



**Trading System Lab**

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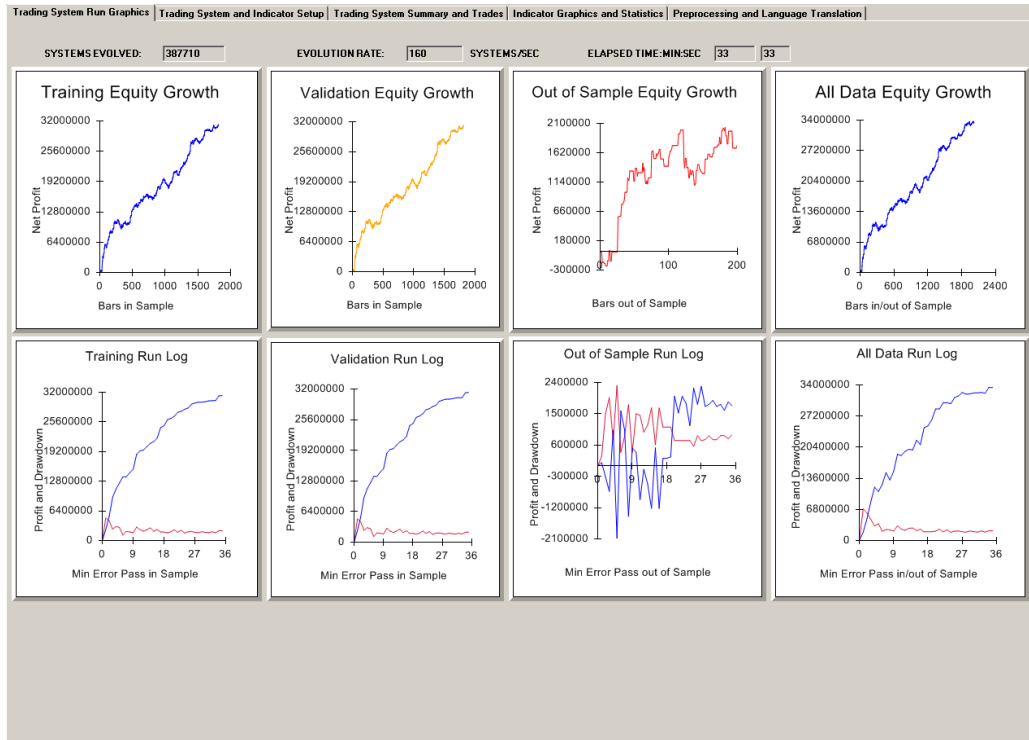
## **TSL TRADING SYSTEM DESCRIPTION FOREX TRADING SYSTEM**

This document covers all FOREX Trading Systems generated by TSL.

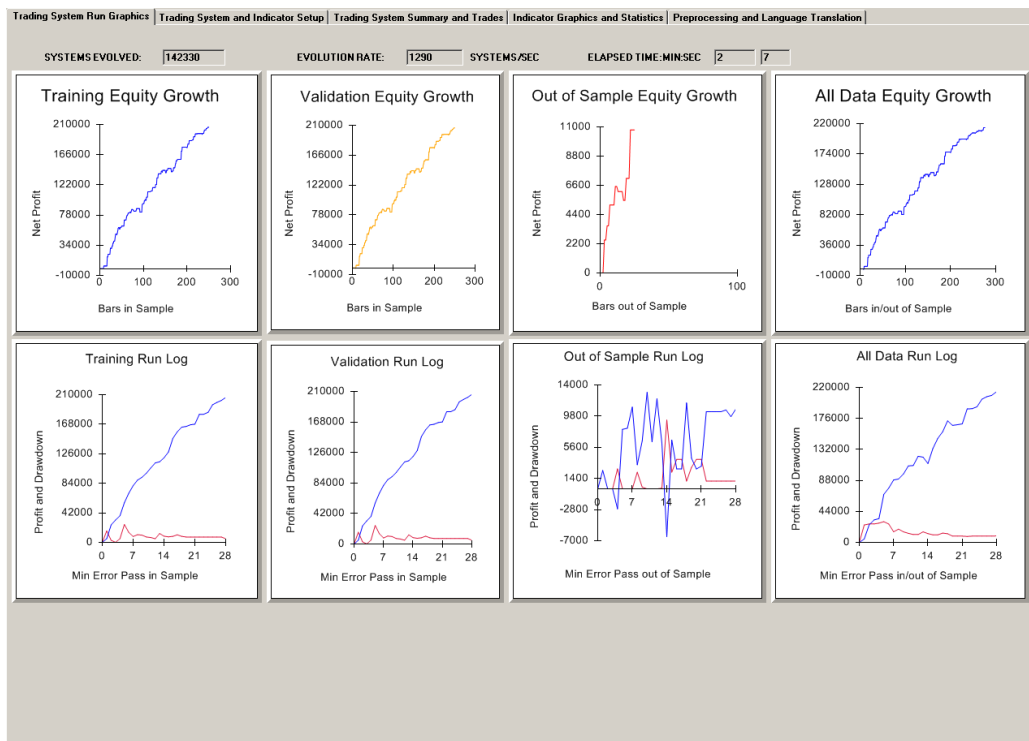
The TSL FOREX Trading System is a moderately active trading system specifically designed for the FOREX cross rate markets. These trading systems were designed and created by TSL's computer algorithm, directed by human input. The only human supplied elements were the data inputs and the general type of trading system entry signals employed, in this case, an intermediate term trading system. This system is available only for the TradeStation platform, however the trading signal market orders may be manually entered versus automatically.

The system enters and exits on the close of the current session. Since the FOREX markets are 24 hour markets, the actual order would be entered immediately upon signal receipt. The position is either reversed or stopped out. This system is a stop and reverse system. Please see the full TradeStation report for additional information. The system is rather simple using approximately 5 to 7 input variables, none of which have been optimized. These systems were evolved in as little as 3 minutes using TSL's high speed trading system generation platform. The prominence of the out of sample performance evident at the minimum error pass cycles is indicative that the evolutionary algorithm proceeded down a robust path. The forward was conducted on the latest 10% of the development data and the trade to parameter ratio ranges from approximately 30:1 to over 100:1. Trade to parameter ratios in excess of 100:1 with commensurate in sample and out of sample performance may be indicative that a curve fit trading system is unlikely to have evolved during the machine learning process. Due to reduced data available for weekly trading systems, lower trade to parameter ratios will occur. There is no slippage and commission (S&C) included in these results, however simply subtracting the assumed slippage and commission times the number of trades from the net profit will yield the after S&C results. Drawdown will increase after including an S&C value as well.

All data was taken from TradeStation due to the particular date/time stamp used for day rollovers within the TradeStation platform. Preprocessing was generally accomplished using daily data, or weekly data for some markets, the decision as to which time frame to use made based on out of sample performance observed during the evolutionary pass.



### TSL\_GBPJPY Evolutionary Path



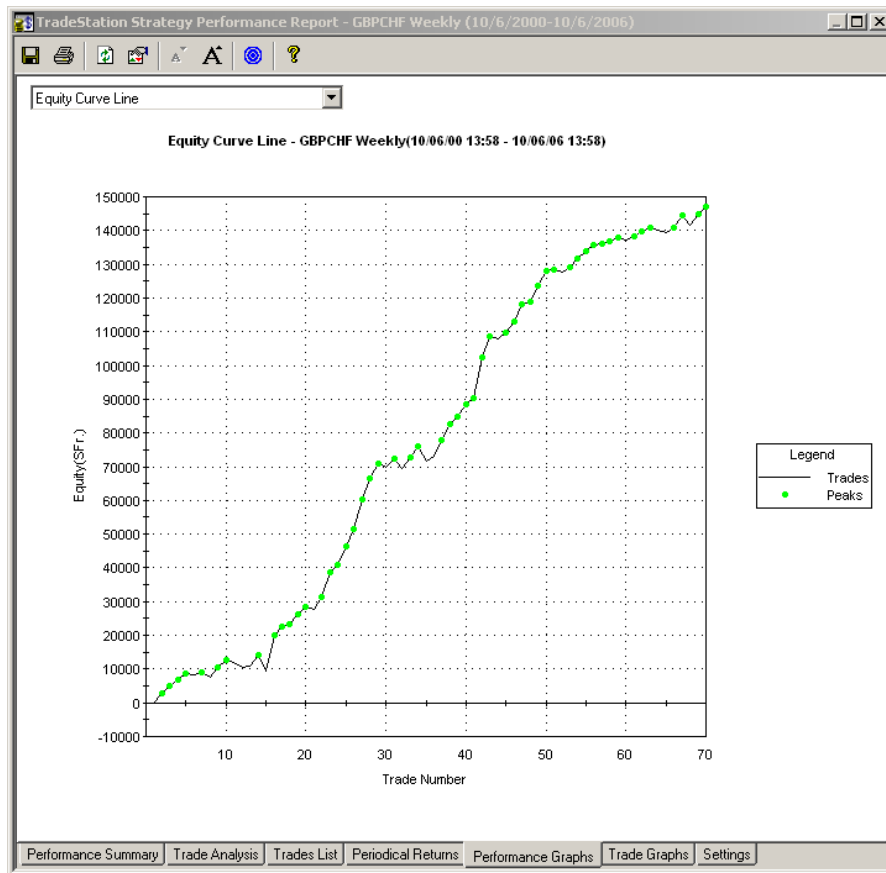
### TSL\_GPBCHF Evolutionary Path TSL\_FOREX Trading System Typical Evolutionary Paths

Note: Full report available at: [www.TradingSystemLab.com](http://www.TradingSystemLab.com)

## TSL FOREX TRADING SYSTEMS SYSTEM SPECIFICS

<b>Entry Type System:</b>	<b>Intermediate Term</b>
<b>Trade to Parameter Ratio:</b>	<b>30:1 to over 100:1</b>
<b>Protective Stops:</b>	<b>Fixed</b>
<b>Development Data Size:</b>	<b>Varies</b>
<b>Bar Interval:</b>	<b>Daily-Weekly</b>
<b>Hold Duration:</b>	<b>Short to Intermediate Term</b>
<b>TSL Data Set used:</b>	<b>Proprietary</b>
<b>TSL Fitness Function:</b>	<b>Proprietary</b>
<b>Out of Sample Period:</b>	<b>10% typical</b>
<b>Walk Forward Duration:</b>	<b>Varies</b>
<b>Machine Created on:</b>	<b>8/06</b>
<b>Example Orders:</b>	

**Example Entries: Go Long today on close-order set in 24 hour market**



## TSL\_GBPCHF Equity curve

TradeStation Strategy Performance Report - GBPCHF Weekly (10/6/2000-10/6/2006)

Display: Table View

**TradeStation Performance Summary** Expand

All Trades

Total Net Profit	SFr. 146'960.00	Profit Factor	7.02
Gross Profit	SFr. 171'380.00	Gross Loss	(SFr. 24'420.00)
Total Number of Trades	70	Percent Profitable	77.14%
Winning Trades	54	Losing Trades	16
Even Trades	0		
Avg. Trade Net Profit	SFr. 2'099.43	Ratio Avg. Win:Avg. Loss	2.08
Avg. Winning Trade	SFr. 3'173.70	Avg. Losing Trade	(SFr. 1'526.25)
Largest Winning Trade	SFr. 12'060.00	Largest Losing Trade	(SFr. 4'880.00)
Max. Consecutive Winning Trades	8	Max. Consecutive Losing Trades	2
Avg. Bars in Winning Trades	3.72	Avg. Bars in Losing Trades	6.00
Avg. Bars in Total Trades	4.24		
Max. Shares/Contracts Held	1	Account Size Required	SFr. 4'880.00
Return on Initial Capital	146.96%	Annual Rate of Return	18.65%
Return Retracement Ratio	0.41	RINA Index	80.20
Trading Period	4 Yrs, 10 Mths, 5 Dys	Percent of Time in the Market	90.12%
Max. Equity Run-up	n/a		
<b>Max. Drawdown (Intra-day Peak to Valley)</b>		<b>Max. Drawdown (Trade Close to Trade Close)</b>	
Value	(SFr. 11'730.00)	Value	(SFr. 4'880.00)
Net Profit as % of Drawdown	1252.86%	Net Profit as % of Drawdown	3011.48%
Max. Trade Drawdown	(SFr. 9'890.00)		
Total Net Profit	SFr. 75'290.00	Profit Factor	7.62

## TSL\_GBPCHF Summary Report

TradeStation Strategy Performance Report - GBPCHF Weekly (10/6/2000-10/6/2006)

Annual

**TradeStation Periodical Returns: Annual**

Mark-To-Market Period Analysis:	Period	Net Profit	% Gain	Profit Factor	# Trades	% Profitable
Last 12 month	SFr. 20'360.00	8.99%	5.06	20	75.00%	
1/1/2006	SFr. 11'210.00	4.76%	3.23	15	66.67%	
1/1/2005	SFr. 23'420.00	11.04%	5.63	14	78.57%	
1/1/2004	SFr. 44'540.00	26.57%	6.14	16	81.25%	
1/1/2003	SFr. 60'320.00	56.20%	101.53	15	93.33%	
1/1/2002	SFr. 7'330.00	7.33%	1.69	15	60.00%	
Mark-To-Market Rolling Period Analysis:	Period	Net Profit	% Gain	Profit Factor	# Trades	% Profitable
Today - 1/1/2006	SFr. 11'210.00	4.76%	3.23	15	66.67%	
1/1/2005 - 1/1/2006	SFr. 34'630.00	16.32%	4.44	28	75.00%	
1/1/2004 - 1/1/2006	SFr. 79'170.00	47.22%	6.17	43	76.74%	
1/1/2003 - 1/1/2006	SFr. 139'490.00	129.96%	9.77	57	80.70%	
1/1/2002 - 1/1/2006	SFr. 146'820.00	146.82%	6.98	71	76.06%	
1/1/2001 - 1/1/2006	SFr. 146'820.00	146.82%	6.98	71	76.06%	
1/1/2000 - 1/1/2006	SFr. 146'820.00	146.82%	6.98	71	76.06%	

Performance Summary | Trade Analysis | Trades List | Periodical Returns | Performance Graphs | Trade Graphs | Settings

## TSL\_GBPCHF Annual Report

**HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS ACHIEVED BY ANY PARTICULAR TRADING PROGRAM.**

**ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.**