

PositionTrader

User Guide

Worldwide Technical Support and Product Information

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Introduction to PositionTrader

Welcome to Nirvana Systems' PositionTrader! This Users Guide is designed to help you get PositionTrader installed and registered as easily as possible. It also contains detailed information on the different components of PositionTrader.

PositionTrader is designed to identify stocks as they are being accumulated to find longer term trend trading opportunities. By detecting tell-tale patterns of accumulation, we are able to identify stocks that are gaining strength or showing continued strength in the current market.

After you have completed the installation and registration steps, you can learn about the PositionTrader Trading Strategies, Tradeplans, and OmniScans.

Installing PositionTrader

Follow these instructions to install PositionTrader:

1. PositionTrader can be installed at the following address:
<http://www.omnitrader.com/currentclients/downloads/item.asp?Prodcod=151>

Or

1. Insert the PositionTrader CD into the CD-ROM drive. The installation should begin automatically. If it does not, click **Start»Run** from the Windows Start menu.

Type **x:\setup.exe** (where *x* is the CD-ROM drive you are using) in the command line box and click **OK**.

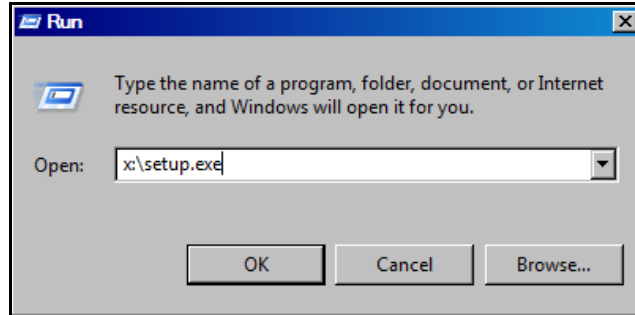


Figure 1-1. Run Dialog Box in Microsoft Windows

2. Follow the instructions that appear in the installation wizard dialog boxes.

Registering PositionTrader

Before you can use PositionTrader, you must register the software. In order to register, you will need your customer number and your CD-Key, which are supplied on the on the back of the PositionTrader CD case.

1. Double-click on the OmniTrader icon on your desktop to launch the program or select **Start»Programs»OmniTrader 201#»OmniTrader 201#**.
2. If the Product Registration dialog box does not appear, select **Help»Registration**.
3. Click **Get My CD Keys** button and your registration file will be updated automatically with your new PositionTrader CD key or enter the PositionTrader CD key provided on your invoice.

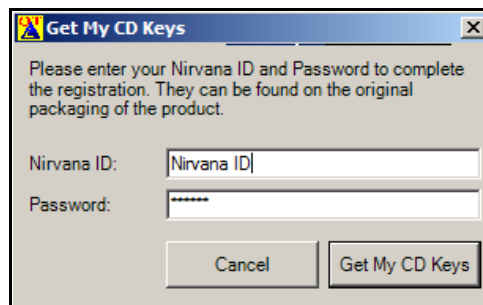


Figure 1-2. Product Registration Dialog Box

The PositionTrader Components

PositionTrader includes the following components:

PositionTrader Trading Strategies

- Position Basing
- Position Continuation

PositionTrader Trade Plans

- Position - Loose
- Position - Medium
- Position - Tight

PositionTrader OmniScans

- PositionTrader Basing
- PositionTrader Continuation

PositionTrader Trading Strategies

PositionTrader is based on the PositionTrader Donchain Breakout System (PT-DB) included with the plugin. The System is used to build two long-only mechanical Trading Strategies that help you find excellent position trading opportunities. These strategies are designed to be used alongside the PositionTrader Omniscans and Tradeplans.

Position Trader Donchian Breakout System

The PositionTrader Donchian Breakout System (PT-DB) generates signals when price breaks to the outside of the Donchian Channel. It was originally developed for our TurtleTrader Plugin which is also used to find longer term trending trades. The system has a single parameter:

Periods - Specifies the number of periods used to generate the Donchian Channel

PositionTrader Continuation Strategy

The PositionTrader Continuation Strategy is a mechanical strategy designed to find breakout trades in the direction of a well established trend. It is based on the PositionTrader Donchian Breakout System, with a Filter Block that is setup to identify the proper trend considerations.



Figure 2-1. PositionTrader Continuation Strategy fires breakout signals in-line with well established trend

By default, the PositionTrader Continuation uses the Position-Medium Trade Plan though any of the three PositionTrader Trade Plans can be used, based on the risk and reward objectives of the trader. For more information on this, refer to Chapter 3: Trade Plans.

PositionTrader Basing Strategy

The PositionTrader Basing Strategy is a mechanical strategy designed to find breakout trades after a period of strong accumulation has occurred. It is also based on the PositionTrader Donchian Breakout System, but in this Strategy, the Filter Block ensures the stock has not moved too far from the base.



Figure 2-2. PositionTrader Basing Strategy fires a Long signal on Cracker Barrel as the stock begins to trend after a strong basing pattern

By default, the PositionTrader Basing Strategy uses the Position-Medium Trade Plan though any of the three PositionTrader Trade Plans can be used, based on the risk and reward objectives of the trader. For more information on this, refer to Chapter 3: Trade Plans.

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PositionTrader Trade Plans

PositionTrader includes three tradeplans to help traders manage their position trades, by riding the prevailing trend until a significant reversal occurs. The three are fully interchangeable, and are designed to allow the trader to select the appropriate TradePlan for their personal risk/reward profile.



Figure 3-1. Comparison of PositionTrader Trade Plans

PositionTrader Tight

The PositionTrader Tight Tradeplan is designed to quickly lock in profits from position trades. It uses a 5 ATR Fixed Loss Stop with Trailing Profit Stop that has a cushion and threshold of 2 ATRs.



Figure 3-2. PositionTrader Tight Trade Plan applied to the signal on KFT

PositionTrader Medium

The PositionTrader Medium Tradeplan is designed to trail position trades capturing more profits than the tight tradeplan by loosening the trailing profit stop. It uses a 5 ATR Fixed Loss Stop with Trailing Profit Stop that has a cushion and threshold of 3 ATRs.



Figure 3-3. PositionTrader Medium Trade Plan applied to the signal on KFT

PositionTrader Loose

The PositionTrader Tight Tradeplan is designed to slowly ratchet up to lock in profits from position trades. It uses a 5 ATR Fixed Loss Stop with a loose Eighths Stop.



Figure 3-4. PositionTrader Loose Trade Plan applied to the signal on KFT

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PositionTrader OmniScan Lists

PositionTrader includes two OmniScan Lists to help identify prospective position trading candidates. The two scans are intended to be paired with their respective strategies for best results.

PositionTrader Basing List

The PositionTrader Basing List is designed to be used alongside the PositionTrader Basing Strategy. It contains conditions to identify stocks that have recently spent time building out around lows. This behavior typically leads to a solid base on which the next rally can be built.

PositionTrader Continuation List

The PositionTrader Continuation List is designed to be used alongside the PositionTrader Continuation Strategy. It ensures stocks are in an established uptrend consistent with annual return in excess of roughly 10%. It also ensures the stock has not moved significantly below its forty period moving average in the past three months. Additionally it checks to make sure the gains are not being caused by one large gap. When you put these conditions together, you end up with strong upward trending stocks that make great candidates for continuation trades.