

DYNAMIC EQUITIES

Adapt. Trade. Hedge. Repeat.





THE DYNAMIC EQUITIES METHOD

- **Market Direction:**
Determined using Special Indicators
- **Up-Market:**
Buy Stocks in “Launch Mode”
- **Down-Market:**
Buy Inverse ETFs
- **Trade Management:**
Use Tight Stops to Preserve Profits.
- **Hedge Against Market Risk:**
Apply a Dynamic Hedges in Real Time to protect against adverse moves.

ADAPTING TO MARKET DIRECTION

We use a Special Indicator to determine most likely Market Direction, so we can Trade in that Direction.

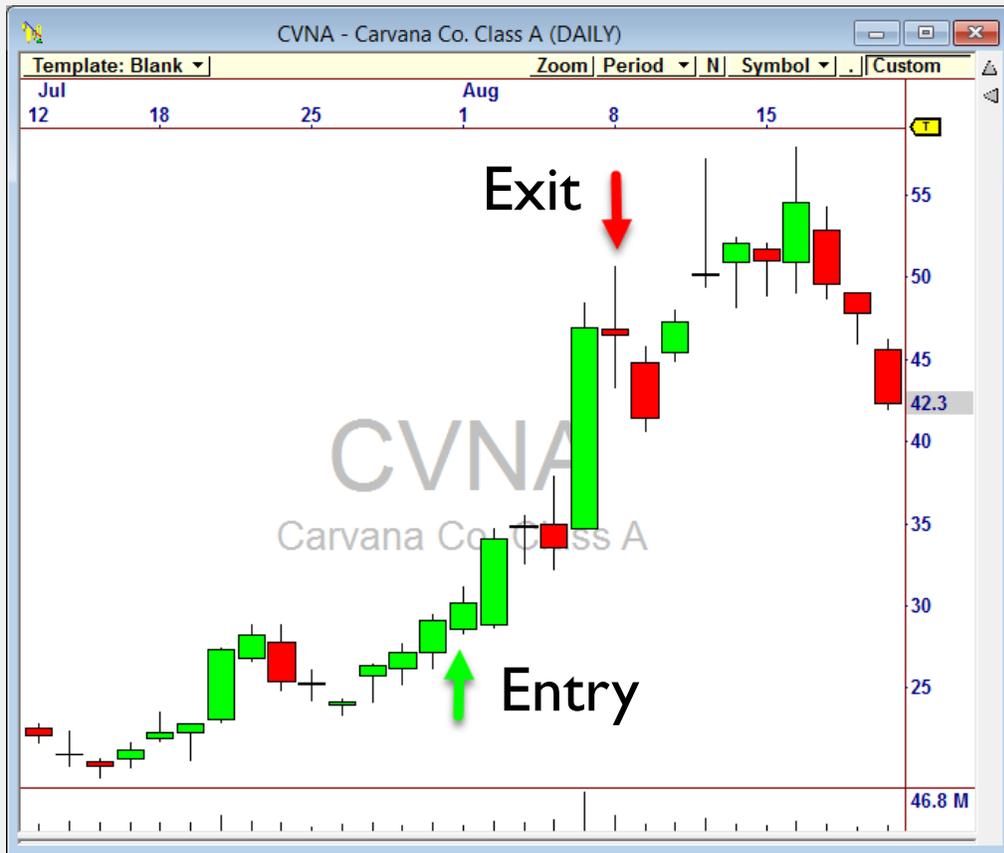


MARKET UP – BUY “LAUNCH STOCKS”

We Use a Special Scan to find Equities in the Russell 2000 that are in “Launch Mode”



EQUITY TRADE EXAMPLES



MARKET DOWN – BUY INVERSE ETFS



TRADE MANAGEMENT

We use Tight Stops and Tight Trailing Profit Stops to Keep Losses Low.

We are more interested in **Profits** than “Hit Rate”.



LARGE PROFITS. SMALL LOSSES.

Our Goal is to Preserve Profits and Cut Losses Short.

This trade record shows that Profitable Trades greatly outpace the Losing trades.

Entry Date	Symbol	MarketState	Strategy	Qty	Entry Price	Exit Date	Exit Price	G/L(\$)	G/L(%)
7/25/2022	NFLX	Resilient_Stocks	Resilient	72.00	\$221.31	7/29/2022	\$224.90	\$256.48	1.61%
7/25/2022	ON	Resilient_Stocks	Resilient	270.00	\$59.17	7/29/2022	\$66.78	\$2,052.70	12.85%
7/25/2022	MRVL	R				2022	\$55.68	\$1,262.80	7.89%
7/25/2022	PYPL	R				2022	\$86.53	\$1,116.96	7.01%
7/25/2022	AMAT	R				2022	\$105.98	\$867.73	5.43%
8/1/2022	VRT	R				022	\$12.83	\$2,436.40	14.24%
8/1/2022	CVNA	R				022	\$46.98	\$11,043.56	64.60%
8/1/2022	AMD	R				022	\$102.31	\$1,200.88	7.02%
8/1/2022	XRX	R				022	\$17.56	\$634.30	3.71%
8/1/2022	JCI	R				022	\$55.10	\$551.60	3.23%
8/8/2022	ALNY	R				2022	\$233.85	\$1,651.54	8.22%
8/8/2022	PTON	R				2022	\$13.53	\$2,722.80	13.40%
8/8/2022	W	R				2022	\$68.62	\$1,339.90	6.61%
8/8/2022	DDOG	R				2022	\$115.72	\$432.97	2.14%
8/8/2022	RCL	R				2022	\$42.37	\$961.84	4.74%
8/15/2022	NLSN	R				2022	\$27.65	\$748.88	0.69%
8/23/2022	DOG	Ir				2022	\$33.37	\$-215.84	-0.99%
8/23/2022	SEF	Ir				2022	\$12.65	\$-241.40	-1.10%
8/23/2022	SH	Ir				2022	\$14.89	\$-248.33	-1.14%
8/23/2022	RWM	Ir				2022	\$22.54	\$-438.54	-2.01%
8/23/2022	PSQ	Ir				2022	\$12.53	\$-446.60	-2.04%
8/26/2022	DUST	InverseETFs	IC Bear Market C	1,201.00	\$22.43	9/6/2022	\$27.25	\$5,786.82	21.48%
8/26/2022	IDST	InverseETFs	IC Bear Market C	1,201.00	\$16.02	9/6/2022	\$16.02	\$6,849.00	25.44%

THE OVERNIGHT HEDGE

UPSIDE HEDGE

In a Bearish Market State:

A Special Hedge System watches the Nasdaq Futures Contract (NQ) at night for any sudden, strong breakouts to the upside, and Buys Futures if the breakout occurs.

A Trailing Stop takes profits on the Futures.



DOWNSIDE HEDGE

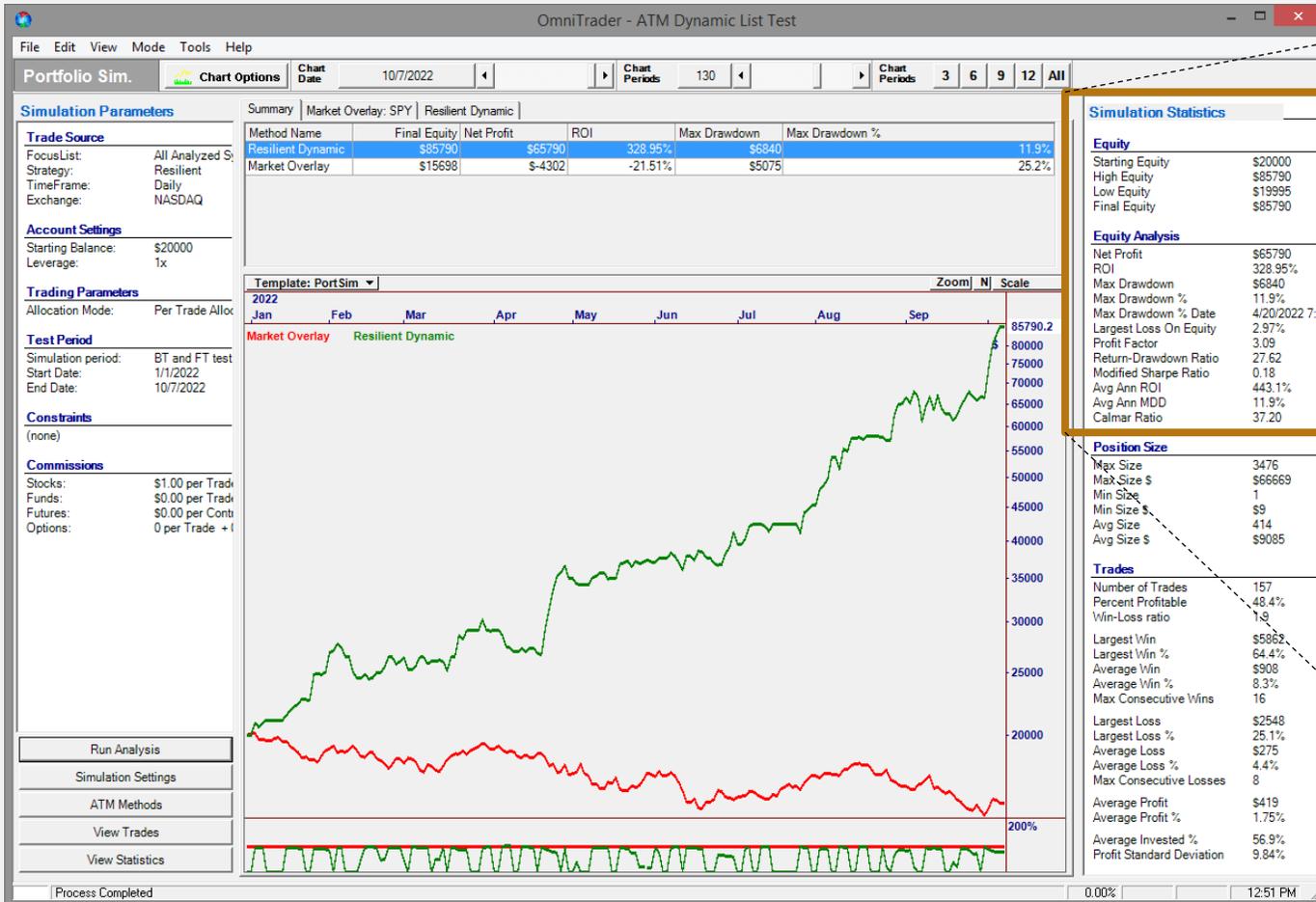
In a Bullish Market State,

The same System watches for any sudden, strong breakouts to the downside, and Sells Futures if the breakout occurs.

A Trailing Stop takes profits on the Futures.



UN-HEDGED PERFORMANCE AT LAUNCH



Simulation Statistics

Equity

Starting Equity	\$20000
High Equity	\$85790
Low Equity	\$19995
Final Equity	\$85790

Equity Analysis

Net Profit	\$65790
ROI	328.95%
Max Drawdown	\$6840
Max Drawdown %	11.9%
Max Drawdown % Date	4/20/2022 7:
Largest Loss On Equity	2.97%
Profit Factor	3.09
Return-Drawdown Ratio	27.62
Modified Sharpe Ratio	0.18
Avg Ann ROI	443.1%
Avg Ann MDD	11.9%
Calmar Ratio	37.20

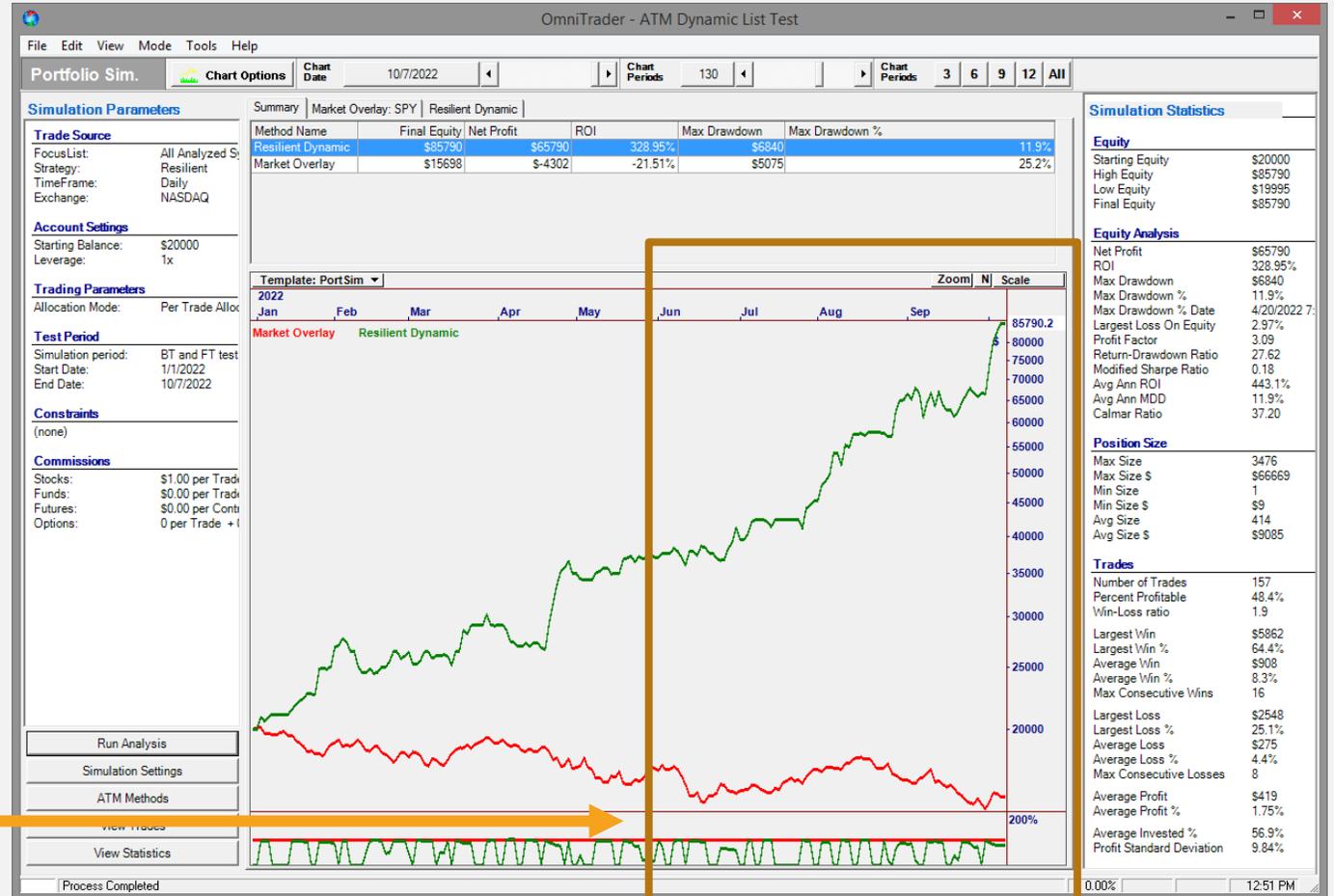
October 10, 2022

MEASURING THE HEDGE

Hedging Adds Considerable Return – and Safety – to the Non-Hedged Results.

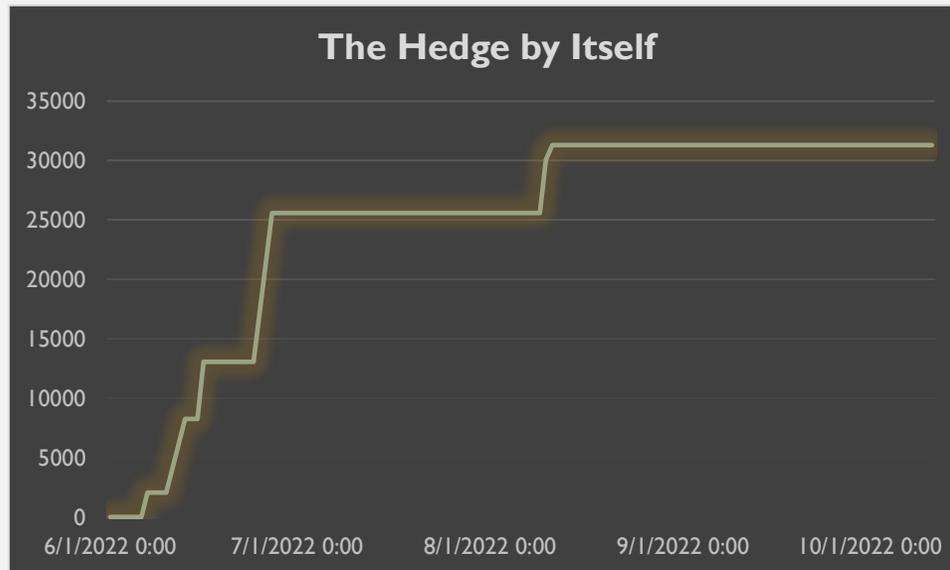
Since The Hedge runs in Real Time, we have to “sew” the End-of-Day Equities curve to the Real Time Hedge Curve.

Review 4 Months

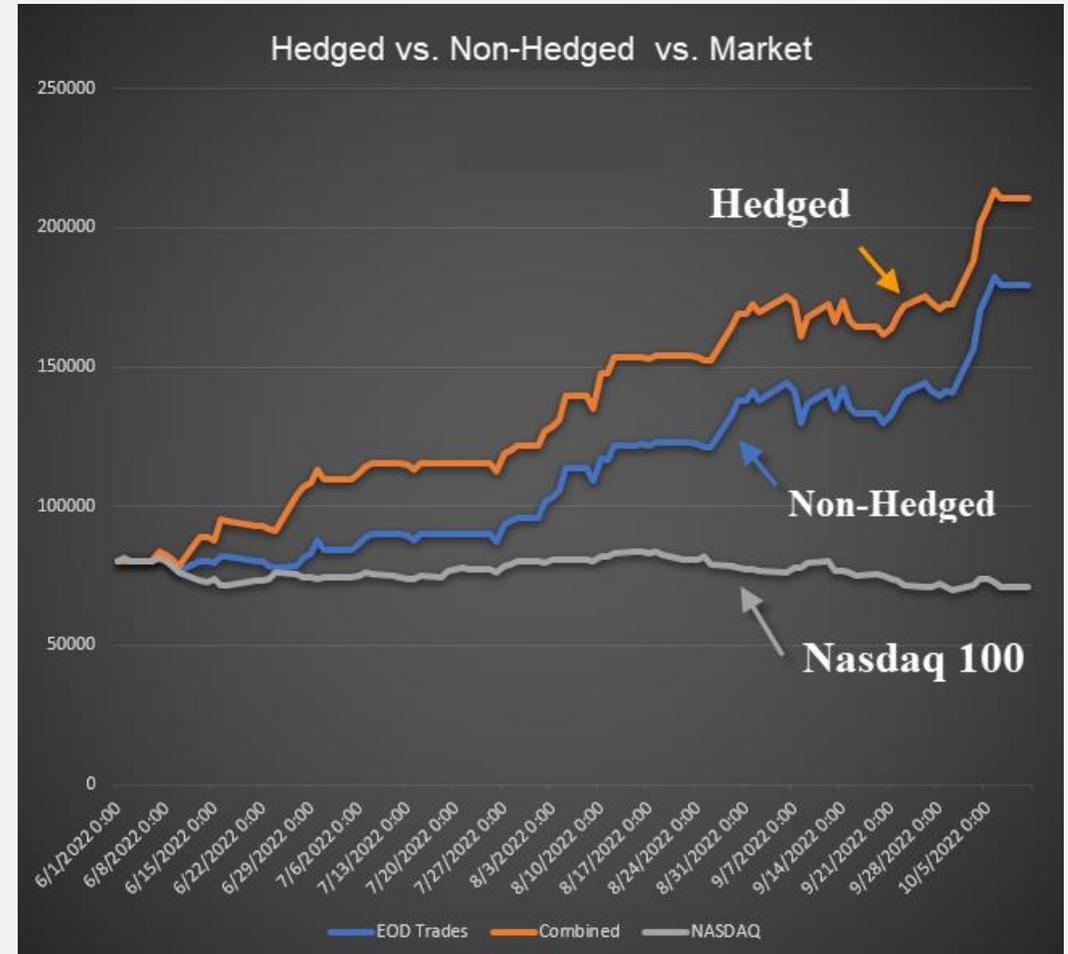


HEDGED VS. NON-HEDGED VS. MARKET

The Hedge increased the returns by 15% to 20% and provided protection for sudden moves overnight.



Spreadsheet Graphs



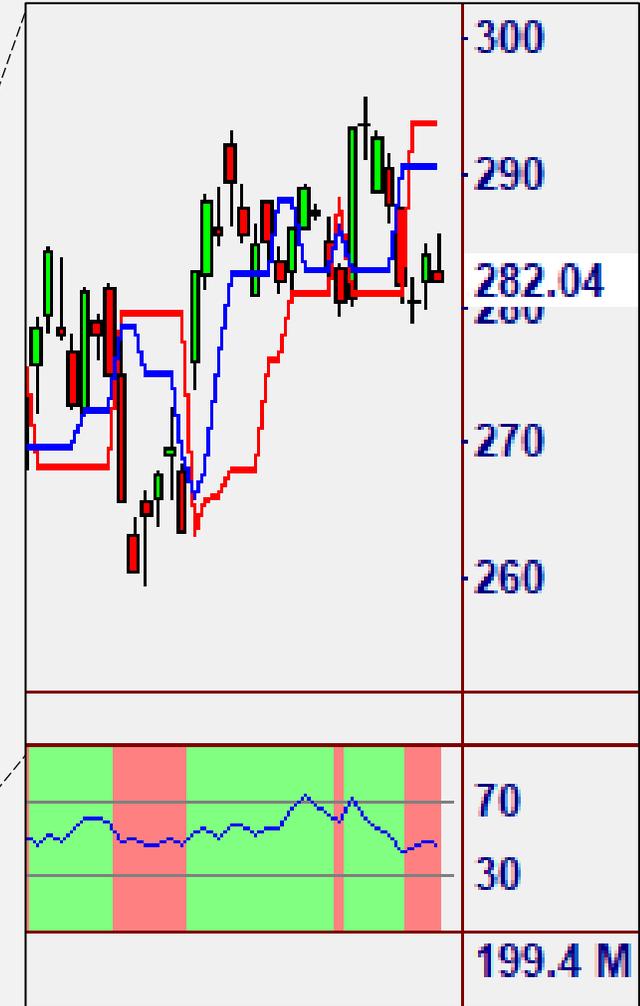
June 2022 – September 2022

NEW: INTRADAY HEDGE

RECENT MARKET

The Market has been choppy since October.

While performance has still been good, we discovered some even more powerful techniques that we have incorporated into **Dynamic Equities**.



A 5-DAY STUDY

Let's look at the Market last week, December 5-9.

Dec. 5-6 "Bullish"
(since Blue > Red)

Dec. 7-9 "Bearish"
(since Red > Blue)



From Dec 5-9 we had 2 Bull State Days followed by 3 Bear State Days.

INTRADAY HEDGE TRADES ON MNQ

We designed an Intraday MNQ Hedge Strategy that trades in the opposite direction of the Current Market State.

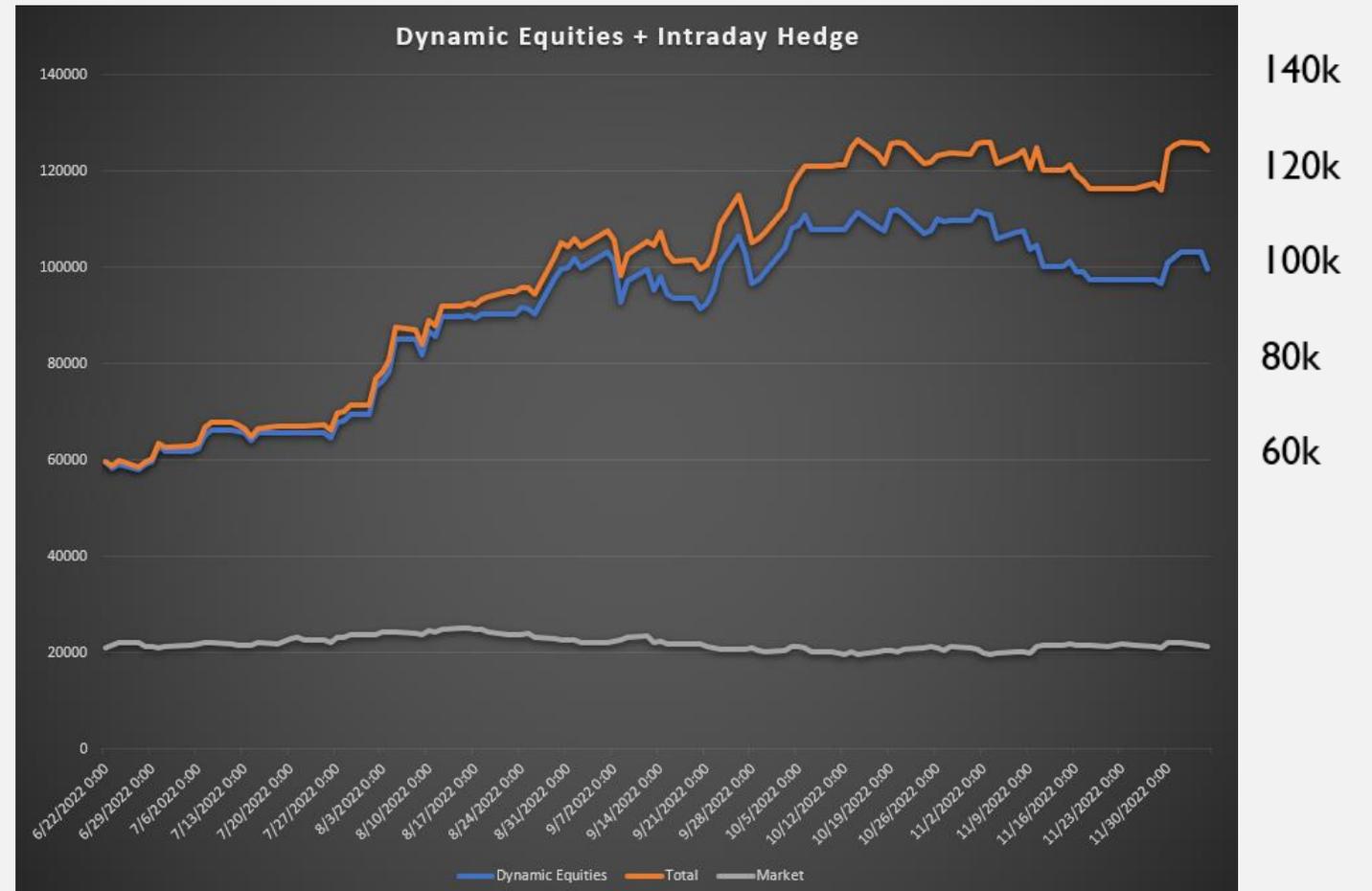
This is how the Intraday Hedge can reduce losses on End-of-Day Positions.



Nasdaq Micro Futures (MNQ) – 5 Minute Chart

INTRADAY HEDGE IMPROVEMENT

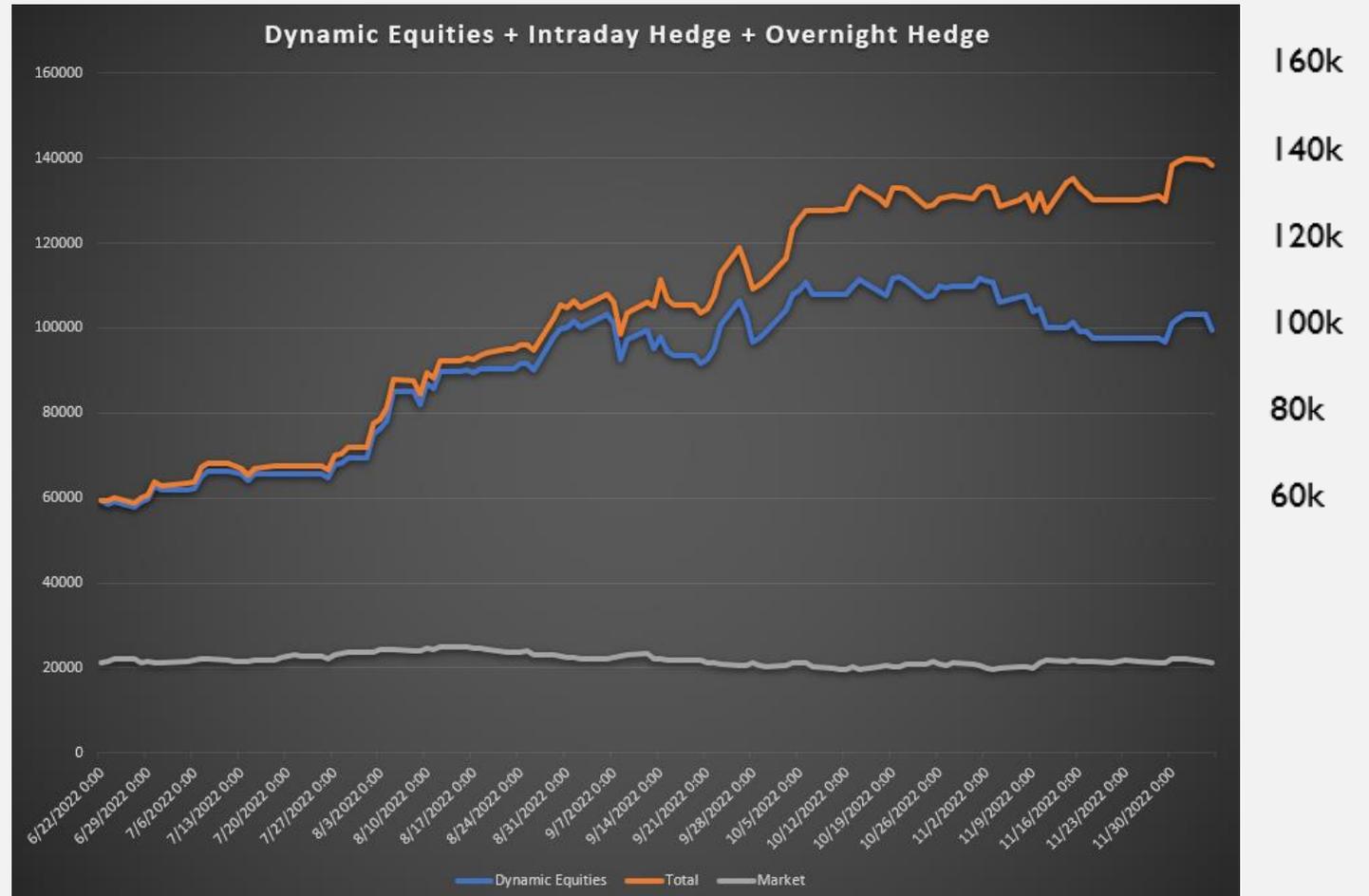
Applying the Intraday Hedge since June resulted in a \$25k Increase in final equity!



OVERNIGHT + INTRADAY HEDGES

Applying BOTH Hedges resulted in a \$40k increase in final equity over the same 6 months.

The Intraday Hedge is being added to Dynamic Equities this week.



THE “LAST LINE OF DEFENSE”

COMPUTERS CAN'T SEE EVERYTHING.

Nov 9: We were in a **Bearish State**, and had orders in at the Close to buy 5 Inverse ETFs.

Nov 10: In the Pre-Market, the CPI report was **VERY BULLISH**.

We manually intervened and stopped the Strategy from buying the Inverse ETFs.



Cancelling Pending Orders following a Pre-Open Check of Market Conditions

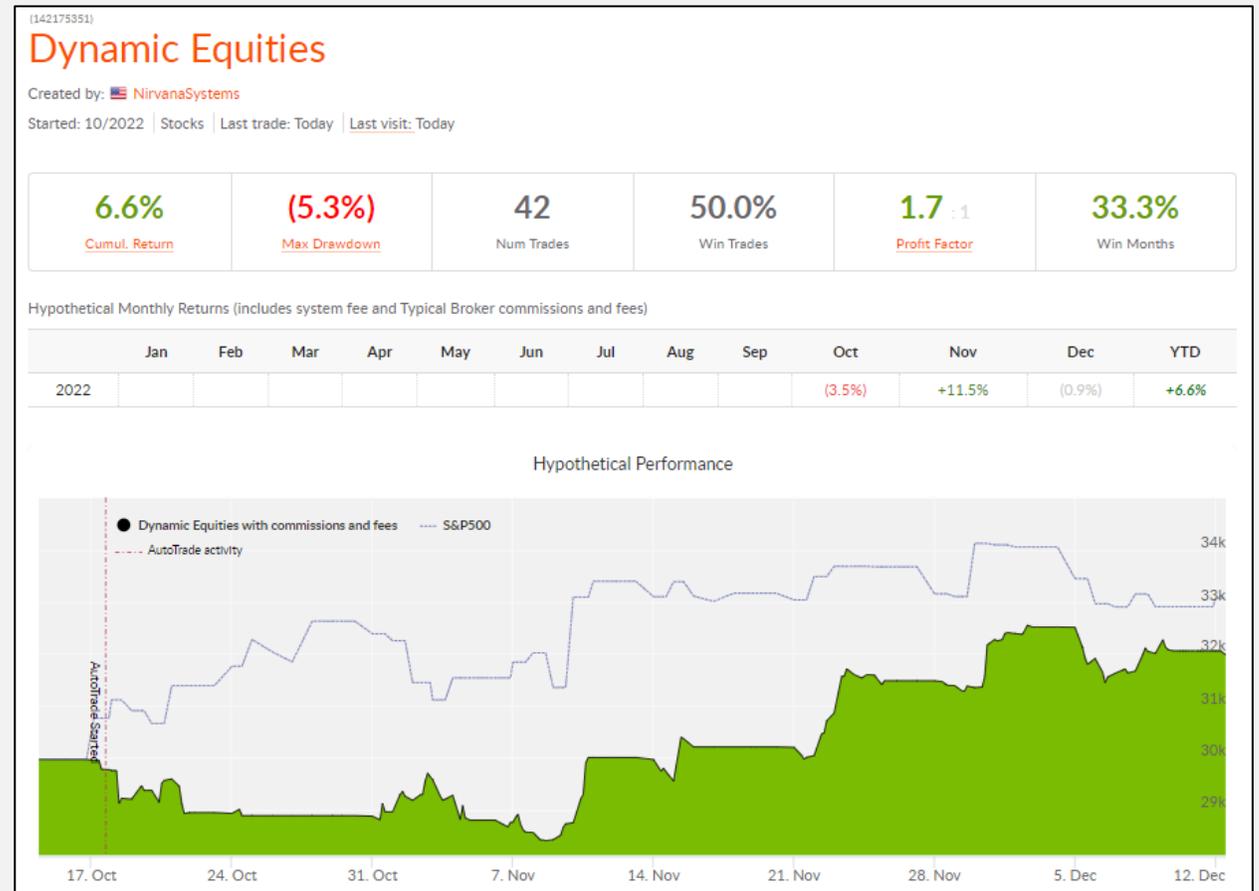
DYNAMIC EQUITIES IS FULLY AUTOMATIC.

No Computer Needed!

COLLECTIVE 2

We trade the Strategy directly into Collective2.com.

This makes it easy to automate trading of Dynamic Equities in your Interactive Brokers account (or with another supported broker).

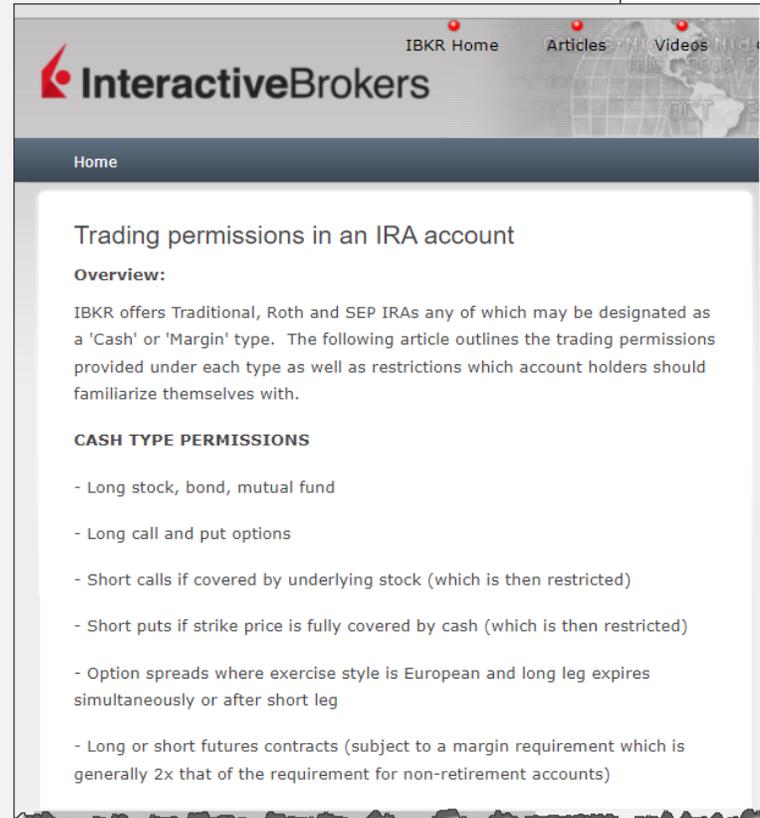


OUR TEAM WILL HELP YOU.

We provide a **Getting Started Guide** that shows how to hook C2 up to your broker account..

We also provide information on enabling Futures trades in an Individual Retirement Account (IRA).

And – we are here to answer your questions!



InteractiveBrokers

Home

Trading permissions in an IRA account

Overview:

IBKR offers Traditional, Roth and SEP IRAs any of which may be designated as a 'Cash' or 'Margin' type. The following article outlines the trading permissions provided under each type as well as restrictions which account holders should familiarize themselves with.

CASH TYPE PERMISSIONS

- Long stock, bond, mutual fund
- Long call and put options
- Short calls if covered by underlying stock (which is then restricted)
- Short puts if strike price is fully covered by cash (which is then restricted)
- Option spreads where exercise style is European and long leg expires simultaneously or after short leg
- Long or short futures contracts (subject to a margin requirement which is generally 2x that of the requirement for non-retirement accounts)

Getting Started

Version 2 - 10/19/22

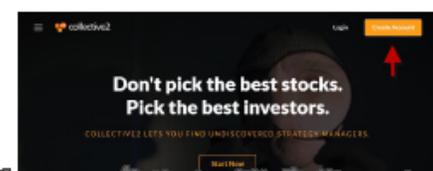
Dynamic Equities! Part 1 of this document will show you how to configure an active 2 to auto-trade Dynamic Equities into a live brokerage account. Part 2 is permissions in an Interactive Brokers account to trade Dynamic Equities.

Part 1: Auto-Trading Dynamic Equities through Collective 2

Now, Collective 2 is the only company that allows traders (which they call "Trade Mit trades on stocks, futures, and options into a server, so they can be individual client accounts. C2 has been in business over 20 years and has a good accurate delivery of trades to investor accounts.

Establishing an Account at Collective 2

Go to www.collective2.com and click Create Account



REAL RESULTS

ED'S IRA ACCOUNT

In the past month, Ed's account has risen over 6% (up 4% since starting to trade Dynamic Equities).

Note: The account was not properly configured to trade futures at the start, so the first overnight hedges were not taken, resulting in lower returns. This has since been corrected.



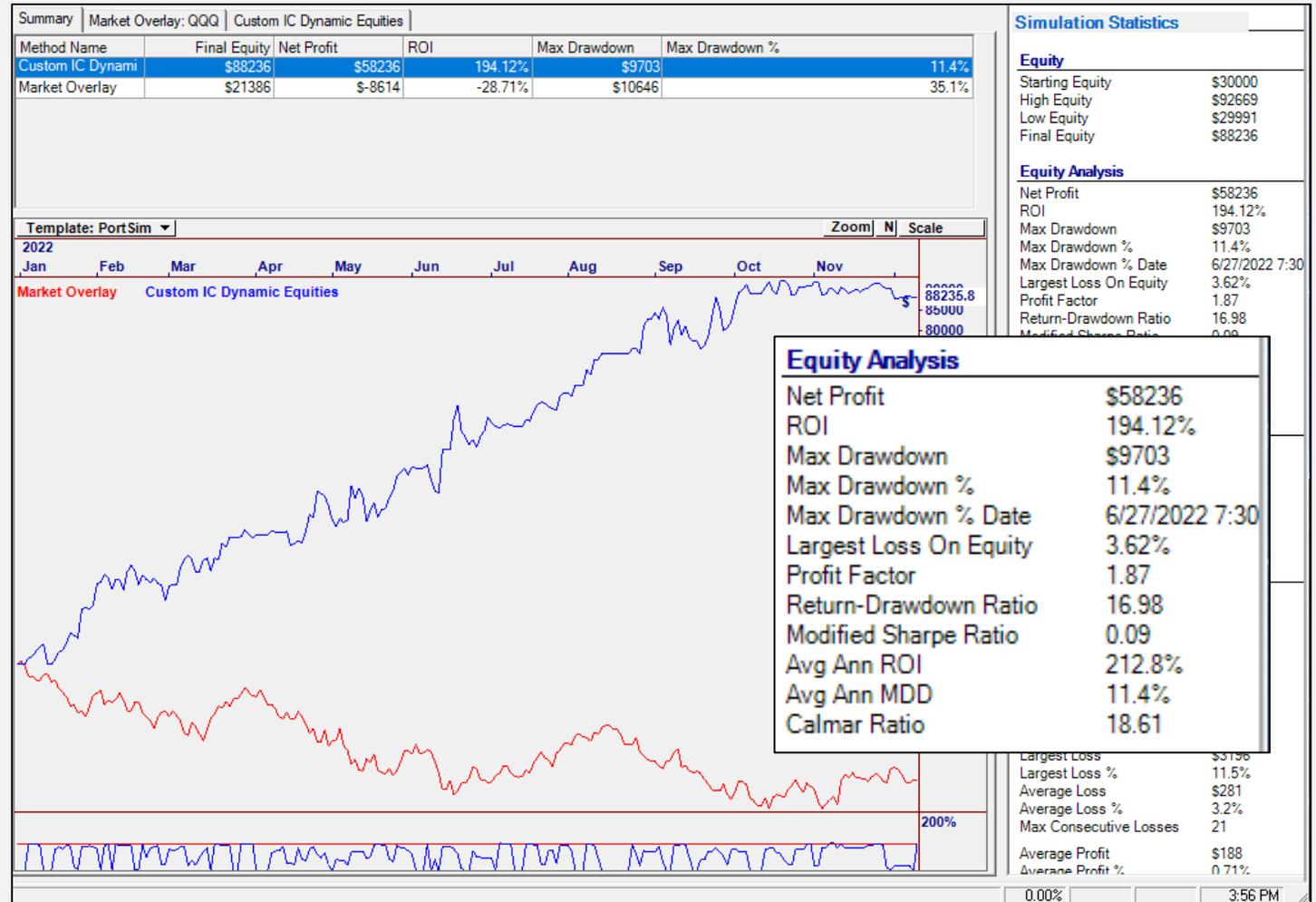
**COMMITTED TO CONTINUOUS
IMPROVEMENT**

A NEW TRADE PLAN!

At the end of last week, Jeff improved the D.E. Trade Plan to get the results shown here.*

These changes are being merged into Dynamic Equities along with the Intraday Hedge.

* Equity Curve does not show the added effect of hedging.



GET READY FOR 2023!

Dynamic Equities

Adapts to the
Current Market

Trades Long Only

NOW Hedges
Against Market
Risk **24 hours**

We Monitor
the Trades

The screenshot shows the Nirvana Systems website. At the top left is the logo with a blue triangle and the text "NirvanaSystems". To the right is the tagline "YOUR PATH TO TRADING SUCCESS STARTS HERE". Below this is a navigation bar with links for Home, STORE, TRADING TECH, INVESTING TECH, RECENT VIDEOS, TRAINING, and ABOUT US, along with social media icons for YouTube, Facebook, and Twitter. The main banner features a family walking on a beach with the text "Dynamic Equities" in large blue letters and "Adapt. Trade. Hedge. Repeat." in yellow below it. A dark blue bar below the banner contains the text "Growing Wealth No Matter What the Market is Doing." The content area below has a white background. On the left is a portrait of Ed Downs, a man in a blue shirt and tie, with his name "Ed Downs" below it. To the right of the portrait is the heading "The 'Every Man' Strategy is Here!" followed by a paragraph: "Greetings... This year - 2022 - has provided both the necessity AND the inspiration for a whole new kind of investment product. Because it trades equities and continuously adapts to changing markets, we call it *Dynamic Equities*." Below this is another paragraph: "It's not software or a Strategy that you run on your computer, though. Because of its sophisticated Hedge feature, we run it for you - all you do is attach it to your account. It's truly unprecedented, and I can't wait to show it to you!" Below the text is the heading "This Powerful NEW Equities Strategy" followed by a bulleted list: "• Has made 400%+ so far in 2022 - With just a 10% Max Draw Down.", "• Uses a Double Hedge - *Perfect for This or Any Market*.", "• Does NOT go Short - *Perfect for Retirement Accounts*.", and "• 100% Automated on our Servers - *Perfect for Everyone*."

<https://www.nirvanasystems.com/DE>



LICENSING DYNAMIC EQUITIES

A One-Time License to Dynamic
Equities is now priced at \$5,000.

Holiday Special:

Just \$2,995

Through Friday, 12/16

Seats are limited.

Use code "hedge" at checkout

www.nirvanasystems.com/DE/



THANK YOU

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