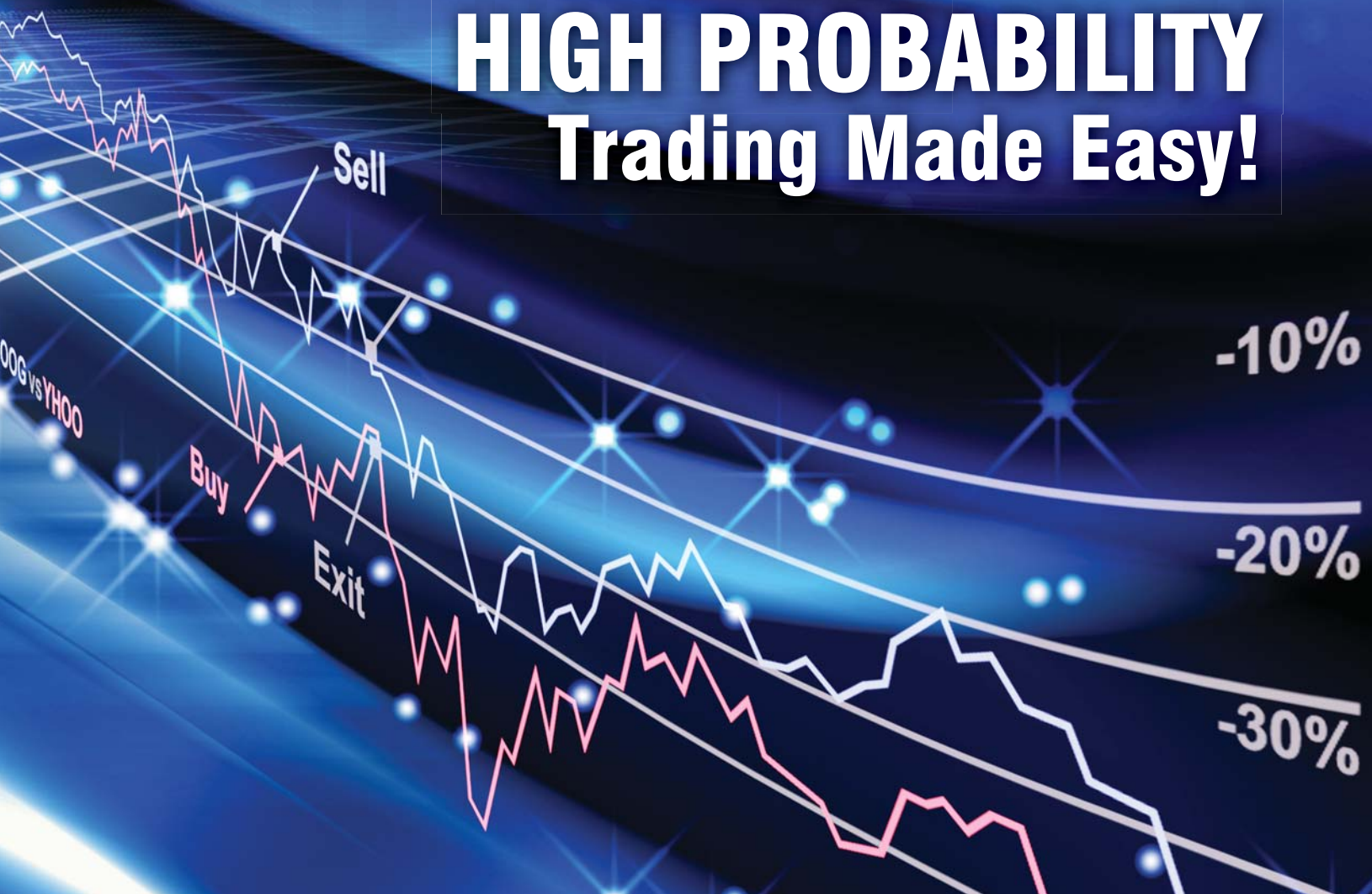


Nirvana's

# PairTrader 2.0

**HIGH PROBABILITY  
Trading Made Easy!**



“Discover what hedge funds, institutions and many shrewd investors have known for years—Pair Trading offers consistent profits with reduced risk.”

— Ed Downs, CEO and Founder  
Nirvana Systems, Inc.

*The POWER of Pair Trading*  
CD Seminar – see page 5.



## **INSIDE:**

- 2 Trade Like the Pros
- 3 The Concept Behind Pair Trading
- 4 Pair Trading Made Easy
- 6 Reducing Market Risk

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# Trade Like the Pros with PairTrader

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**Ed Downs**  
CEO and Founder  
Nirvana Systems, Inc.

What if you had an easy-to-use Trading Method that produced consistent gains with dramatically reduced risk? Wouldn't you want to try it? Get ready for Pair Trading!

The IDEA behind Pair Trading is simple: Find two "correlated" vehicles—stocks, indexes, ETFs, or futures that tend to move up and down together. When their relationship gets "out of line" you buy one and sell (short) the other. Then, as the pair comes back in line, sell the first and cover the second. When the correlated pair moves back towards its normal relationship, there is a guaranteed profit!

Pair Trading can be consistently profitable, because statistically, the odds are in your favor. Another compelling reason to trade pairs is they help you avoid market risk—allowing you to stay fully invested in any market. If the market suddenly gaps down 300 points one morning, gains on the short position can completely cancel losses on the long side. In fact, you have a reasonable chance to make money.

**Pair Trading is used by hedge funds and sophisticated investors around the world because it works.** By trading pairs, you can substantially reduce market risk and profit from the relationship between two symbols. It's uncanny how well it works.

We know that many of our customers have already been using OmniTrader to trade pairs. Many have been doing this using spreadsheets and rather involved processes to find correlated pairs, and then manually trading both sides. Now, it's easy—thanks to PairTrader!

PairTrader 2.0 is a new Module for OmniTrader that is designed to make profitable Pair Trading easy. The first ingredient for a great pair trade is a *correlated pair*—two symbols the normally move up and down together.

Not only does PairTrader 2.0 automate the process of finding correlated pairs, it also automatically generates the Spread Charts and allows you to trade the pairs as a unit in Trade Plans! We even provide special Strategies that easily identify the best Pair Trading opportunities. **It's a turnkey Pair Trading System!**

We are including a special seminar that explains the Pair Trading concept so you can easily engage it in your trading. You will learn how to select which pairs to trade and how to trade them for a profit.

As with all of our products, PairTrader 2.0 comes with a 30 Day Money Back Guarantee, allowing you to explore this module and see how you can greatly reduce risk in any market. Try the new PairTrader 2.0 today and discover why this is the preferred trading method for many of the most successful traders!

Sincerely,



Ed Downs  
CEO and Founder  
Nirvana Systems, Inc.







# The Ideal Investment Approach?

## WHY PAIR TRADING MAKES \$ENSE

We all know that securities in the same group tend to move together, but there are times these related stocks temporarily separate, only to come back into line a short time later.

The idea of Pair Trading is to profit from this temporary imbalance between the two related securities. It can be two Oil stocks, two Industrial Equipment stocks, or any two correlated instruments. Once the pair is established, we simply look for deviations from that relationship, then profit from the imbalance.

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Using Pair Trading, we profit from a temporary imbalance between two related instruments.

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To set up the pair trade, we buy one of the correlated instruments while simultaneously shorting the other. This setup allows us to profit from relative price movements between the two with significantly reduced exposure to other market risks. The example to the right illustrates this concept using stocks.

Many stocks and futures have the highly correlated movement that provides outstanding Pair Trading opportunities. The problem was that, up until now, it was incredibly difficult to identify the profitable pairs from the sea of possible combinations.

PairTrader 2.0 has changed all that!

### The Concept Behind Pair Trading

Pair Trading is based on trading stocks or futures that are normally closely correlated. When two instruments temporarily diverge from each other, we expect them to return to their previous correlation. This temporary divergence presents us with high probability trading opportunities with very low risk.



In this example, the stocks BEN and HES had both been trading in a tight range through the month of October. However, in November HES began to fall while BEN traded towards the top of its range. This presented the perfect Pair Trading opportunity as BEN pulls back and HES gains strength in order to return to their previous correlated movement. Both sides of the trade in the example were profitable.

# Trading Pairs

## with PairTrader 2.0



### 1. Finds the Best Pairs to Trade Automatically

PairTrader makes it incredibly easy to find the most profitable pairs across the universe of stocks and futures. Simply bring up the PairTrader interface, target one or two symbol lists, and click GO. PairTrader will search through all of the combinations of pairs between the lists and calculate the correlation between each pair. The highest correlated pairs float to the top and then you can add the best pairs to your Focus List.

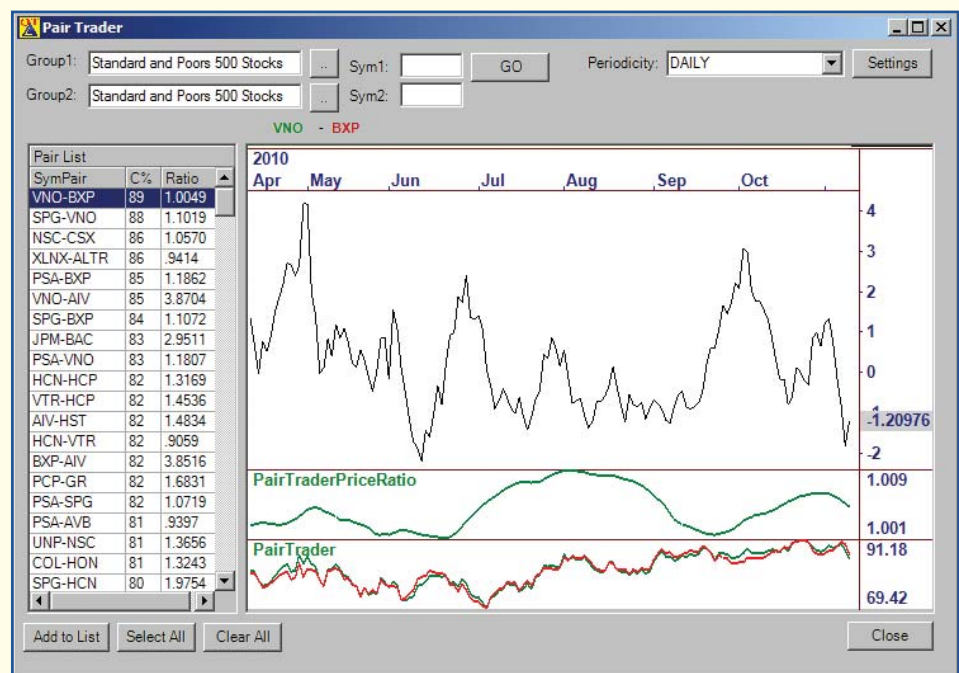
### 2. Analyze the Pairs

Included with PairTrader are two Trading Strategies specifically designed to trade pairs. The Bollinger Band Pair Strategy is perfect for trading pairs that maintain a consistent price ratio. For pairs that tend to trend, we also have the Pair Trend Strategy which finds the best entries in the trend. Both of these strategies provide you with outstanding Pair Trading opportunities right out of the box!

### 3. Profit from the Pairs

PairTrader also comes with a special Trade Plan that lets you know exactly how many shares (or contracts) you need to buy and short to keep the pair intact. The Spread Trade Plan is applied directly to the pair chart and includes stops that are designed specifically to be used on a Spread Chart (see next page).

## HOW IT WORKS



The PairTrader Interface allows you to find and create the best pairs for trading.

## PLACING PAIR TRADES MADE EASY

PairTrader makes placing a pair trade incredibly easy. When you bring up the trading interface, PairTrader shows exactly how many shares of each stock (or futures contracts) to buy and short in order keep your trade market neutral.

The screenshot shows the 'Global Order Information' window. It has fields for 'Account' (set to 'Default'), 'Initial Quantity' (set to '100'), and 'Position'. The 'Position' field contains the text 'Buy 100 SPY, Short 109 DIA', which is circled in red. To the right of the 'Initial Quantity' field is a 'Trade Calculator' button. At the bottom right are 'Buy', 'Sell', 'Cancel', and 'Submit' buttons.

This example shows a buy order on the SPY-DIA pair. We are buying 100 shares of SPY, and PairTrader tells us that we need to short 109 shares of DIA in order to maintain our pair balance. It's that easy!

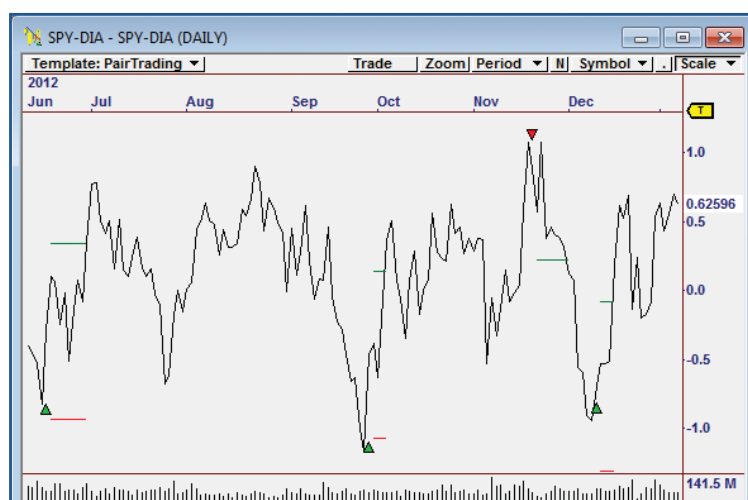


## PairTrader's Spread Charts

Understanding how the relationship between two stocks changes through time can be difficult; that's why pair traders use a specialized chart called the "Spread Chart". These charts greatly simplify Pair Trading by showing you the change in one security's price relative to the other security in the pair.

PairTrader automatically creates these Spread Charts for you, making it easier than ever for you to identify great Pair Trading opportunities. **When you combine this feature with OmniTrader's powerful analysis, the profitable pair trades practically jump out of the charts.** You immediately see overbought and oversold levels, or even identify lucrative pairs that are displaying a solid tradeable trend.

PairTrader's Spread Charts automatically do all the hard work so you can concentrate on your trading.



This chart shows a Spread Chart for the SPY-DIA pair. This type of chart simplifies Pair Trading. The great trading signals on this chart were generated the Bollinger Band Pair Strategy included in PairTrader 2.0.

## INCLUDED! NEW SEMINAR

### *The* **POWER** of Pair Trading

To help you get the most out of PairTrader 2.0, we are including our new seminar, *The Power of Pair Trading*. It takes you through the basic concepts of Pair Trading, introduces you to the PairTrader software, and shows you how to use this module to create and trade pairs easily! Whether you are new to Pair Trading, or if you are a seasoned veteran, this seminar will show how to use PairTrader 2.0 to generate consistent profits with reduced market risk.

#### Seminar Topics Include:

- The Advantage of Market Neutral Trading
- How a Pair Trade is Constructed
- How to Find the BEST Pairs to Trade
- Testing Pair Trades with OmniTrader
- How to Engage the Market with 2.0
- Pairs on Futures
- and much more!





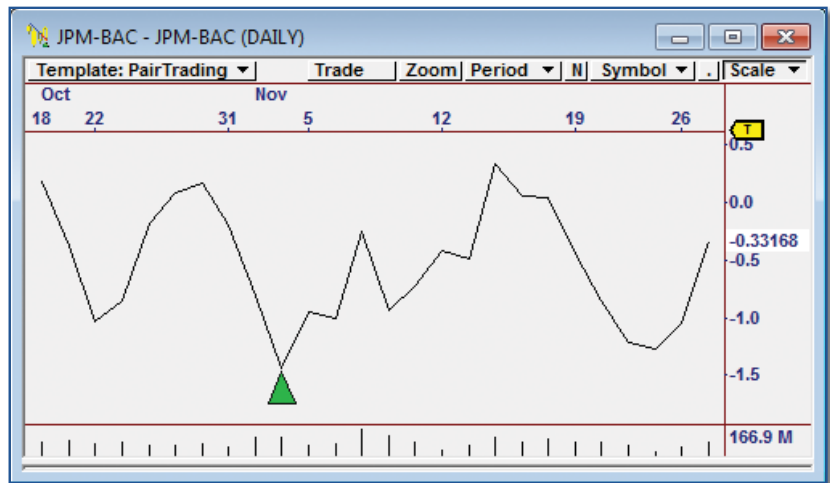
# Reducing Market Risk



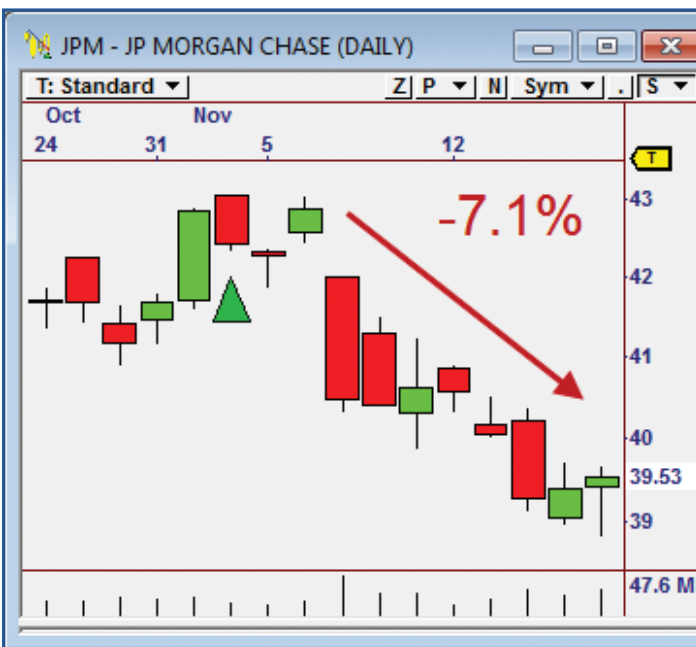
One of the main reasons that professional traders turn to Pair Trading is to be “hedged” against a major market move against them. Take the pair trade shown on the right as an example. On November 2nd, we get a long signal for the JPM-BAC pair. This means that we would buy JPM and short BAC.

In the next two weeks, there was major selloff in the market with the Dow Index falling almost 500 points. As one would expect, both JPM and BAC dropped along with the market. But since this pair trade is short BAC we are hedged against the loss incurred by JPM. In fact, BAC actually fell a bit further than JPM did, so this pair trade actually turned a slight profit—that kind of protection really let’s you sleep at night!

This is the essential reason pairs are so attractive – we can identify an out of balance relationship in the market with excellent profit potential while much of the downside risk is eliminated.



A PairTrader signal on the JPM-BAC pair on Nov. 2nd. After this signal, the Dow fell 500 points over the next two weeks.



The pair trade drastically reduces our exposure during such a move as the short trade on BAC offsets any losses incurred by JPM. This trade actually picked up more than half a percent while the Dow was plummeting more than 500 points!

# Limited Time Special Offer

## Order PairTrader 2.0 by February 8th and Save \$200!

### PairTrader 2.0 Module

Discover what Hedge Funds, Institutions, and many shrewd Investors have known for years—trading pairs offers consistent profits with reduced risk. It used to be difficult to find and trade pairs, but now there's PairTrader 2.0! From generating correlated pairs, to analyzing them, to trading the result—PairTrader 2.0 offers it all.

PairTrader 2.0 empowers you to:

- Automatically Build Correlated Pairs
- Generate Signals on Pairs
- Trade the Pairs in OmniTrader



**PairTrader 2.0 Module..... \$295**  
(Reg. \$495)

**Save  
\$200**



**PLUS FREE BONUS:**  
The POWER of Pair Trading  
Seminar

Included FREE for a Limited Time  
with PairTrader 2.0 when you  
order by the deadline. (\$195 value)

**Order by  
February 8th  
and SAVE!**

### Order Today and Start Trading Pairs with Ease!

Order Online: [www.omnitrader.com/pairs](http://www.omnitrader.com/pairs)  
Call: 1-800-880-0338

**30-Day Money Back Guarantee:** Our software is backed by our unconditional Money Back Guarantee. If for any reason you are not fully satisfied, you may return the module, within 30 days of purchase, for a 100% refund, less shipping and handling. Texas residents add 8.25% sales tax.



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# *PairTrader 2.0*

**HIGH PROBABILITY  
Trading Made Easy!**

-10%

-20%

-30%

