

## THE ABERRATION STRATEGY

### Developed By: Keith Fitschen

Keith Fitschen first developed the Aberration Trading System in 1986. He marketed it to the public in 1993, and since release, it's consistently been one of the best commodity futures trading systems around, always being named, "One of the Top Ten Trading Systems of All Time" by Futures Truth. None of the four portfolios he recommended in the trading manual had a losing year for nine straight years after release. But starting about the year 2000, the basic commodity markets were becoming increasingly volatile.

He did extensive research to find an answer to commodity futures trading in the new, more volatile environment and focused on risk management throughout a signaled trade. The answer he found was relatively simple: if risk is outside normal bounds when the trade is signaled, the trade should be bypassed. Or, if risk gets outside of normal bounds during a trade, the trade should be exited. The original Aberration Trading System was augmented with rules to implement this logic, and the result is THE ABERRATION STRATEGY.

### MATERIAL ASSUMPTIONS DISCLAIMER

The commodity trading futures performance reported on this page is hypothetical. It is based on the use of computerized system logic on CSI data ([www.csidata.com](http://www.csidata.com)). Trading costs (slippage and commission) have been accounted for by deducting \$50 from each trade.

### PROFITABILITY BY COMMODITY

The following tables show the performance of THE ABERRATION STRATEGY on a basket of 60 world-wide commodities from 1980-2010. A slippage/commission figure of \$50 has been deducted from each trade.

<b>ABERRATION STRATEGY on Grains (1980 - August 2010)</b>				
Commodity	Winning Trades	Losing Trades	Total Profit	Profit-per- Trade
Corn	27	34	\$35,900	\$424
Oats	20	42	\$8,712	\$140
Soybeans	24	32	\$19,912	\$355
Bean Meal	25	33	\$34,700	\$598
Bean Oil	26	36	\$20,282	\$327
Wheat	20	40	-\$4,963	-\$83
KC Wheat	24	35	\$34,375	\$582
Rough Rice	24	19	\$42,020	\$977
Totals	190	270	\$180,939	\$392

### **ABERRATION STRATEGY on Meats (1980 - August 2010)**

Commodity	Winning Trades	Losing Trades	Total Profit	Profit-per- Trade
Live Cattle	26	38	\$14,569	\$227
Lean Hogs	23	38	\$14,029	\$229
Pork Bellies	24	41	\$31,670	\$487
Feeder Cattle	22	38	\$31,075	\$517
<b>Totals</b>	95	155	\$91,344	\$365

<b>ABERRATION STRATEGY on Softs (1980 - August 2010)</b>				
Commodity	Winning Trades	Losing Trades	Total Profit	Profit-per- Trade
Coffee	22	26	\$48,487	\$1,010
Cotton	23	35	\$41,580	\$716
Lumber	30	32	\$50,591	\$815
Cocoa	21	37	-\$3,420	-\$59
Sugar	26	26	\$23,496	\$451
Orange Juice	24	44	\$4,467	\$65
Totals	146	200	\$165,202	\$477

<b>ABERRATION STRATEGY on Metals (1980 - August 2010)</b>				
Commodity	Winning Trades	Losing Trades	Total Profit	Profit-per- Trade
Copper	21	34	\$24,874	\$452
Palladium	24	26	\$82,310	\$1,646
Silver	17	32	\$1,010	\$20
Gold	18	28	\$16,599	\$360
Platinum	26	33	\$4,490	\$76
London Copper	19	29	\$5,904	\$123
London Alloy	16	16	\$45,820	\$1,431
London Aluminum	18	20	\$47,376	\$1,246
London Nickel	25	19	\$70,082	\$1,592
Totals	184	237	\$298,467	\$708

<b>ABERRATION STRATEGY on Energies (1980 - August 2010)</b>				
Commodity	Winning Trades	Losing Trades	Total Profit	Profit-per- Trade
Crude Oil	27	16	\$51,190	\$1,190
Natural Gas (mini)	12	11	\$34,340	\$1,493
Heating Oil	22	30	\$16,110	\$309
Reformulated Gas	20	20	\$36,963	\$924
<b>Totals</b>	81	77	\$138,604	\$877

<b>ABERRATION STRATEGY on Currencies (1980 - August 2010)</b>				
Commodity	Winning Trades	Losing Trades	Total Profit	Profit-per- Trade
Japanese Yen	30	32	\$57,125	\$921
Swiss Franc	29	28	\$72,000	\$1,263
Canadian \$	28	29	\$19,489	\$341
British Pound	24	34	\$19,018	\$327
Dollar Index	27	22	\$62,420	\$1,273
Mexican Peso	10	21	\$325	\$10
Australian (\$)	19	36	\$2,419	\$43
Euro Currency	29	21	\$63,575	\$1,271
<b>Totals</b>	196	223	\$296,373	\$707

<b>ABERRATION STRATEGY on US Financials (1980 - August 2010)</b>				
Commodity	Winning Trades	Losing Trades	Total Profit	Profit-per- Trade
30-Year Bond	31	29	\$52,109	\$868
10-Year Note	26	24	\$54,750	\$1,095
5-Year Note	20	20	\$20,234	\$505
2-Year Note	23	14	\$35,884	\$1,095
Eurodollar	21	32	\$22,987	\$433
<b>Totals</b>	121	119	\$185,965	\$790

<b>ABERRATION STRATEGY on Foreign Financials (1980 - August 2010)</b>				
Commodity	Winning Trades	Losing Trades	Total Profit	Profit-per- Trade

Australian Bond	22	29	\$29,059	\$569
Canadian Bond	18	23	\$13,022	\$317
Euro Bund	17	20	\$39,564	\$1,069
Long Gilt	23	34	\$11,594	\$203
Spanish Bond	17	11	\$46,312	\$1,654
Simex Jap. Bond	12	15	\$13,244	\$490
Euro Bobl	17	15	\$31,896	\$996
<b>Totals</b>	145	160	\$209,012	\$685

<b>ABERRATION STRATEGY on Stock Indices (1980 - August 2010)</b>				
Commodity	Winning Trades	Losing Trades	Total Profit	Profit-per- Trade
S&P 500 (mini)	23	37	\$20,190	\$336
Midcap 400 (mini)	13	22	-\$3,346	-\$96
Nasdaq 100 (mini)	11	15	\$17,220	\$662
Dow Jones	10	19	\$600	\$20
Hang Seng	12	14	\$28,387	\$1,091
DAX	8	10	\$9,375	\$520
Swiss Market Index	10	7	\$11,741	\$693
Nikkei	16	14	\$17,475	\$582
<b>Totals</b>	103	138	\$101,697	\$421

<b>ABERRATION STRATEGY Group Summary (1980 - August 2010)</b>				
Commodity	Winning Trades	Losing Trades	Total Profit	Profit-per- Trade
Grains	190	270	\$180,939	\$392
Meats	95	155	\$91,344	\$365
Softs	146	200	\$165,202	\$477
Metals	184	237	\$298,417	\$708
Energies	81	77	\$138,604	\$877
Currencies	196	223	\$296,373	\$707
US Financials	121	119	\$185,965	\$774
Foreign Financials	145	160	\$209,012	\$685

Stock Indices	103	138	\$101,697	\$421
<b>Totals</b>	1261	1580	\$1,667,607	\$586

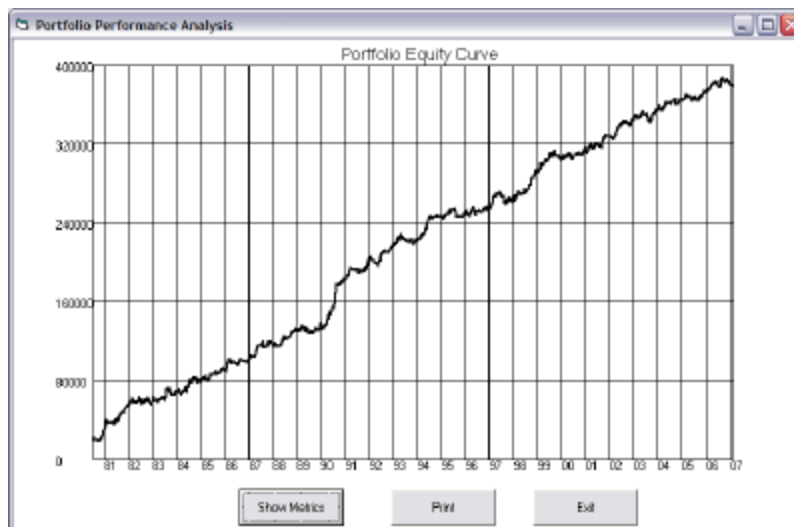
The performance of the strategy is fairly consistent across the commodity groups, with the currencies, energies, US financials, and metals trading the best. In this group of 60 commodities, only 3 have seen a loss over their lifetime and 2 of those are domestic stock indices. This is remarkable considering the fact that the exact same rules and parameter values are used for the whole set.

## TRADING THE ABERRATION STRATEGY

We've developed portfolios for various account sizes. Each portfolio uses diversification across the groups, and a first-N-in-a-group trading approach. The smallest portfolio was built by selecting the lowest risk, best performing commodities. Risk was always considered first. Succeeding portfolios build on the last by adding more commodities to each group.

### The ABERRATION STRATEGY STARTER PORTFOLIO

The Aberration Trading System starter portfolio is suitable for accounts starting in the \$10,000 to \$30,000 range. The portfolio is diversified across seven commodity groups to gain exposure in uncorrelated markets. The commodities in each group have been carefully chosen for their profit-to-risk characteristics. The portfolio is: Corn, KC Wheat, Live Cattle, Feeder Cattle, Cotton, Sugar, Palladium, Copper, Crude Oil, Reformulated Gas, the Dollar Index, Swiss Franc, 10-Year Notes, and 2-Year Notes. Only one commodity in each group is traded at a time, and a one-lot is traded. A slippage/commission deduction of \$50 has been taken from each trade. The following equity chart shows portfolio growth since 1980.



The ABERRATION STRATEGY Starter Portfolio Equity Curve

As the graph shows, equity buildup is fairly smooth and consistent. With an average annual profit of \$15,299, the average first-year return on a \$10,000 to \$30,000 account would range

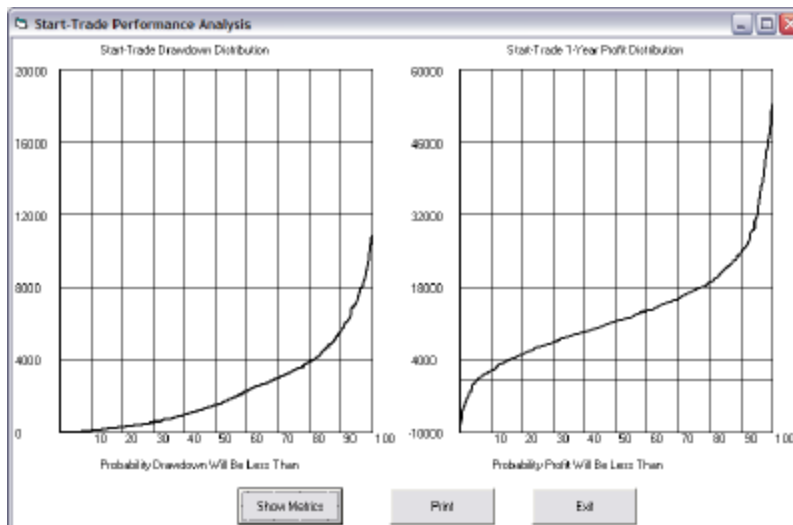
from 50 percent to 151 percent. From the risk point of view, the average start-trade draw-down a trader could expect when initiating trading this portfolio would be \$2,972, between 10 and 29 percent of starting equity. But the trader should note that in 1987 the maximum start-trade draw-down was \$15,217. As equity builds, the portfolio can be expanded to maintain a high rate of return.

The following table shows the ABERRATION STRATEGY starter portfolio performance year-by-year. The column marked average start-trade draw-down is compiled by finding the start-trade draw-down for the portfolio starting at each trade origination and then averaging the results. For example, if the portfolio generated 30 trades in a given year, 30 portfolio equity curves would be generated, one starting at the trade origination of each trade, and the low equity point found for each equity curve. The maximum start-trade draw-down for the year represents the largest point below starting equity a trader would have seen had he started trading the portfolio at the worst possible time that year. (Note that the start-trade draw-down tests every trade originating in a given year, but that the low equity point may occur in the next year. These are reported in the trade origination year averages)

<b>The ABERRATION STRATEGY Starter Portfolio</b>			
<b>Profit vs. Average and Max Start-Trade Draw-Down (STDD)</b>			
Year	Profit (\$)	Average STDD (\$)	Max STDD (\$)
1980	6942	2664	6237
1981	23567	1598	4017
1982	2498	2065	5384
1983	451	1645	3382
1984	15407	1258	4219
1985	15678	2031	5254
1986	20854	904	2474
1987	16394	5778	15217
1988	4871	2233	8675
1989	9817	2801	7349
1990	47529	510	3375
1991	27466	1637	5881
1992	8570	1178	4061
1993	11851	3228	6675
1994	17194	1984	6639
1995	1341	4447	10809
1996	8891	3202	6395
1997	1650	6095	11368
1998	21481	2123	5072

1999	4373	3787	9502
2000	14813	2898	5540
2001	25290	2382	6186
2002	23676	734	3375
2003	14459	5221	10024
2004	17851	5392	9803
2005	6110	2426	7054
2006	26075	3503	12439
2007	-94	7084	14283
2008	41604	2760	10365
2009	18074	3407	8861
Aug 2010	20842	1148	2944
Average	\$15,299	\$2,972	

By looking at the distribution of all start-trade draw-downs, a probability of success can be determined. The following figure shows the distribution generated by the software. It shows the probability of experiencing a start-trade draw-down of a certain amount of dollars or less. For example this portfolio's distribution shows that 70 percent of the time traders initiating the trading of this portfolio would experience a start-trade draw-down of about \$4,000 or less. And about 91 percent of the time, the start-trade draw-down would have been about \$8,000 or less. Conversely, 9 percent of the time the start-trade draw-down would have been greater than \$8,000.



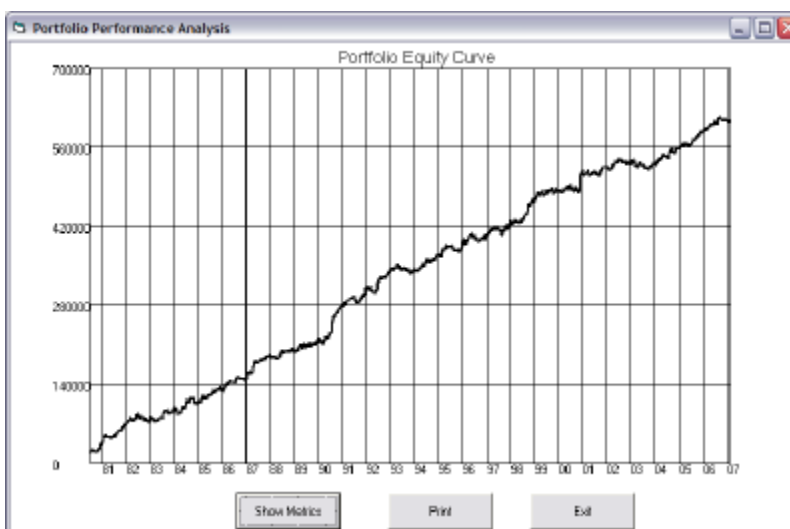
#### The ABERRATION STRATEGY Starter Portfolio Start-Trade Drawdown Distribution

If margin estimates and starting account equity are factored in, the probability of success can be determined. On average, there are 3 group trades on at a time. Assuming an average margin of \$1,500 for each commodity in this portfolio, the average margin requirement would be about

\$4,500. If starting account equity were \$15,000, approximately \$10,500 of reserves above the average margin requirement is left for a start-trade draw-down cushion. Entering the figure with \$10,500 and reading over to the line, historically there was a 98 percent probability of success. But if an account was initially funded with \$10,000, the \$5,500 of reserves would yield only an 80 percent chance of success. This type of analysis is instructive, but remember the maxim, “A STRATEGIES’ LARGEST DRAW-DOWN IS ALWAYS IN THE FUTURE”.

### The ABERRATION STRATEGY MIDSIZE PORTFOLIO

THE ABERRATION STRATEGY mid-size portfolio is suited for accounts starting in the \$30,000 to \$50,000 range. The portfolio is diversified across seven commodity groups to gain exposure in uncorrelated markets. The commodities in each group have been carefully chosen for their profit-to-risk characteristics. The portfolio is: Corn, KC Wheat, Bean Meal, Feeder Cattle, Live Cattle, Lean Hogs, Cotton, Sugar, Coffee, Palladium, Gold, Copper, Crude Oil, Reformulated Gas, Natural Gas, the Dollar Index, Swiss Franc, Euro-Currency, 10-Year Notes, 2-Year Notes, and 30-Year Bonds. Only two commodities in each group are traded at a time, and a one-lot is traded. A slippage/commission deduction of \$50 has been taken from each trade. The following equity chart shows portfolio growth since 1980.



The ABERRATION STRATEGY MID SIZE Portfolio Equity Curve

As the graph shows, equity buildup is fairly smooth and consistent. With an average annual profit of \$25,067, the average first-year return on a \$30,000 to \$50,000 account would range from 50 percent to 84 percent. From the risk point of view, the average start-trade draw-down a trader could expect when initiating trading this portfolio would be \$4,450, between 9 and 15 percent of starting equity. But the trader should note that in 2006 the maximum start-trade draw-down was \$25,956. As equity builds, the portfolio can be expanded to maintain a high rate of return.

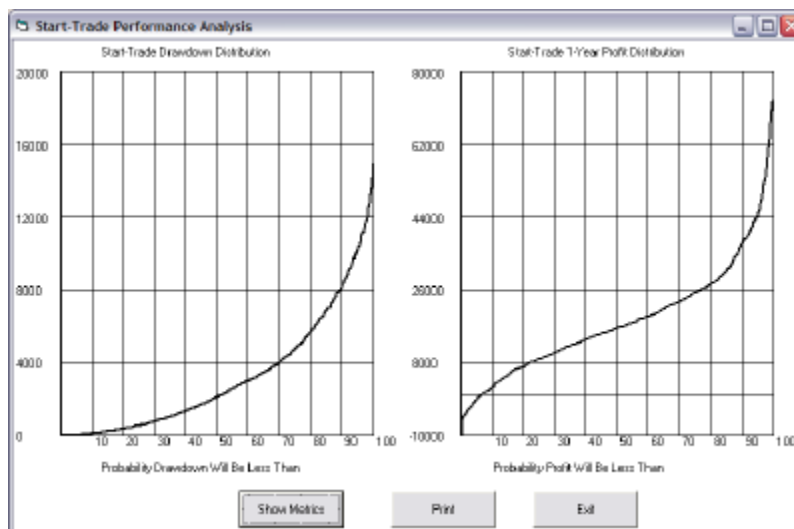
The following table shows portfolio performance year-by-year. The column marked average start-trade draw-down is compiled by finding the start-trade draw-down for the portfolio starting at each trade origination and then averaging the results. For example, if the portfolio generated

30 trades in a given year, 30 portfolio equity curves would be generated, one starting at the trade origination of each trade, and the low equity point found for each equity curve. The maximum start-trade draw-down for the year represents the largest point below starting equity a trader would have seen had he started trading the portfolio at the worst possible time that year. (Note that the start-trade draw-down tests every trade originating in a given year, but that the low equity point may occur in the next year.).

<b>The ABERRATION STRATEGY Midsize Portfolio</b>			
<b>Profit vs. Average and Max Start-Trade Draw-Down (STDD)</b>			
Year	Profit (\$)	Average STDD (\$)	Max STDD (\$)
1980	19151	2912	6907
1981	30966	2614	5994
1982	17739	3656	8481
1983	10688	1679	4977
1984	30757	3115	8059
1985	22544	3376	9489
1986	31211	583	2368
1987	39686	2956	10340
1988	18721	2751	9769
1989	23713	3006	10340
1990	59531	1632	8056
1991	44072	2863	7875
1992	23935	1377	4681
1993	23673	2800	8736
1994	38079	1498	4722
1995	20949	6211	17619
1996	3421	5329	15070
1997	10586	7167	14302
1998	40208	2599	9318
1999	-441	7187	20811
2000	25015	3812	7580
2001	13562	6481	14579
2002	34346	3071	15836
2003	5353	9863	19464
2004	32877	4844	13881
2005	15025	2717	7111
2006	26244	14304	25956

2007	1883	9608	22807
2008	63452	2631	8213
2009	12324	5012	11645
Aug 2010	32298	1347	9392
Average	\$25,645	\$4,450	\$11,322

By looking at the distribution of all start-trade draw-downs, a probability of success can be determined. Figure 10 shows the distribution generated by the software. It shows the probability of experiencing a start-trade draw-down of a certain amount of dollars or less. For example this portfolio's distribution shows that about 72 percent of the time traders initiating the trading of this portfolio would experience a start-trade draw-down of about \$6,000 or less. And about 90 percent of the time, the start-trade draw-down would have been about \$12,000 or less. Conversely, 10 percent of the time the start-trade draw-down would have been greater than \$12,000.



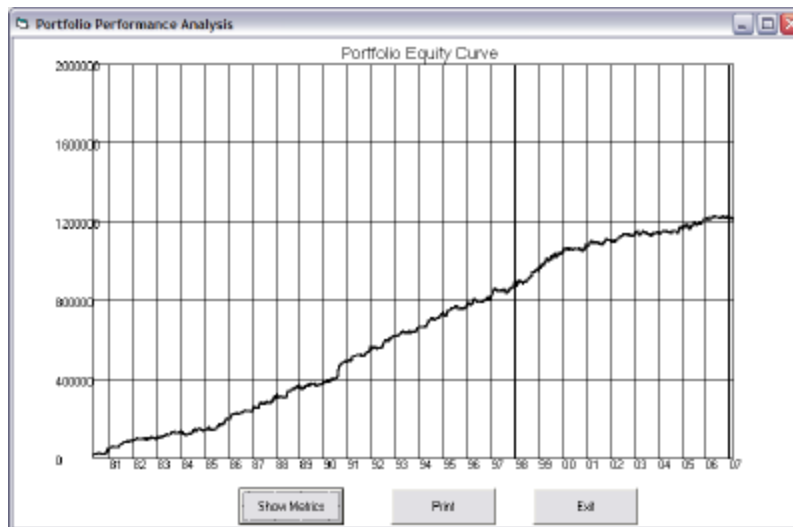
### The ABERRATION STRATEGY Midsize Portfolio Start-trade Drawdown Distribution

If margin estimates and starting account equity are factored in, the probability of success can be determined. On average, there are 6 group trades on at a time. Assuming an average margin of \$1,500 for each commodity in this portfolio, the average margin requirement would be about \$9,000. If starting account equity were \$30,000, approximately \$21,000 of reserves above the average margin requirement is left for a start-trade draw-down cushion. Entering the curve at \$21,000 and reading over to the line, there is a probability of success of about 98 percent. This type of analysis is instructive, but remember the maxim, "A STRATEGIES' LARGEST DRAW-DOWN IS ALWAYS IN THE FUTURE".

### The ABERRATION STRATEGY FULLSIZE PORTFOLIO

THE ABERRATION STRATEGY full-size portfolio is suited for accounts starting in the \$50,000 to \$100,000 range. The portfolio is diversified across all eight commodity groups to gain exposure in uncorrelated markets. The commodities in each group have been carefully

chosen for their profit-to-risk characteristics. The portfolio is: Corn, KC Wheat, Bean Meal, Bean Oil, Rough Rice, Feeder Cattle, Live Cattle, Lean Hogs, Cotton, Sugar, Coffee, Lumber, Orange Juice, Palladium, Gold, Copper, Crude Oil, Reformulated Gas, Natural Gas, Heating Oil, the Dollar Index, Swiss Franc, Euro-Currency, Japanese Yen, 10-Year Notes, 2-Year Notes, 30-Year Bonds, 5-Year Notes, the Eurodollar, Hang Seng Index, and the Nikkei. A max of four commodities in each group are traded at a time, and a one-lot is traded. A slippage/commission deduction of \$50 has been taken from each trade. The following equity chart shows portfolio growth since 1980.



The ABERRATION STRATEGY Fullsize Portfolio Equity Curve

As the graph shows, equity buildup is fairly smooth and consistent. With an average annual profit of \$37,095, the average first-year return on a \$50,000 to \$100,000 account would range from 37 percent to 74 percent. From the risk point of view, the average start-trade draw-down a trader could expect when initiating trading this portfolio would be \$6,233, between 6 and 12 percent of starting equity. But the trader should note that in 2002 the maximum start-trade draw-down was \$35,345. As equity builds, the portfolio can be expanded to maintain a high rate of return.

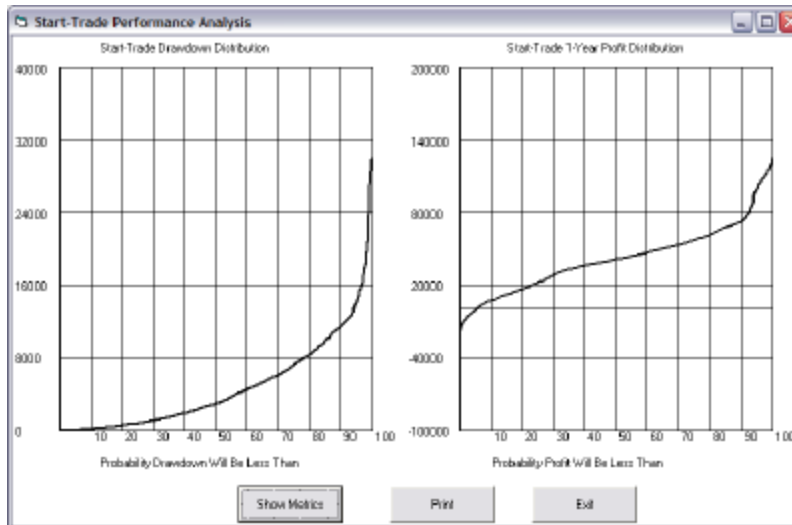
The following table shows portfolio performance year-by-year. The column marked average start-trade draw-down is compiled by finding the start-trade draw-down for the portfolio starting at each trade origination and then averaging the results. For example, if the portfolio generated 30 trades in a given year, 30 portfolio equity curves would be generated, one starting at the trade origination of each trade, and the low equity point found for each equity curve. The maximum start-trade draw-down for the year represents the largest point below starting equity a trader would have seen had he started trading the portfolio at the worst possible time that year. (Note that the start-trade draw-down tests every trade originating in a given year, but that the low equity point may occur in the next year. These are reported in the trade origination year averages)

**The ABERRATION STRATEGY Fullsize Portfolio  
Profit vs. Average and Max Start-Trade Draw-Down (STDD)**

Year	Profit (\$)	Average STDD (\$)	Max STDD (\$)
1980	23928	2318	5978
1981	42482	5331	11467
1982	11722	5145	12174
1983	17164	2544	8998
1984	38274	3073	7898
1985	37361	2625	9352
1986	41141	782	3468
1987	64545	5340	16116
1988	17204	3349	11316
1989	34107	2913	10781
1990	91949	1211	7690
1991	70769	2366	8241
1992	39062	3321	11780
1993	66069	1652	9215
1994	41743	2552	10738
1995	33892	5200	12802
1996	44366	4891	18405
1997	28308	7112	12016
1998	26145	2901	11758
1999	22685	7380	17493
2000	48675	3588	10475
2001	34931	10690	20691
2002	36374	13709	35345
2003	-2253	17182	32172
2004	24818	8205	18427
2005	28825	6176	11627
2006	23519	21657	34936
2007	13561	9500	27993
2008	120241	3862	15379
2009	2422	14471	26780
Aug 2010	32289	6233	14156
Average	\$37,095	\$6,233	\$14,156

By looking at the distribution of all start-trade draw-downs, a probability of success can be determined. Figure 12 shows the distribution generated by the software. It shows the probability

of experiencing a start-trade draw-down of a certain amount of dollars or less. For example this portfolio's distribution shows that 75 percent of the time traders initiating the trading of this portfolio would experience a start-trade draw-down of about \$6,000 or less. And about 90 percent of the time, the start-trade draw-down would have been about \$12,000 or less. Conversely, 10 percent of the time the start-trade draw-down would have been greater than \$12,000.



**The ABERRATION STRATEGY Fullsize Portfolio Start Trade Drawdown Distribution**

If margin estimates and starting account equity are factored in, the probability of success can be determined. On average, there are 10 group trades on at a time. Assuming an average margin of \$1,500 for each commodity in this portfolio, the average margin requirement would be about \$15,000. If starting account equity were \$50,000, approximately \$35,000 of reserves above the average margin requirement is left for a start-trade draw-down cushion. Since there has never been a \$35,000 start-trade draw-down on this portfolio, the historical probability of success was 100 percent. This type of analysis is instructive, but remember the maxim, "A STRATEGIES' LARGEST DRAW-DOWN IS ALWAYS IN THE FUTURE".

**ABERRATION STRATEGY PORTFOLIO COMPARISON**

Many traders will review the ABERRATION STRATEGY portfolio material presented here (summarized in the table below) and decide that when account size grows, it is better to trade more than a one-lot in the "Starter Portfolio" than move up to the next larger portfolio. This is a mistake. those traders are focusing on profits rather than risk, which is the crucial element in whether a small-account trader will survive and grow to be a large-account trader.

<b>ABERRATION STRATEGY Portfolio Comparison</b>		
Portfolio	Annual Return on Account Size (percent)	Average STDD on Account Size (percent)
Starter	50-151	10-29
Mid-Size	50-84	9-15

Full-Size	37-74	6-12
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The trader who looks at profits will see that on a \$10,000 to \$30,000 account, an annual return of between 50 and 151 percent can be made. He reasons that if he can make 151 percent on \$10,000 by trading 1 contract per signal, when the account size grows to \$20,000 he can trade 2 contracts per signal and still make 151 percent. This is true, but what he is neglecting is risk. Trading the starter portfolio with \$10,000 yields an 85 percent chance of success; about a 5 out of 6 chance. That's like playing Russian roulette. Doubling the number of contracts at \$20,000 still yields the 5 out of 6 chance. Sooner or later this strategy will lead to a trading blow-out.

### **FOR LARGE ACCOUNT TRADERS, The ABERRATION STRATEGY GLOBAL PORTFOLIO**

THE ABERRATION STRATEGY Global Portfolio is suited for accounts that are larger than \$100,000. The portfolio is diversified across the commodity groups to gain exposure in uncorrelated markets. The portfolio consists of: Corn, KC Wheat, Bean Meal, Bean Oil, Rough Rice, Oats, Soybeans, Feeder Cattle, Live Cattle, Lean Hogs, Feeder Cattle, Pork Bellies, Cotton, Sugar, Coffee, Lumber, Orange Juice, Palladium, Gold, Copper, Platinum, London Alloy, London Aluminum, London Nickel, Crude Oil, Reformulated Gas, Natural Gas, Heating Oil, Propane, the Dollar Index, Swiss Franc, Euro-Currency, Japanese Yen, British Pound, Canadian Dollar, Mexican Peso, 10-Year Notes, 2-Year Notes, 30-Year Bonds, 5-Year Notes, the Eurodollar, Canadian Bond, Euro-Bund, Spanish Bond, Simex JGB, Hang Seng Index, Nikkei, DAX, Nasdaq mini, and the S&P mini. The following table shows the return and drawdown when risking two percent of equity on each trade and limiting group exposure to four trades, or less.

<b>ABERRATION STRATEGY Global Portfolio</b>		
<b>Annual Return and Annual Max Draw-Down</b>		
Year	Return (percent)	Max Draw-Down (percent)
1980	38.8	10.7
1981	55.8	9.7
1982	16.9	22.2
1983	23.7	18.0
1984	89.1	18.5
1985	62.7	18.4
1986	92.6	15.3
1987	248.1	21.5
1988	22.3	26.9
1989	166.6	15.6
1990	177.0	17.6
1991	102.5	23.1

1992	47.1	21.2
1993	165.2	22.6
1994	60.7	15.2
1995	41.8	22.8
1996	149.2	18.4
1997	6.6	30.6
1998	45.8	31.5
1999	44.3	24.4
2000	43.1	17.8
2001	61.0	18.4
2002	26.4	21.7
2003	4.3	37.8
2004	41.5	24.3
2005	11.1	24.4
2006	40.6	18.5
2007	3.9	35.7
2008	235.2	16.9
2009	1.4	23.8
Aug 2010	55.6	13.5
Average	69.3	23.9

This example illustrates the power of implementing the money management strategies available to the large-account investor. He can achieve a very high rate of return for a relatively low max annual draw-down. Moreover, he can adjust the percentage of equity risked to either increase his return or lower his draw-down until he achieves a risk/reward scenario suitable to his trading temperament. If, for example, a max draw-down of 38 percent and an average max draw-down of about 24 percent is too high for him, he can lower the amount risked and have lower expected draw-downs. Conversely, if he can stand more risk, he can up the amount risked and achieve a higher return.

#### **Facts about the Aberration Strategy**

- **Fully Disclosed.** The trading logic is fully disclosed so you'll know exactly why each trade is being placed. This is not a "black-box" system which frustrates traders because they don't know how they work.
- **End-of Day System.** You don't have to sit in front of a computer to trade THE ABERRATION STRATEGY. It uses daily bar data for trading decisions. You will know before the open of trading whether there is an order that day. You can place all orders before the market opens. Once the orders have been placed, you don't need to monitor the market the rest of the day.

- **Portfolios for any account size.** You won't have to do complicated analysis to determine what to trade. We provide recommended portfolios for any account size, so you can start trading right away.
- **Money Management.** Our systems have easy to understand money management rules. You will know exactly what to trade, and in what size each day.
- **Easy to use software.** You will have Windows-based software to generate daily signals and to back-test performance. You can gain confidence in the robustness of the system by doing your own back-testing with data we provide. For on-going trading signals, you can subscribe to a low-cost data vendor and get the trading signals in less than 5 minutes. You don't have to use the software if you don't want.
- **Trade Station Code.** For those who use Trade Station for trading and back-testing, we have open source code for that platform.

## WHAT YOU GET

When you purchase THE ABERRATION STRATEGY you will receive:

- A detailed trading manual which fully discloses the logic, shows past performance on individual commodities and portfolios, explains the money management used for both small- and large-account traders, and covers software installation and operation.
- Easy-to-use Windows-based software that lets you back-test commodity and portfolio performance, perform money management analyses, and generate daily trading signals when mated with end-of-day data.
- TradeStation code (open code).
- Full Support. We will answer trading questions and technically support the software.

## PRICE

THE ABERRATION STRATEGY can be purchased for \$1,695. You can order by credit card through a secure server by clicking the following link <http://www.keithstrading.com/subscribe/index.php>. Or, you can send a check to:

TradeSystem, Inc.  
11276 Ballantyne Crossing Ave.  
Charlotte, NC 28277

For questions, please call Wisdom Trading Systems at 800-854-6354 or Trade System, Inc. at 800-372-3942

HYPOTHETICAL PERFORMANCE RESULTS MAY HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE

ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.