STAMPEDE *YOUR WAY TO TRADING PROFITS*
*with **Group**Trader and the ALL NEW **ETF** Trader*

Greetings! At Nirvana Systems, we have been developing tools for trading Industry Group Rotations for almost a decade. The GroupTrader module for OmniTrader has established itself as one of our most popular and profitable products. Acknowledging the soaring popularity of ETFs, we decided to focus our efforts on delivering new features that would give our customers a decisive advantage to win trading ETFs. Together, GroupTrader and ETF Trader give individual traders and investors the advanced technology previously only available to institutional traders.

In this newsletter you will find numerous examples of a phenomenon known as *Group Rotation*—where institutional traders exert buying or selling pressure in an Industry Group, pushing prices of the Group higher or lower relative to the general market. An Industry can often lead or lag the market, and the vast majority of stocks in a Group usually participate in the *rotation*, making them MUCH easier to trade!

Group Rotations are usually led by fundamental factors. For example, analyst projections of an increase in global energy consumption might imply the potential for higher oil prices ahead. As a result, institutions begin accumulating Oil Services, Drillers, and other companies related to the oil industry. The public sees the prices of these stocks increasing so they buy too. Before you know it, a virtual *stampede* is underway!

To identify these moves, we built a powerful Correlation feature that measures how well individual stocks follow *the herd*. We then added a special multi-chart display feature to make it easy to review and confirm a Group's candidates. We also include special Group Trading Strategies and special Profiles that are configured to identify candidates in the Short, Medium, and Long term.

This year's focus on ETFs resulted in a new feature called Consensus Trading for ETFs. This enhanced approach to signal generation for ETFs uses weights of the constituents rather than Correlation to generate Signals.

When a majority of the highest weighted symbols that make up an ETF are bullish, the ETF has a much greater chance of rallying. Be sure to read about it on page 10!

An additional major focus was taking advantage of Sector ETFs. Sector ETFs trade just like baskets of stocks. And many Sector ETFs have an Inverse ETF—that is designed to go UP when the Sector-based ETF goes DOWN. Why is this so important? Because Inverse ETFs can be purchased in a retirement account.

The implications of this are profound. Anyone who purchased the right Inverse ETFs in 2008 would have seen the value of their retirement account increase by 100% or more. That sure beats losing 50% by holding stocks or Mutual Funds!

As powerful as GroupTrader with ETF Trader are, they are also easy to use. To make SURE you can fully engage and MAKE MONEY with them, we created two seminars—one for trading Groups and another for trading ETFs. They're included FREE with the module.

I'm telling you—this product is phenomenal. Read through this mailer and you'll see why I say that no other software or web site comes within miles of the power of Group and ETF Trader. And like all our software products, it's guaranteed. You are going to LOVE it!

Sincerely,

Ed Downs

Ed Downs
CEO and Founder
Nirvana Systems, Inc.

When we trade, we want the highest return possible. However, we also want the trade with the lowest risk! In other words, **we want to maximize the Reward:Risk Ratio.** Using Industry Group Rotation, we can truly trade the best of both worlds—high potential return at the lowest possible risk.

Trade the Most Explosive Moves

Group Rotation identifies the most explosive moves by capitalizing on *herd mentality*. Consider the four charts shown here for the Textile-Apparel Group. In July, four charts in the Group had Buy Signals at about the same time. The Group Consensus helped to identify the beginning of an explosive two month rally.

In Any Timeframe

Long term investors can roll into Groups that are outperforming the market. **Medium term traders** can generate higher returns by trading on changes in Group sentiment up or down. And **Short term traders** can further leverage their results by catching quick changes in Group Momentum.

With Less Risk!

The three most important words in trading are, *Confirmation, Confirmation, Confirmation.* Buying a basket of symbols in a Group that is turning up has a lot less risk than buying individual stocks. And NOW, with **Exchange Traded Funds,** we can actually <u>BUY THE GROUP</u> by purchasing ONE SECURITY. ETFs have lower inherent risk than buying individual stocks and provide one of the best ways to trade the market for the long term, both in terms of risk reduction and potential gain.

Focus List

The power of GroupTrader 3.0 is illustrated in this example. The July 15th Focus List shows that we have a strong consensus of long Signals ① generated on the components of the Textile-Apparel Group. This results in a Buy Signal for the Group ② leading to an explosive move on four of the most correlated stocks ③.

up 44%

up 32%

up 82%

up 34%

*Group*Trader *3.0*

HEALTH CARE PLANS

AET: 44%

HS: 70%

HUM: 59%

APPAREL STORES

GPS: 65%

JWN: 93%

LTD: 107%

RESIDENTIAL CONSTRUCTION

PHM: 51%

RYL: 50%

TOL: 36%

Feb-Mar 2009
19 Day Move
AVG MOVE: 57%

Mar-May 2009
42 Day Move
AVG MOVE: 88%

Jul-Aug 2009
22 Day Move
AVG MOVE: 46%

4

Find & Trade EXPLOSIVE Moves Like These!

AUTO DEALERSHIPS

SAH: 16%

ABG: 32%

GPI: 22%
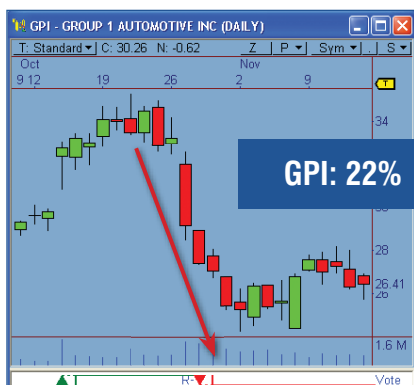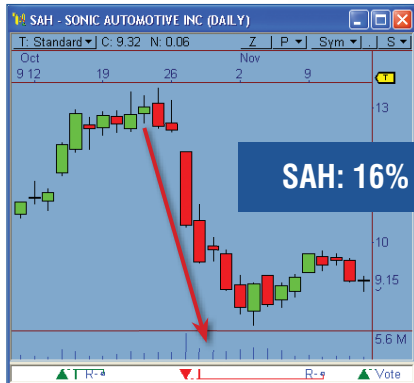
**October 2009
6 Day Move**

AVG MOVE: 23%

STEEL & IRON

NUE: 28%

RS: 29%

X: 84%

**Nov 2009-Jan 2010
44 Day Move**

AVG MOVE: 47%

This timeline highlights five Group Rotations that occurred from February 2009–January 2010. When multiple stocks in a Group turn at the same time AND THE ROTATION IS CONFIRMED in the market, an EXPLOSIVE MOVE typically occurs. AND, LOWER RISK trades can be made because we are following the money in the market. **Profit-making moves like these occur frequently in the market across hundreds of Industry Groups.**

What if we could be alerted to these situations when they occur?

That's exactly what GroupTrader 3.0 does!

Turn profit potential into reality with *Group*Trader **3.0**

*Group*Trader *3.0*
Power Tools for Trading the Groups

The Group List Feature

List of Groups.

Click the Group symbol to INSTANTLY see the components below.

Click this button to see the individual Group components.

GroupTrader 3.0 will help you find and trade the most profitable Group Rotations. But the best part is that it's easy to use.

A button at the bottom of the Focus List is labeled *Group/ETF*. Click this button and the lower section of the Focus List instantly turns into a Group Component View, with all of the symbols in the Group displayed! This is where the awesome power of GroupTrader quickly becomes apparent.

Group Consensus Signals!

GroupTrader 3.0 displays the correlation of each symbol to its Industry Group in the Correlation column (See "Correlation" on opposite page). The stocks at the top of the list are those that tend to move up or down with the Group chart. When a majority of these correlated stocks fire a Signal, GroupTrader automatically *votes* them to generate a Consensus Signal for the Group, called *GSig*. This provides the earliest, most confirmed Signal possible for trading an Industry Group—with the least risk.

When multiple correlated stocks in a Group turn up (or down), a strong *Group Rotation* is likely to be underway. And that's information we can profit from!

More Fun and <u>PROFITABLE</u> than a Trip to Vegas!

Group Consensus Trading can be VERY profitable! This Group Rotation in Staffing & Outsourcing Services (Jul-Aug 2009) moved 36% in two months.

CORRELATION
The Essential Ingredient for Trading the Groups

Money Center Banks

BAC

OLCB

Symbol BAC is Highly Correlated

Symbol OLCB is NOT Correlated

You Have the Advantage

When a move starts in an Industry Group, the institutions (Mutual Funds, pensions, etc.) start buying stocks in the Group with their *buy programs*. With **Group Consensus Trading,** you simply detect the event and jump on board for quick gains. But since your trade size is considerably smaller than theirs, you can also jump on without affecting the market. **They take the risk. You take the profits.** And because GroupTrader 3.0 is 100% automated, it can continually track dozens of Industry Groups, bringing the high probability moves to your attention.

Our Groups or Yours

We provide over 200 Industry Groups with OmniScan–our premium fundamental and technical scanning service and you can also create your own Custom Groups! Just select the symbols you want included and click **Save As Custom Group...** in the Focus List. Create your own Oil Group, your own Semiconductor Group, or ANY other grouping you want to analyze.

Correlation is the Key!

Correlation is the key to GroupTrader's power, because its Signals are generated by a Consensus Signal from the most highly correlated stocks. We automatically calculate correlation and deliver the statistics to save analysis time. And you can also correlate to any symbol using the Correlation command in the Focus List. Just specify the symbol to which you want to correlate your list. Consensus Signals will then be generated using the new values.
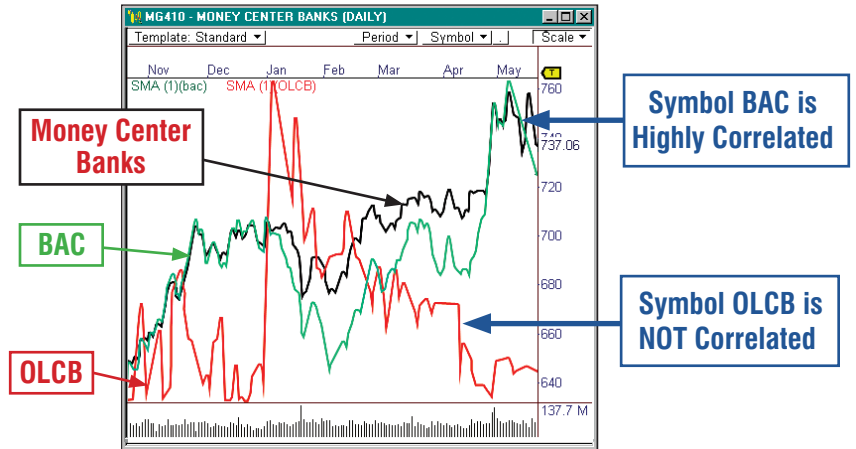
On our servers and within GroupTrader 3.0, we automatically calculate a statistic called "correlation" to measure how well a stock "mirrors" the Industry Group to which it belongs.

Here, we see two stocks in the Money Center Banks Group - Bank of America (BAC) and Ohio Legacy Corp (OLCB). It is obvious that OLCB tends to move erratically relative to the Group, while BAC tends to move up and down in harmony with the Group chart.

A Buy Signal in BAC could be a leading indicator for the Money Center Banks. But if five or more Correlated charts are turning up at the SAME TIME, it stands to reason that there is a fundamental event occurring that is related to the Group. Therefore, the Group itself is MUCH more likely to turn up.

Powerful Group Statistics:

BETA VS (symbol): Measures the *amount* one symbol tends to move relative to another symbol.

CORRELATION TO: Measures the *tendency* for one symbol to move with or against another symbol.

RELATIVE STRENGTH: Measures the amount a symbol has moved in the *recent past,* relative to another symbol.
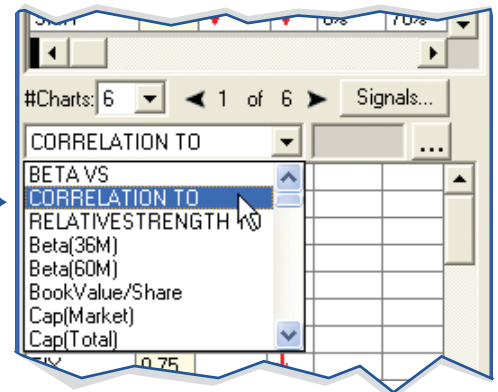
These statistics help isolate the symbols that are most predictive of Group movement, as well as those that tend to move the most consistently with a Group or a given symbol. You can measure BETA, Correlation, and Relative Strength to ANY symbol.

GroupTrader 3.0 brings together all the essential elements for profitable Group Rotation Trading. Here is a snapshot of what is included.

GroupTrader Focus List

GroupTrader 3.0 provides you with a special Focus List that allows you to see the components of any Group or Sector with the click of a button.

Group Consensus Signals

Know when a Group is ready to move using Group Signals generated by a consensus of the Group's components. GroupTrader 3.0 arms you with instant knowledge of how many of the main Group components are primed for action!

GroupTrader Toolbar

GroupTrader provides you with a view of any number of charts immediately with the Group Chart Button. This powerful feature allows you to quickly page through the Group's components to find the best trading opportunities.

GroupTrader Sorting Feature

Establish several different sorts to bring the best candidates to the top of the list and control how your Group Signals are generated. Sorts can be done on numerous criteria, including Correlation, BETA and Relative Strength to the Group Signal (p.7).

Use Our Groups, or Create Your Own!

You can use GroupTrader 3.0 right out of the box to evaluate Nirvana's Groups. But you can also easily create your own Groups based on your own criteria!

Spot Powerful Group Rotations Instantly!

When you see a Buy Signal on a Group symbol, simply click the symbol to instantly see how well the individual components are confirming the move. After just a few days, you will be amazed at the Profit Power of GroupTrader 3.0—it is phenomenal!

PLUS 3 POWERFUL PROFILES!

GroupTrader 3.0 comes with three Profiles designed to help you MAKE MONEY in three key timeframes.

1. GT Short Term
2. GT Medium Term
3. GT Long Term

FREE SEMINAR INCLUDED!

GroupTrader 3.0 is intuitive and easy to learn how to use. To make sure you are up and running as quickly as possible, we are including our seminar *Trade the Groups!* as a FREE gift with the purchase of GroupTrader 3.0. See page 14 for complete details of this seminar.

ETF Trader *included in GroupTrader*

Trading ETFs using Consensus Signals

Sym	Weight	7/9	7/10	7/13	7/14	**7/15**	7/16	7/17	7/20	7/21
PG	15.53									
KO	9.4					▲				
PEP	8.19					▲				
PM	7.81							▲		
KFT	3.81			▲						
MO	3.47									
CL	3.47									
MON	3.2									
F	3.09					▲				
KMB	2.11				▲					

When multiple symbols within the ETF get bullish or bearish, the odds of a move are dramatically enhanced, as demonstrated here.
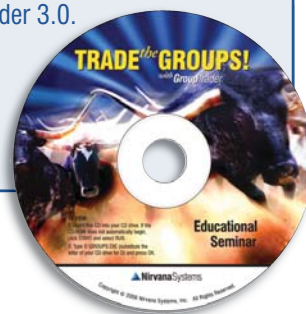
The Popularity of Exchange Traded Funds

Exchange Traded Funds or *ETFs* have only been around since the 90's and the total dollar value of ETF holdings has already surpassed $1 Trillion.

ETFs are funds comprised of *baskets* of securities. A key advantage of trading ETFs is that you only have to trade one symbol representing a Group or Sector, rather than a basket of multiple stocks. Some are based on indexes, like the Dow 30 or S&P 500. Others are based on Industry Groups or Sectors. And many ETFs (such as the ProShare UltraShorts) take short positions on the stocks that comprise them. These ETFs can be purchased in IRAs and some 401(k)s to take advantage of bearish market moves.

ETFs have many advantages over Mutual Funds. They can be traded during the market session just like a stock. They can also be shorted, and options are available on many of them. All of these characteristics make them easy to trade, and provide diversification and liquidity for investors and traders.

While it's possible to run OmniTrader on the individual ETF charts, it would be much better to analyze the symbols that make up each ETF, to arrive at a Consensus Signal. And that's a perfect application for GroupTrader.

A Powerful New Way to Trade ETFs

The GroupTrader concept works on ETFs for the same reason it works on Groups. The difference is, we base our Trading Signals on Weights rather

than Correlation. When a majority of the highest weighted symbols that make up an ETF are bullish, the ETF has a much greater chance of rallying.

To implement this in GroupTrader, we created ETF Trader and added a database with individual ETF constituent weights. ETF Trader takes these weights into account when generating the Consensus Signal for an ETF.

An example of this concept is shown above. The table below the chart lists

the constituents of the ETF. ETF Trader analyzed and *voted* them to arrive at a Consensus Signal on the Vote Line by considering the individual weights of the constituents.

The value of this feature is enormous! If you are not yet trading ETFs, you're going to want to take a look at these Signals. If you are trading ETFs, you're going to be amazed at how powerful the Consensus Signal technique is!

Consensus Signals on ETFs!
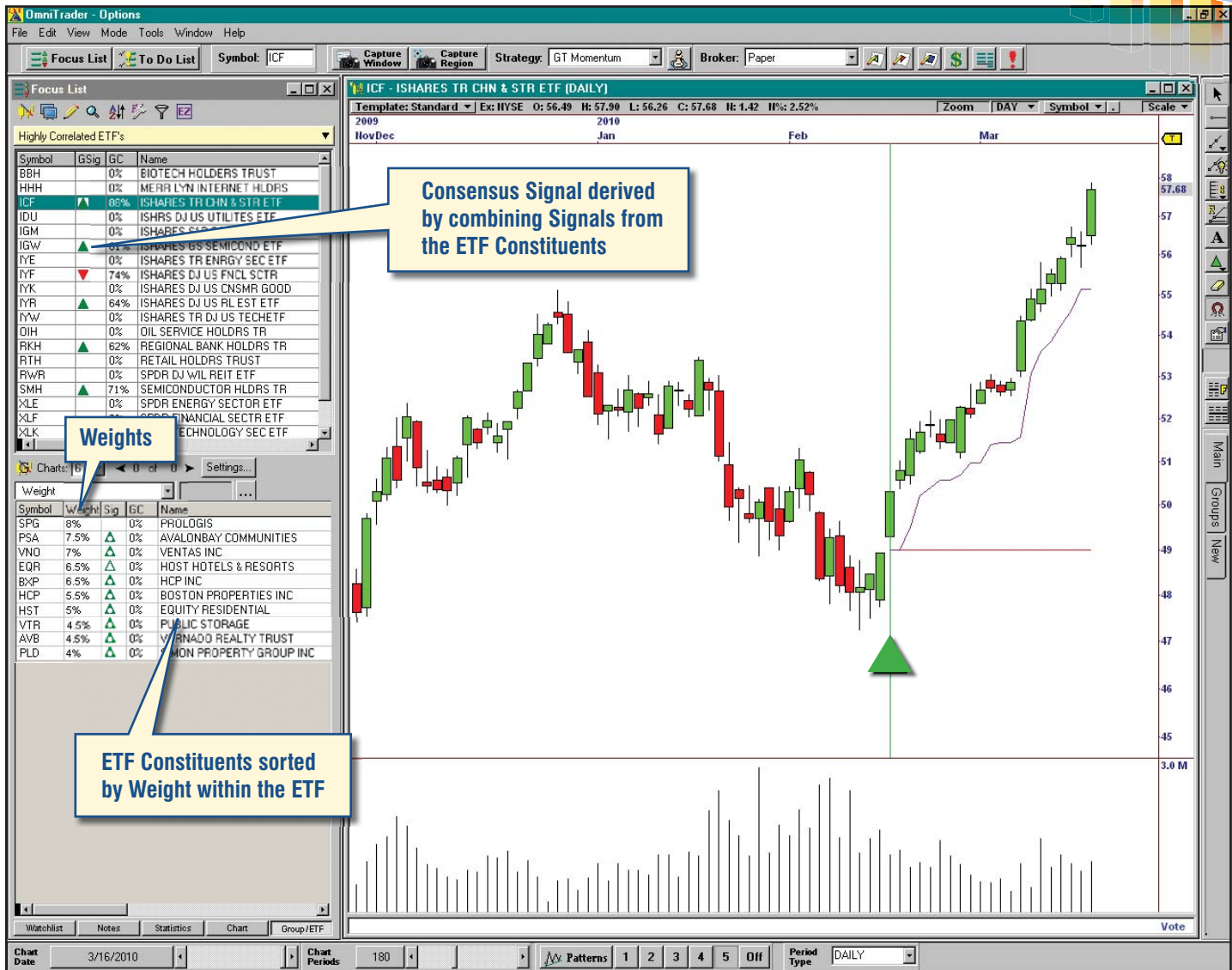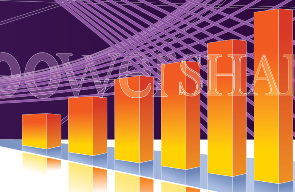
ETF Trader generates weighted Signals on ETFs. When ETFs are analyzed in the Focus List, their constituents are shown in the lower window along with their ETF weighting.

A Great Way to Trade Sector Rotations

ETF Trader is used on ETFs the same way GroupTrader is used on custom Industry Groups. Simply load your Focus List with the ETFs you are interested in trading, and the rest is handled automatically.

There are nearly 900 ETFs available, including about 300 Sector ETFs in the Energy, Health Care, Communications, Financials, Precious Metals, Real Estate, Utility Stocks and Technology Sectors. The database we provide with ETF Trader includes the constituents of the ETFs when available and their weights, so ETF Trader can generate the best possible Consensus Signals based on weight.

Another feature in ETF Trader related to ETF weights is the Weight Sort Criteria.

This allows you to sort the constituents of the ETF by weight, as shown above.

The POWER of Inverse ETFs

Inverse ETFs were created to provide a way to take a short position on the stocks in the ETF by purchasing the Inverse. Why is this so valuable?

Retirement accounts do not allow short selling. Using Inverse ETFs, it's possible to make money in down markets by purchasing an Inverse ETF. Bear funds are also available, but ETFs have enormous advantages over Mutual Funds, including lower trading costs. It's not surprising that ETFs and Inverse ETFs are becoming the vehicles of choice when it comes to managing retirement accounts!

The only catch with Inverse ETFs is the constituents are not published. That's not a problem for ETF Trader because we can use the *non-Inverse* ETF to generate Short Signals, and then simply Buy the Inverse (see example to the right). We are including a list of all ETFs that have an Inverse.

Inverse ETFs are available for every Sector and for many Industries within the Sectors (a partial list is shown below). The wide variety of ETFs based on Sector Rotation, coupled with the power of ETF Trader, make it easier than ever before to make money trading the Sector ETFs—in up and down markets!

> Sell Signal generated by ETF Trader.

In November 2008, the ProShares Ultra Financials generated a Short Signal in ETF Trader. We can short the ETF—unless we are trading an IRA or 401(k), in which case short selling is not allowed.

> Buy the Inverse ETF instead!

Inverse ETFs provide the perfect solution. We simply BUY the Inverse ETF—ProShares UltraShort Financials. You can clearly see that when UYG goes down, SKF goes up! This move would have generated a profit of over 90%.

Over 300 Sector and Inverse ETFs available

With ETF Trader, we provide a robust database of over 900 ETFs, including the ETFs for Sector and Industry Groups, some of which are shown here. To the right of each symbol is the Inverse ETF for that symbol.

ETF Symbol	ETF Name	Inverse Symbol	Inverse Name
LTL	Ultra Telecommunications ProShares	TLL	UltraShort Telecommunications ProShares
UYG	Ultra Financials ProShares	SKF	UltraShort Financials ProShares
RXL	Ultra Health Care ProShares	RXD	UltraShort Health Care ProShares
UYM	Ultra Basic Materials ProShares	SMN	UltraShort Basic Materials ProShares
DIG	Ultra Oil & Gas ProShares	DUG	UltraShort Oil & Gas ProShares
UCO	Ultra DJ-UBS Crude Oil ProShares	SCO	UltraShort DJ-UBS Crude Oil ProShares
UCD	Ultra DJ-UBS Commodity ProShares	CMD	UltraShort DJ-UBS Commodity ProShares
AGQ	Ultra Silver ProShares	ZSL	UltraShort Silver ProShares
UGL	Ultra Gold ProShares	GLL	UltraShort Gold ProShares
URE	Ultra Real Estate ProShares	SRS	UltraShort Real Estate ProShares
ROM	Ultra Technology ProShares	REW	UltraShort Technology ProShares
USD	Ultra Semiconductor ProShares	SSG	UltraShort Semiconductor ProShares
UXI	Ultra Industrials ProShares	SIJ	UltraShort Industrials ProShares
UCC	Ultra Consumer Services ProShares	SCC	UltraShort Consumer Services ProShares
UGE	Ultra Consumer Goods ProShares	SZK	UltraShort Consumer Goods ProShares
UPW	Ultra Utilities ProShares	SDP	UltraShort Utilities ProShares
TYH	Direxion Daily Technology Bull 3X S		Direxion Daily Technology Bear 3X Shares
	Rydex 2x S&P Select S		Inverse 2x S&P Select Sector Tech
			Real Estate Bear 3X Shrs
			latinum ER ET

Specialized Profiles for Trading ETFs

In ETF Trader, we provide three powerful Profiles designed to help you trade the best ETF Signals based on a consensus of the constituents. ETFs are often used as longer term investments. However, because ETFs have low trading costs, they can also be very profitably traded in shorter time frames. We provide three *canned* ETF Profiles, with separate Strategies and settings that generate the best possible Trading Signals for the Short, Medium, and Long Term.

ETF Short Term

ETF Short Term looks for temporary overbought/oversold levels to identify situations where a reversal is likely to take place in each of the constituents of an ETF. When a large percentage of the primary holdings are in this mode, a quick 3-7 day reversal is likely.

ETF Medium Term

ETF Medium Term fires Signals at significant chart breakouts in the underlying stocks. When a majority of the stocks that make up an ETF suddenly get bullish (or bearish) the odds for a 1-2 week move in that direction are high.
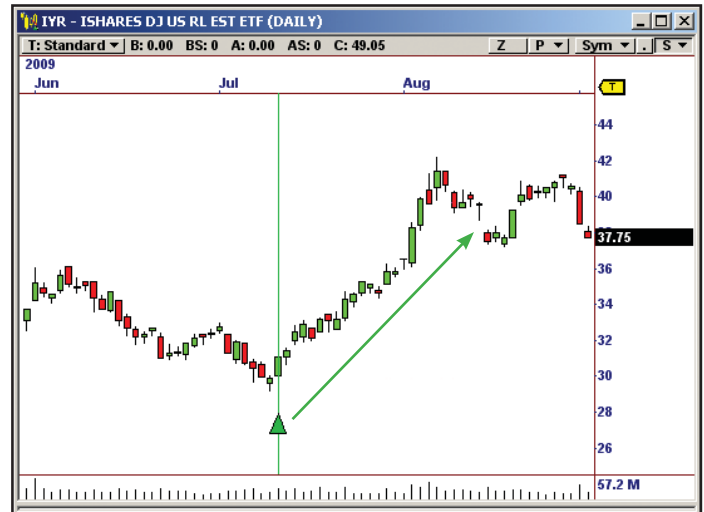
ETF Long Term

ETF Long Term takes advantage of an important phenomenon called *trend divergence*—situations where an ETF is outpacing the general market—a technique that works well for investing in ETFs over a longer holding term.

When a significant percentage of symbols that make up the ETF are moving up (or down) faster than the general market, that's a sign that the Group on which the ETF is based is gaining strength. This often leads to a dramatic move that can last for several months.

ETF Short Term– This profile has been tuned to find very short term reversals. Here is a swing trade on XLU.

ETF Medium Term– Looks for key breakouts in the constituent symbols to identify situations where an ETF is likely to gain ground.
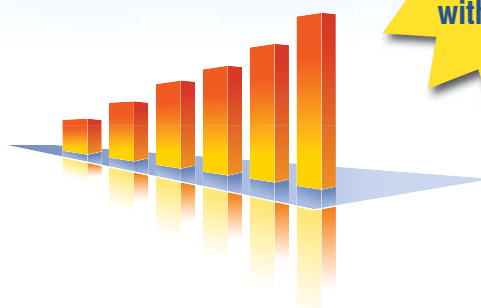

ETF Long Term– Identifies longer term trending trades based on ETF constituent *divergence* with the general market index.

Group and ETF
Trading Education

GroupTrader with ETF Trader is a very powerful tool. Industry Groups and Sector ETFs take advantage of *herd mentality* and provide diversification and liquidity for investors. ETFs provide a great way to trade retirement accounts to make money in both up and down markets. To help our customers get the most out this new powerhouse, we are providing 2 seminars FREE with the module.

TRADE *the* Groups!
with *GroupTrader*

Part I of *Trade the Groups* introduces you to the phenomenon of Group Rotation. In just a few minutes you will see why this technique is so powerful, and how it can be used to trade the market effectively in any timeframe.

In Part II, our presenters take you through the *nuts and bolts* of using all the GroupTrader features, including the Custom Group List and Correlation tools. They also show you how to use Correlation, Beta, and Relative Strength to find the best candidates.
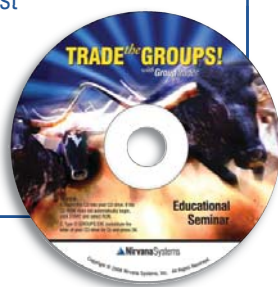
Seminar Topics:

Part I: What is Group Rotation?
• Clear examples of profitable Group Rotations
• How to use Correlated Charts for more profitable trading
• Which Industry Groups are the easiest to trade
• How to spot the explosive moves—beforehand

Part II: Using GroupTrader
• How to use the GroupTrader Focus List
• Creating and using your own Custom Groups for basket trading
• Prospecting with GroupTrader
• Using key Chart Patterns to confirm the most explosive moves

GROW *your* Account
with *ETF Trader*

The new ETF Trader represents a significant addition to GroupTrader. Are you new to trading ETFs? In the video, you will discover WHY folks are using these little gems to steadily grow their investment and retirement accounts, and why they choose to trade ETFs over individual stocks. We'll also show you how to use ETF Trader each day to profit from the power of ETFs in the current market.

Seminar Topics:

• What are ETFs? When and how are they superior to trading stocks for making steady gains?
• How to use ETFs to trade Industry Group and Sector Rotations
• How to make gains in down markets in your retirement account with Inverse ETFs
• How to trade movements in global commodities markets by trading commodity ETFs
• How to hedge against market risk in your portfolio using ETFs
• Leveraged ETFs – When to use them and when to exercise caution
• Nuts and Bolts – Using ETF Trader features to trade ETFs

Each seminar focuses on two key topics. First, we demonstrate the power of the concepts with examples taken from the market. Then, we go through the specifics of using GroupTrader to trade custom groups as baskets, and how to use ETF Trader to effectively and profitably trade ETFs and Inverse ETFs.

NirvanaSystems

7000 N. MoPac, Suite 425
Austin, Texas 78731 USA
Toll Free 1. 800. 880. 0338

www.omnitrader.com