotes page is an individual decision. The good news is all lease customers, even those who don't pay for real-time quotes, will benefit. That's because market index data, such as quotes for the S&P 500 (SPX), are real-time for everyone.

David Vomund publishes VIS Alert, a weekly investment newsletter. For free trial issues, call 775-831-1544 or go to **www.visalert.com.**

STOCK DATA MAINTENANCE

The following table shows stock splits and other changes:

Stock	Ticker	Split/Div	Approx. Date
UBS AG	UBS	2:1	07/10/06
Marvel Tech.	MRVL	2:1	07/11/06
Tennant Co.	TNC	2:1	07/13/06

Trading Suspended:

Brazil Fund (BZF), Enesco Group Inc. (ENC), Engelhard Corp (EC), Lexar Media (LEXR) Maxtor Corp (MXO), Schick Technologies (SCHK)

Name Changes:

Circl Group Holdings (CXN) to Z-Trim Holdings (ZTM)

First Horizon Pharm (FHRX) to Sciele Pharma Inc. (SCRX)

Lynch Group (LGL) to LGL Group Inc. (LGL)

Northern Border Partners LP (NBP) to Oneok Partners (OKS)

Quotesmith.com Inc. (QUOT) to Insure.com Inc. (QUOT)

Ventiv health Inc. (VTIV) to inVentiv health (VTIV)

Your Questions Are Welcome!

Let us answer your questions about any of our articles, about using TradingExpert Pro, about anything pertaining to AIQ products. Also, let us know if there is a topic you would like to see covered in the *Opening Bell.*

We welcome your questions. Send them to our email address: openingbell@aiqsystems.com.

S&P 500 Changes

Changes to the S&P 500 Index and Industry Groups:

Commerce Bancorp (CBH) replaces Engelhard Corp (EC). CBH is added to the Banks (BANKGRP) group.

Juniper Networks (JNPR) replaces Albertson's Inc. (ABS). JNPR is added to Telecommunications Equipment (COMMUNEQ) group.

Check Out Back Issues of the *Opening Bell* Newsletter

For a 12-year archive of back issues of the *Opening Bell* newsletter, visit:
http://www.aiqsystems.com/OBMyears.htm

You can also search for particular topics on this site

AIQ's 17th Annual Lake Tahoe Seminar

October 9 - 11, 2006 Harveys Resort & Casino, South Lake Tahoe

Jay Kaeppel

This year's keynote speaker

Author and Trading System Developer

The Best of Times, Worst of Times Trading Strategy

Best known to AIQ users as the developer of the Pure Momentum, The Best of Times, Worst of Times and The Efficient Momentum Systems, Jay has also authored several books on trading, including "*The Four Biggest Mistakes in Option Trading*", "*The Four Biggest Mistakes in Futures Trading*" and "*The Option Trader's Guide to Probability, Volatility and Timing*". Investors can read his weekly column, "Kaeppel's Corner" at www.optionetics.com.

We are also pleased to welcome **Dale Wheatley**, a full-time professional trader, who has achieved financial independence and **Tom Hardin,** who oversees all portfolio management and investment activity for Canterbury Investment Management. We also welcome back **Steve Palmquist**, founder of Daisydogger.com.

Tuesday's sessions will conclude with a moderated **Traders Forum Q & A session.** Written and oral questions from attendees will be submitted to our guest speakers.

This year's 17th Annual AIQ Lake Tahoe Seminar at Harveys Resort and Casino promises two-and-a-half days of intensive sessions with eight guest speakers.

Every morning begins with an AIQ-hosted breakfast. Sessions begin at 8:30 each day and run through to 5:00 pm (12:30 on last day). Regular breaks during the day include an AIQ-hosted lunch on the first two days. Tuesday evening all attendees are invited to an AIQ catered buffet dinner.

Prices remain unchanged for the third straight year. Including meals, cost is **only $795 per**

2005 Steve Palmquist Presentation

"All of the good information taken back home and all of the help I was given by the AIQ staff during the sessions. I have written some strategies already and am doing a lot of backtesting. The seminar was a big help."

Guest speakers Dale Wheatley, Steve Palmquist, Tom Hardin and Rich Denning are all AIQ users. There will also be sessions by our regular AIQ presenters David Vomund, AIQ's Chief Analyst and Steve Hill, AIQ's CEO.

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Speaker Profiles

David Vomund is editor of AIQ's *Opening Bell* newsletter, and publisher of *VISalert.com*. His market timing performance in *VIS Alert* ranks one of the ten best in the country by Timer Digest for the 10-year time period ending December 31, 2005. David is President of *Vomund Investment Services* and *ETFportfolios.net*. He is a frequent speaker at events throughout the U.S.

David Vomund
Chief Analyst
AIQ Systems

Stephen Hill is CEO of AIQ Systems. For the past 14 years he has been involved in all aspects of AIQ Systems, from support and sales to programming and education. Steve is a frequent speaker at events in the U.S. and Europe, talking on subjects as diverse as *Portfolio Simulation Techniques, Advanced Chart Pattern Analysis* and *Trading System Design*.

Stephen Hill
CEO
AIQ Systems

Steve Palmquist is a full time trader with 20 years of market experience who puts his own money to work in the market every day. Steve has shared trading techniques and systems at seminars across the country; presented at the *Traders Expo*, and published articles in *Stocks & Commodities, Traders-Journal, The Opening Bell*, and *Working Money*. Seven years ago he left the rat race of corporate life to use his market experience and trade full time. Steve is the founder of www.daisydogger.com which provides trading tips and techniques.

Steve Palmquist
Founder
Daisydogger.com

Dale Wheatley is a full-time professional trader and AIQ user, who has achieved financial independence. He exclusively trades an MACDI based strategy for a living. He has taught this strategy to hundreds of people, all over the world, but does training sessions by invitation only.

Dale Wheatley
Professional Trader

Tom Hardin is Chief Investment Officer and oversees all portfolio management and investment activity for *Canterbury Investment Management*. Tom has more than 29 years of investment and portfolio management experience.

After earning a bachelor's degree in business from Skidmore College in Saratoga Springs, New York, Tom received his certification in portfolio management from the renowned University of Chicago Graduate School of Business. Before founding Canterbury, Tom served as Senior Vice President and Senior Portfolio Management Director of Smith Barney's Portfolio Management Group. Tom earned his Chartered Market Technician (CMT) designation in 1997 and has been an AIQ user since 1991.

Tom has written *Never Too Old to Rock and Roll: Life After 50—The Best Years Yet* and the soon-to-be-released book *Investor Revolution.*

Tom Hardin
Chief Investment
Officer, Canterbury
Investment Mgmt.

For the first session attendees may choose from
FOREX Trading Strategies
or
Getting Started Right with AIQ
All attendees are together for the rest of the seminar.

FOREX Trading Strategies
by Steve Hill, CEO, AIQ Systems

In this session discover the power of trading the FOREX and the effectiveness of technical and fundamental factors in determining entry points. Both end of day and real-time trading will be discussed.

Getting Started Right with AIQ
by David Vomund, Chief Analyst, AIQ Systems

New users will learn methods of using the software which will help save time and reduce the learning curve. Charting, Reports, and Data Manager will be covered.

Effective Swing Trading Techniques
by Steve Palmquist, Founder, daisydogger.com

In this session Steve will show one of the swing trading tools in his traders tool box, and the research and analysis behind it. Steve has developed a number of swing trading systems using AIQ's Expert Design Studio. Steve uses EDS to analyze how each of his tools performs in different market conditions, which allows him to select the best ones to use in the current market.

Managing Risk Through Portfolio Management
by Tom Hardin, Canterbury Investment Mgmt.

Tom will discuss the fundamentals of portfolio management and modern portfolio theory. This includes using technical analysis and AIQ to create efficient portfolios and new technology used in measuring risk.

Trading Model Creation
by David Vomund, Chief Analyst, AIQ Systems

In this interactive session David will create and test an entry system using the Expert Design Studio. The system will be tested and various sell strategies will be applied. Capitalization rules will then be applied using the Portfolio Simulator.

Trading Tips and Techniques
by Steve Palmquist, Founder, daisydogger.com

In this session Steve shares trading tips and techniques based on 20 years of market experience. Some of the techniques that Steve uses everyday in his trading include; The importance of volume analysis in trading and how to use it. Patterns and micro pattern techniques, what to look for and how to profit from them. Trade management techniques, now that you have entered a trade, what next? Market environments, know when to hold 'em, know when to fold 'em, and know when to walk away.

Unique AIQ Features
by David Vomund, Chief Analyst, AIQ Systems

David Vomund will demonstrate the features that give us the trading edge over the competition. The new Breadth Analyzer will be included in the demonstration.

Charts Don't Lie
by Dale Wheatley

Dale has developed a powerful price pattern strategy to look for high probability trades. This pattern works in every market and every timeframe, including stocks, futures and FOREX. He will explain how to recognize this pattern and how to time your entries into positions.

Traders Panel
Panel members; David Vomund, Steve Palmquist, Dale Wheatley, Rich Denning and Tom Hardin

All attendees will have an opportunity to ask questions of our traders panel. Written questions can be submitted to the moderator during the seminar. These questions will be interspersed with oral questions taken from the audience. Moderated by Steve Hill.

Evening Buffet Dinner
hosted by AIQ Systems

At the conclusion of the Traders Panel, AIQ will be offering cocktails and hor d'oeuvres followed by a buffet dinner for all attendees. Additional guests and significant others may attend at a cost of $58 per person.

"The seminar was great. I was impressed with the quality of the workshop. It has inspired me to delve into my AIQ software and to make even better use of it. I also learned a great deal, discovered new ideas, and new applications. I liked the fact that the speakers were helpful and available."

"Palmquist was great! A nice combination of good systems and good methodology clearly presented in an engaging manner"

"David Vomund. Very knowledgeable, very good speaker, extremely practical advice- a great asset to AIQ!!"

Testimonials

AIQ Systems
PO Drawer 7530
Incline Village
NV 89452
www.aiqsystems.com

Wednesday October 11th, 2006

What's New with AIQ
by Steve Hill, CEO, AIQ Systems

Attendees have a chance to relax as Steve will use this session to show what's new in the AIQ flagship platform TradingExpert Pro, plus a chance for a sneak preview of what AIQ is working on for future releases.

A Systematic Approach to Trading
by Jay Kaeppel

In this extended session, Jay Kaeppel of Optionetics, will explain the benefits of a systematic approach to trading and will detail a variety of his favorite trading systems he has developed over the years. These systems will run the gamut from seasonal trading, to trend-following, to sentiment, to technical, and will span from long-term to short-term in nature and will be useful to anyone trading stocks, mutual funds, futures or options.

Seminar ends at noon

$795 includes

- AIQ-hosted breakfast all three days

- AIQ-hosted lunch Monday and Tuesday

- AIQ-hosted buffet dinner Tuesday evening

- Full seminar notebook for all sessions

- Wireless internet access in seminar area

- Real-time computer lab

- AIQ staff on hand to answer questions

Harveys Resort, South Lake Tahoe

AIQ and Harveys have made special arrangements for attendees with guest rooms in the prestige Lakeview Tower for **$99 a night Sunday - Thursday, $179 a night Friday and Saturday.** To take advantage of these special rooms, call Harveys at **1-800-455-4770.** Group code when booking rooms is **S10AIQ**.

To reserve your seat please call

1-800-332-2999 x115

Space is limited, call now

Cancellation policy
Cancellation fee $100 after 08/15/2005 **There are no refunds.**