

RTM7

A Breakthrough Mechanical Trading Strategy

Strategy Features:

- Consistently Profitable Over 12 Years
- Very Low Drawdowns
- Holds Up in All Markets—70% Accurate
- 100% Mechanical



Steady Gains with RTM7:

Our powerful seminar that shows you how to set up and start making money with RTM7. See details on p6.

INSIDE

- 2 Welcome to High Probability, Low Risk Trading
- 3 RTM7 Strategy Breakthrough
- 4 RTM7—Nothing But Up!
- 6 *Steady Gains with RTM7* Seminar
- 7 Special Limited Time Offer

Welcome to High Probability, Low Risk Trading

The Path to RTM7

by Ed Downs

With over 20 years of experience, our scientists are very good at developing profitable Strategies. And usually, we try to maximize gains. But recent market events have made it clearer than ever before that MINIMIZING RISK is just as important as maximizing profits, if not more so.

“Our goal was to create a Strategy that can make steady gains in normal markets while staying protected against adverse market events.”

The markets have provided plenty of surprises over the past ten years. After 9/11, the markets went through an unprecedented sell-off. There was the Subprime Mortgage Meltdown of 2008. Then we saw a Flash Crash, followed by a Credit Downgrade that led to a 1,200 point drop on the Dow. None of these events were predictable.

Our goal was to create a Strategy that can make steady gains in normal markets while staying protected against the aforementioned adverse market events. This focus led to the creation of a new Strategy called RTM7, which is based on the Reversion to Mean (RTM) concept (see sidebar).

The RTM concept works because the psychology of markets around pull-backs is highly predictable. When markets get overbought, they are subject to small corrections; and when they get oversold, they are subject to “reactive” buying.

Because the RTM Strategy takes advantage of short term pricing disparities it is less affected by market events. Even with really bad news, like the Credit Downgrade of August 2011, RTM7 maintains its potential to steadily grow your trading account.

A Powerful Concept

“**Reversion to Mean** is a mathematical concept used for stock investing, based on the assumption that a stock’s high and low prices are temporary and that price will tend to move back to the average price over time.”

–Wikipedia Finance

In markets that are steadily trending or moving sideways, stocks and ETFs will often become temporarily oversold, making them attractive for purchase. They also may be bid up, so as to invite profit taking or short selling.

The goal of an RTM Strategy is to identify these overbought and oversold points and make a quick profit from the disparity. The key is determining how much of a pull-back to look for. Then, good rules are required to fire an Exit to capture profits, usually 2-3 price bars later.



With the right Entry and Exit rules, accuracies of over 70% can be generated. This is in fact what we are seeing in our new RTM7 Strategy (see page 4).

RTM7 Strategy Breakthrough

Consistent Profits with Low Drawdowns

RTM7 is a powerful Strategy that is based on the Reversion to Mean concept. Testing it on the S&P 100 list, the Strategy showed solid performance over 12 years (see page 4), generating an average 23% return with an average drawdown of just 5%.

Those are some impressive numbers—especially over such a long period of time and through some of the toughest markets we have seen.

To the right are some typical trades identified by RTM7. Using proprietary indicators, the Strategy identifies unusual moves away from average price and looks to take a quick profit on the reversal. It also maintains relatively tight stops. It is this structure of the trades that keeps drawdowns low and steadily builds profits.

Powerful Short Trades

This is one of the first RTM Strategies we have developed that includes Short trades. We spent quite a bit of time working on the Entry Signal rules to avoid “false” Shorts.

This is important because most markets have a bullish bias, and it is easy to fire Short Signals against a prevailing trend. We added special trend logic to detect these situations and avoid them.

The result is that the Short Signals fired by RTM7 are simply outstanding. They tend to fire at very clear reversal points to the downside. The inclusion of Short Trades ensures this Strategy performs well in bear markets.

High-Value Entry Signals



Buying oversold levels in XOM.



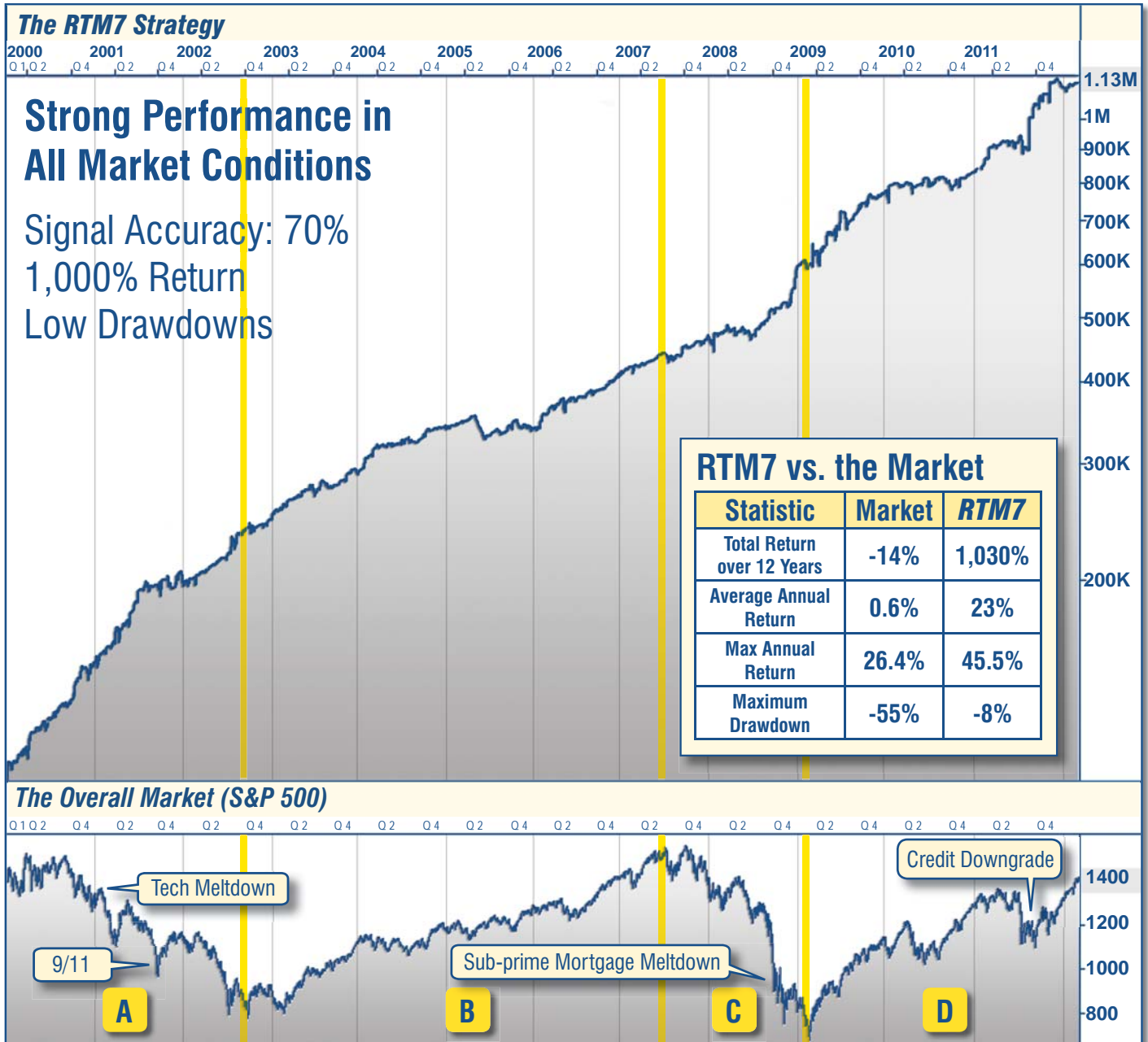
Selling overbought levels in DE.

RTM7 *Nothing But Up!*

The equity curve shown below was generated by trading all Signals from the RTM7 Strategy on symbols in the S&P 100 over the 12 years from January 2000 through March 2012.

Because of its short term trading approach, the Strategy was virtually immune to market events, including the Sub-prime Mortgage Meltdown and the more recent Credit Downgrade.

But the most remarkable thing about this Strategy is its control over drawdowns, never showing more than an 8% drawdown over the last 12 years.



- A** Through the Tech Meltdown and 9/11, RTM7 gained more than 120% as the value of the overall market got cut in half.
- B** When the bull market returned, RTM7 continued to outperform the S&P while simultaneously maintaining lower drawdowns.
- C** RTM7 was up 20% in 2008, as the Sub-prime Mortgage Meltdown takes the market 48% lower.
- D** In the past three years, RTM7 has made more than 100%, compared to a gain of 40% for the S&P 500 which is still struggling to make up prior losses.

Consistently Profitable with Low Drawdowns

A Very Robust Strategy

We tested RTM7 on the S&P 100 List, trading every year from 2000 through 2011 using 100% mechanical entries and exits. A performance summary is shown to the right.

In addition to beating the market year after year, the annual maximum drawdowns for RTM7 were small, averaging about 5%. Compare that to the market, with a maximum drawdown of 48% in 2008 and average drawdowns of almost 20%.

Over 70% Accuracy

One of the keys to successful trading is to engage the market consistently. Even on smaller symbol lists like the S&P 100, RTM7 generates enough Signals to stay invested with very modest per-trade allocations.

We were pleased to see RTM7 consistently generating over 70% accuracy. One of the resources we provide with RTM7 is the profile that was used to generate the statistics shown here and the equity curve on page 4, enabling users to easily duplicate our results.

Year	RETURN		DRAWDOWN	
	Market	RTM7	Market	RTM7
2000	-10.1%	47.5%	-17.2%	-4.8%
2001	-13.0%	36.9%	-29.7%	-5.2%
2002	-23.4%	17.1%	-33.8%	-4.8%
2003	26.4%	20.3%	-14.1%	-3.8%
2004	9.0%	15.7%	-8.2%	-2.1%
2005	3.0%	-1.5%	-7.2%	-7.9%
2006	13.6%	21.3%	-7.7%	-4.7%
2007	3.5%	12.7%	-10.1%	-3.4%
2008	-38.5%	19.7%	-48.0%	-5.7%
2009	23.5%	39.2%	-27.6%	-7.4%
2010	12.8%	7.1%	-16.0%	-4.4%
2011	0.0%	39.9%	-19.4%	-6.2%
Average	0.6%	23.0%	19.9%	5.03%

Table comparing the annual returns and drawdowns for the Market vs. RTM7. RTM7 consistently posted double-digit gains while maintaining incredibly low drawdowns year to year.

PLUS: LIVE One-on-One Training Sessions—FREE!

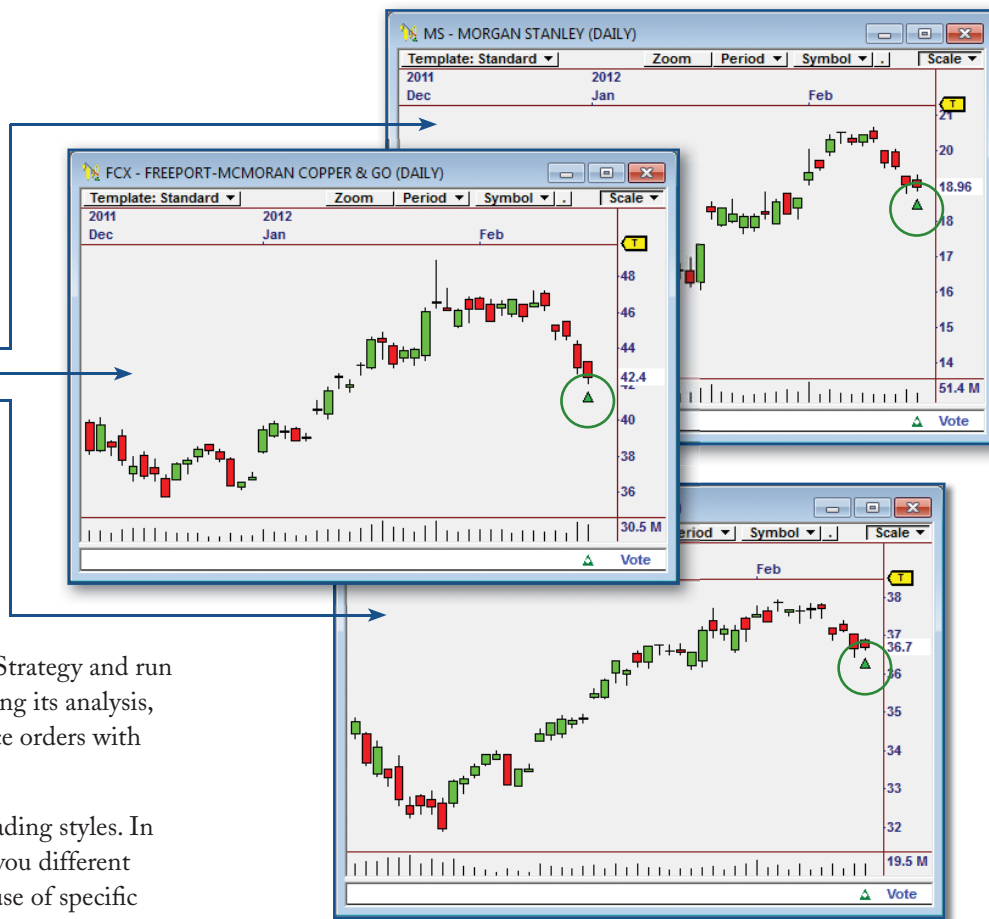
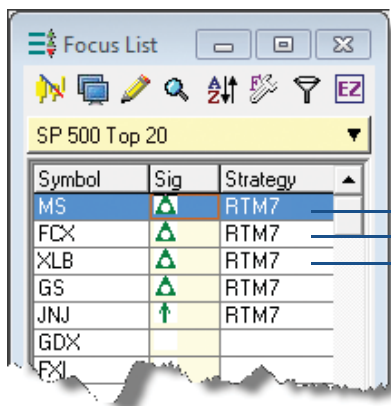
We want all users to get up to speed FAST, so we are including hands-on Training Sessions with our Strategy Team—FREE! Our team will walk you through all the steps needed to get RTM7 going—including daily runs, placing orders, and monitoring positions. We'll empower you to get the most out of RTM7 in no time at all.

Just call Nirvana Support at 512-345-2592 to schedule your session and we'll get you going!



Building Wealth in Minutes a Day!

Harness the Power of RTM7 in just Minutes a Day!



Using RTM7 is easy—just activate the Strategy and run OmniTrader. Once it has finished running its analysis, you can review the new Signals and place orders with your broker.

You can also adapt RTM7 to specific trading styles. In *Steady Gains with RTM7* we will show you different ways to use the Strategy, including the use of specific order types and how to automate it.

Steady Gains with RTM7

A How-To Seminar

Steady Gains with RTM7 provides additional information on the RTM concept and how to apply this powerful Strategy in various trading scenarios.

In this seminar you will learn:

- All about the Reversion to Mean Concept
- How to adjust the Strategy to match your trading style
- How to automate RTM7 with OmniPilot

Steady Gains with RTM7 provides you with all of the information you need in order to start making money with this powerful wealthbuilding Strategy.



FREE with purchase of RTM7 (\$199 value)



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