



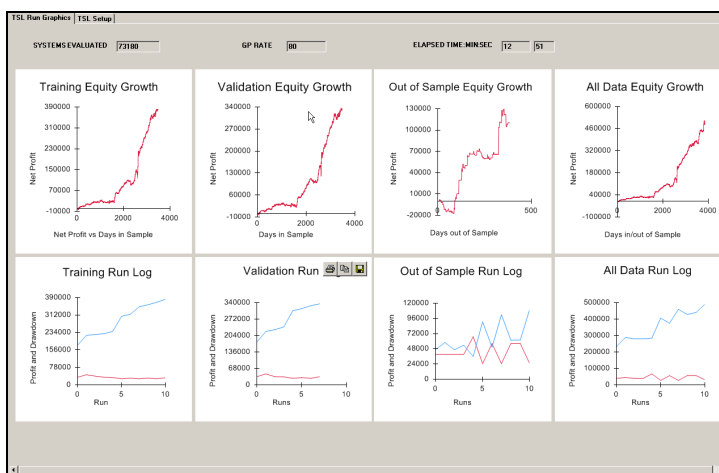
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TSL TRADING SYSTEM DESCRIPTION NATURAL GAS FUTURES TSL_NG_1.1

The TSL_NG_1.1 Trading System is an active overnight Trading System that trades the NATURAL GAS Futures contract. This trading system was 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, a short-term breakout type system. This system is available only for the TradeStation platform, however the trading signal market orders may be manually entered verses automatically.

This system is generally always in the market entering on tomorrows Regular Trading Hours (RTH) open. This system trades on daily bars. The following figure shows the evolutionary path this trading system took during its machine creation. All results do not include any slippage and commission. 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 walk is approximately 1.5 years in length and the trade to parameter ratio is approximately 190:1. 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.



TSL_NG_1.1. Typical Evolutionary Path

Note: Full report available at: www.TradingSystemLab.com

NATURAL GAS FUTURES TSL_NG_1.1 SYSTEM SPECIFICS

Entry Type System:	Short Term Breakout
Trade to Parameter Ratio:	Over 190:1
Protective Stops:	Adaptive Volatility
Development Data Size:	Approximately 15 years
Bar Interval:	Daily
Hold Duration:	Overnight
TSL Data Set used:	Proprietary
TSL Fitness Function:	Proprietary
Out of Sample Period:	10% typical
Walk Forward Duration:	Approximately 1.5 years
Machine Created on:	6/2006
Example Orders:	

Entry orders show up in print log
Exits show up in Trade Manager
Example Entries: Go Long tomorrow at open

TradeStation Performance Summary Expand ▾			
All Trades			
Total Net Profit	\$443,110.00	Profit Factor	1.62
Gross Profit	\$1,162,140.00	Gross Loss	(\$719,030.00)
Total Number of Trades	1152	Percent Profitable	63.37%
Winning Trades	730	Losing Trades	404
Even Trades	18		
Avg. Trade Net Profit	\$384.64	Ratio Avg. Win:Avg. Loss	0.89
Avg. Winning Trade	\$1,591.97	Avg. Losing Trade	(\$1,779.78)
Largest Winning Trade	\$28,090.00	Largest Losing Trade	(\$22,910.00)
Max. Consecutive Winning Trades	13	Max. Consecutive Losing Trades	6
Avg. Bars in Winning Trades	3.82	Avg. Bars in Losing Trades	5.74
Avg. Bars in Total Trades	4.47		
Max. Shares/Contracts Held	1	Account Size Required	\$35,410.00
Return on Initial Capital	443.11%	Annual Rate of Return	10.51%
Return Retracement Ratio	0.15	RINA Index	183.92
Trading Period	16 Yrs, 1 Mth, 6 Dys	Percent of Time in the Market	99.27%
Max. Equity Run-up	\$470,280.00		
Max. Drawdown (Intra-day Peak to Valley)		Max. Drawdown (Trade Close to Trade Close)	
Value	(\$44,810.00)	Value	(\$35,410.00)
Net Profit as % of Drawdown	988.86%	Net Profit as % of Drawdown	1251.37%
Max. Trade Drawdown	(\$25,300.00)		

TSL_NG_1.1. System Summary 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.