

TRADING FUTURES WITH THE GLOBAL FUTURES SYSTEM

"The best system in my 30 years of trading and the only one I use for day trading"
BA, Escondido, CA

Dear Fellow Trader,

Re: A.T.S. Global Trading System 2004 Upgrade

I must state unequivocally that this is my last final system upgrade. Period. I just turned 74 and I feel it is time to slow down after starting my career in a bank in Europe in 1953, almost 51 years ago.

Quite frankly in January 2003 when I finished the upgrade to the E-Mini Trading system, I thought it would not be necessary to write another upgrade. But recently I felt that while the stock market is practically unchanged in the last few months and the E-mini contracts suffer from narrower intraday ranges, the fact is that most futures contracts have been experiencing important moves. This trend is likely to remain unabated for a few years as the world digests deep imbalances that will prevail for some time.

For this reason, I felt that many traders would like to be aware of what I propose for trading futures. It is true that in 1998 I published the A.T.S. Global Trading manual for the first time, but I never considered that an upgrade would be necessary. However, the explosive moves that we are watching nowadays led me to update that system, which is used for any liquid futures contracts. Quite frankly, its concept is so universal that it can also be used for trading stocks (which are not covered in the manual), although there is a revealing chart for Broadcom (BRCM) to support the idea that the BBC pattern also works with stocks.

This Is The System

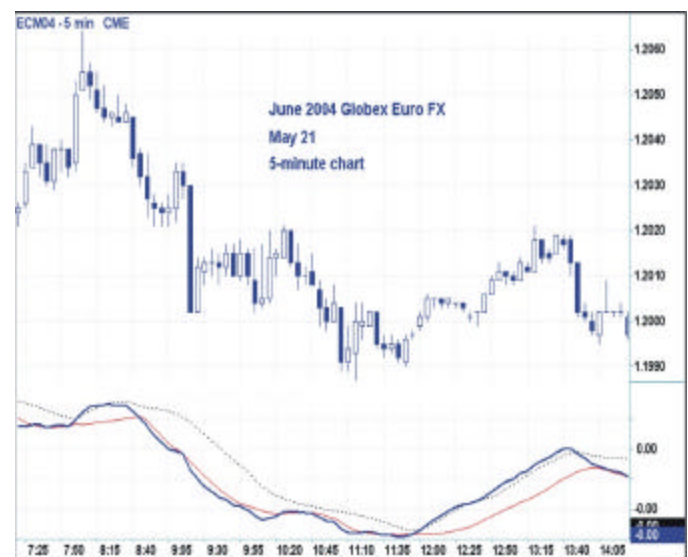
We believe in the power of the trend and there is nothing original in this statement, as every trader is aware. Actually we just follow Jesse Livermore's (the most famous trader ever) opinion when he said, "Successful traders follow the line of least resistance. Follow the trend. The trend is your friend".

Our system was conceived with the idea of identifying a new trend. We reasoned that when a given trend is becoming exhausted a trend reversal might be approaching. And if we could jump on the new trend as soon as it can be identified, we might be able to benefit from a longer portion of that new trend, thus fostering our potential for profit. Better yet, by getting into a new

trend early we may work with tighter stops. So if a new trend aborts, and at times it will, we will be protected by our initial stop. This stop is correlated to the initial margin required because the exchanges know more about risk than individual traders. Equally important, the stop placement is a function of recent volatility and is placed accordingly using a very simple and intuitive rule. The system can be traded with \$5,000 if the trader has the discipline and the mental fortitude necessary for making decisions and controlling risk. Due to simple money management principles it requires modest stops, thus reducing, but not eliminating, risk.

Our Indicators

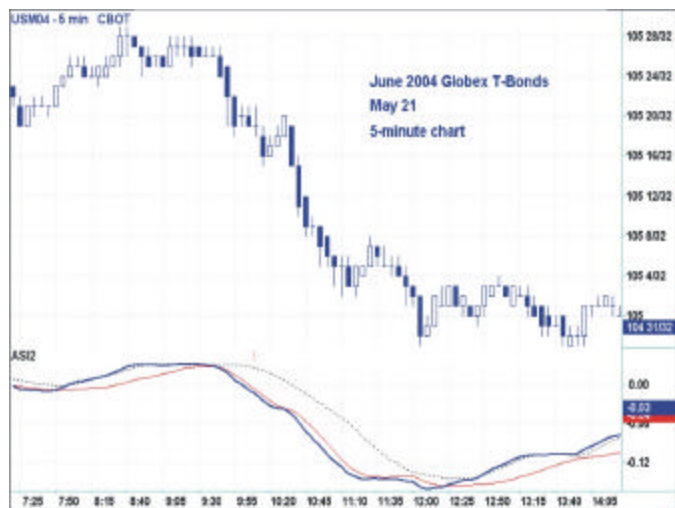
Since we want to trade with the wind on our back, we start by identifying the main trend, according to our interpretation. If we are position-trading that trend may be different from intraday trading. This difference is important because we don't fight the trend since, as Jesse Livermore said, "The trend is your friend".



Next we use an indicator that will alert us to a trend reversal. Here again the parameters will be different if we want to day-trade or if we elect to position-trade. It makes sense because an oil tanker takes longer to make a 90 degree turn than a speedboat. The indicator will show the trend reversal timely most of the times. But nothing works all the time, so at times we may miss the boat or exit too early. Incidentally, this indicator will be

provided free of charge as an ELA file to TradeStation users but traders using other charting packages will follow the instructions on the manual for setting up this easy, effective indicator.

Finally, we want to increase the probability of a successful trade and this implies identifying the new trend. So in order to assure that the new trend has a higher probability of following through we use a channel, and per our Trading Rule, we require that the close must be within that channel. This will confirm the reversal indicator alert, thus enabling the trader to place a trade at the market.



It is worth noting that the same analysis that led us to define this channel is also the very same one that helped us to identify the stop placement. We looked for the patterns that are normally associated with reversals, the area where the fight between bulls and bears shifts to the winning group. Based on this analysis we were able to limit an area with the highest probability of a trend reversal and place the stop at a close distance from the chart area.

The result is that our stops are normally relatively small even in large contracts. For instance in the Euro FX, a contract worth around \$150,000 in late May, the intraday stop has a maximum value of \$250.00. The same happens with the T-Bonds contract where the maximum stop is eight ticks or \$250.00. And in commodities like Corn, the position contract that we recommend has a maximum stop of \$270.00 while it is nowadays \$675.00 for Gold as well as Soybeans. For position trading T-Bonds or the Euro FX the maximum stop size will be \$1,000.

The Trading Setup

All these indicators are permanently displayed in our trading setup in order to expedite the chart analysis. Even better, we encourage day traders to look for the same chart in a longer time frame so that they may

evaluate if the trends match: it would increase the risk potential if we were trading against the trend in a larger time frame. Of course we can do it but then we must realize that this may lead to smaller moves and more frequent profit taking (assuming the stop was not hit). Our basic setup and the Trading Rule remain unchanged for any contract that is traded intraday; likewise for position trades the setup and the Trading Rule are always the same no matter what contract we trade. Thus the main adjustment will be the stop that is defined as percentage of the initial margin. This way we trade each contract with a steady analytical approach, which simplifies the application of the same rule to contracts as different as Wheat and Crude Oil, or as Live Hogs or Swiss Francs.

One Single Trading Rule

There is only one Trading Rule. Logically it states what to do to enter a trade – always at the market - in the direction of the main trend as we define it, and where to place the stop. However, aggressive traders may also want to trade countertrends and they just need to reverse our Trading Rule.

But our manual also shows that no matter how tempting the countertrends may be, trading in the direction of the main trend pays off, although small trend reversals will be missed while the main trend develops. Of course the exception is when the countertrend becomes the new trend, a fact that we also cover in our manual.



What Our System Is Not

Because it is a reversal system we will never be able to buy the bottom or sell the top, as so many promotions of trading systems proclaim. Usually, we need three, maybe four bars before we may be able to identify a tradable reversal with acceptable probability of going through. It is not a black box costing several thousand dollars that was curve fitted back several years and for that reason may be biased to a type of market. It is not a system you can trade in five minutes per day or while you are fishing or boating.

And it doesn't show back testing because it is not a mechanical system since the trader makes the decisions, not the computer.

A Straight-forward Approach

Unlike the promotions we all receive, we do not proclaim gigantic profits in a couple of specially selected trades a few years ago. We didn't pick the best charts but rather used contracts from March to August 2004, as the manual was written. This way the more than? 130 charts included were picked for their educational value, not their marketing sizzle. Actually to provide better understanding of our setup, we also include at the end of the manual an Appendix with 18 pages and 36 charts all for the above contracts as of May 14, 2004. That was the date when we finished the manual. And the four charts included in this flyer were selected from that Appendix, although for obvious reasons they are less educational than the charts in the manual.



Fully disclosed

The system is fully disclosed and the trader may discard the manual once the trader starts trading. Contrast this with the expensive black boxes that cost several thousand dollars and do not educate the trader. Those systems may provide back testing for the last six or eight years. But let us be serious: can we compare what the market was doing in 1995 with the market in 2000 or 2004?

Why The System Isn't Mechanical

More than 30 years ago I read the following story in the Reader's Digest: A mathematician at the University of Delft in the Netherlands submitted this question to his mainframe: "I can select from two watches, one that does not work and a second one that becomes slow one second every day; which one should I choose?" In impeccable computer logic the answer did not leave any margin for doubt: "Choose the one that is standing still

because it will be right twice a day while the other one will take 80 years to show the correct time again."

My point is that with today's tools available at very reasonable prices, the human brain can do a better job than a computer. But we will admit that the mechanical systems are good for the traders who do not want to take responsibility for their mistakes and prefer to place the blame on the mechanical system.

Risk Management And Profit Control

We also expanded our chapter on Risk and Profit Control and analyzed different techniques for exiting profitable trades, certainly the more difficult decision in closing a trade (unless the protective stops are hit and the market made the decision on our behalf). This chapter has been especially well received by traders who bought our E-Mini Day Trading system.

We contend that the best system represents probably 20%, maybe 30%, of what it takes to become a successful trader. The balance of 80%, or maybe "just" 70%, is a function of what a trader has between his or her ears. By this we mean the mental discipline and the risk sensitivity required by this type of trading.

An Unusual Money-Back Guarantee

We are so confident of this system's potential that we are repeating the unusual money-back guarantee that we have been offering since we started publishing. If you did not make FIVE TIMES the cost of this system trading daily for 90 days, send the charts' printouts showing that the system was applied correctly. If you did, then we will refund the price in full as long as the trader commits not use the system anymore or never divulge it.

Special Pre-Publication Pricing

We always offer special pre-publication pricing for a new system and our clients will receive a 50% discount any time they order. So the regular price of \$950.00 is temporarily reduced to \$750.00 and clients can buy the system for \$375.00 (\$475.00 once the pre-publication promotion ends). The manual will be ready in 10 days and we will not charge your credit card until the manual is ready for shipping.

If you need additional information, please email lalvim@alphafin.com or call 281 759 9925.

May you enjoy very good trading results.

Sincerely,

Luiz V. Alvim

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Futures trading has the potential for substantial losses. Do not risk money that you cannot afford to lose.

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Check here to also buy the E-Mini DayTrading System for \$750.00 (\$375.00 if also buying the GFS).

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I refer paying with a check for \$ _____ (Please make checks payable to Luiz V. Alvim).

MONEY-BACK GUARANTEE

I understand that if I do not make at least FIVE TIMES the cost of this system trading daily during the first 90 days, then I will receive a full refund if I send the printouts of the trades entered showing that I have applied the Rules correctively. I also commit not to use this system anymore, nor to divulge it ever.

I also understand that I may not return the manual nor request reimbursement for any other reason. I agree to keep the system, materials, and methodology confidential and I also commit to not disclose this information, nor any part thereof to anyone.

Signature _____ Date _____

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