

The Turtle Way

Breakout Trend Following Secrets
Extract Big Moves and Explosive Profits!

Russell Sands

Trend Following Is Still Alive

*"Learn How This Battle Tested Strategy Is
Absolutely Crushing These Markets"*



PART ONE:

THE TURTLE THEORY

In the second half of this report, we will show examples of many major profitable trends this year. But before we do that, I think we need to back up a little, and take things one step at a time. The very first thing we need to do is explain what the commodity futures markets are, and how they function in the real world.

A Short General Overview of Commodity Trading



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Futures trading, or as it was called in the old days, Commodity trading, has been around for a very long time. All the way back in the 1920's, the great Jesse Livermore wrote in "Reminiscences of A Stock Operator" that he actually liked to trade commodities more than stocks, because they trended better. I have been doing this for about 30 years, now, and almost every year that I can remember since I started trading has been a pretty good year for the trend following style of The Turtles. Some years have been better than others of course.

Later on in this report, we will show you a 25 year long equity curve of the Turtle System computer model (I have been trading longer than that, but the reliable data to which we have access and produce the graph only goes back to 1990). On that graph, there are 21 winning years and 4 losing years, not too bad of a record if you ask me. Some of those winning years were pretty good, and some of them were **VERY** good.

And most of the time, even a 'bad' year for us is better than for most other people. Of course, not only is that how it 'should' be, **but that's just how it has to be**. Why? And this is the important part, because trading commodities and futures is what is known mathematically as a 'zero sum game'. Which basically means that for every winner, there has to be a loser as well.

If I want to buy a futures contract, there has to be somebody else willing to sell it to me. If I think the price is going up because a trend has started, there has to be some guy on the other side of my trade who thinks the price is already too high and is due for some kind of correction. Unlike the stock market, where you can sometimes buy shares of something directly from the company any time they decide to issue or sell more, the futures markets have a finite supply of inventory. For every buyer, there has to be a seller, and vice versa.



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Once you understand this basic principle of how the futures markets work, it's easy to understand, that for me to make money, somebody else has to lose. If I happen to be the buyer of something, there is a seller on the other side of the trade. If or when the market goes up, I am going to win money and he is going to lose money. Or, it's the other way around (but hopefully not too often). The Turtles have made money almost every year since we have started trading. Maybe not every one of the Turtles every year, but on a "net" basis, almost every year has been profitable for the Turtle strategy. Which means that everybody else in the world, all those traders that are "non- **New Turtles**", have been net losers the great majority of the time.

When you think about it in those terms, the only question left to ask yourself is, "**why would anybody in their right mind not want to be a Turtle?**". Of course, it isn't so easy to be a Turtle. Or should I say, it isn't so easy to be a winning trader. Hey, if it was so easy, everybody could do it. But as I just got through saying above, that is mathematically impossible. Learning a set of mechanical rules is easy, almost anybody can do that. But there is a lot more to being a "trader" than just knowing a set of rules for a trading system.

Having What It Takes

I have said this before many times, and I will say it again. **It is not just knowledge, but a combination of desire, discipline, perseverance, and what I call "mental toughness" that separates the winners from the losers, not only in trading, but in everything else in life.** I used to give an example of Jimmy Connors as the best tennis player I ever saw. They say he played every point of every game as though it were the final set point at the Wimbledon Championships. Having pure focus and concentration, never giving up, and never giving in. Getting knocked on your butt, and getting right back up. Every time!!

I have this little plaque, it's been hanging on my wall for about thirty-five years now. And everywhere I go, every time I move, I always take it with me. A funny thing is, last year I finally met somebody else, in a totally different profession, who had those exact same words hanging on their wall. And although I have no idea who originally wrote these words, they sure do ring true. And they always have, and they always will. And I will even admit that I 'forgot' this for a while once, and wanted to quit trading. But never again!!

"Press on. Nothing in the world can take the place of persistence. Talent will not, nothing is more common than unsuccessful men with talent. Genius will not, unrewarded genius is almost a proverb. Education will not, the world is full of educated derelicts. Persistence and determination alone are omnipotent."

Now, having said this, and hoping it sinks in, let's move on to our actual trading methods.

What is Trend Following, and Why Does it Work?

Okay, let's just start with the basics. And that is that this whole general trading methodology that we call "**trend following**" is a very proven method that has been around and working for more than 80 years. There is an extensive library of both technical and fundamental analysis that shows this is not only scientifically valid, it is also just plain common sense.

There are periods when trend following works very well, and periods when it doesn't. And the truth is, when trend following "doesn't" work, it can sometimes be pretty ugly for a while. But for anyone that has the patience and discipline to sit through some of the rough times, I just cannot think of any more **profitable** way to extract money from the markets.

Before even talking about trend following as a methodology to trade the markets, or the 'trends' themselves as a price action phenomenon, perhaps we should start with a short basic discussion of what exactly is the 'market', and how and why do prices move to begin with. And of course, prices will have to move in order for anybody to make any money, for if the price were always the same, you would never have the opportunity to buy something cheaper and sell something higher and make a profit.

In its simplest form, the “market” is basically just one big **auction place**, where both buyers and sellers bid and offer and compete for prices of different tradable products, such as the shares of stock in public companies, or a fixed quantity of a physical commodity like copper or soybeans. Obviously, buyers want to buy things at the lowest possible prices, while sellers want to sell things at the highest prices.



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In purely economic terms, the main purpose of a marketplace, any marketplace, is ‘to facilitate trade’. In other words, the **buyers and sellers** need to have a place to come together and meet and do business. And whether this is going to be a physical meeting floor, or an electronic one, is not really important.

Of course, when these buyers and sellers meet, it’s for the purpose of transacting business, exchanging goods for services, or money for goods. Now they may not always do any trading, because they may not always have a meeting of the minds on a mutually fair price, but if they weren’t going to at least try, then they wouldn’t bother to show up (at the auction house or trading floor or screen or whatever you want to call it), in the first place.

In order to make these trades or exchanges, both buyers and sellers are going to have to compromise a little on the prices at which they are willing to trade. The price of a good or commodity (or share of stock for that matter) will move up and down in a “trading range”, the boundaries of which will be defined by the absolute last resolve of the buyers and sellers. The upper boundary will be the highest price at which buyers are willing to pay, any higher, there are still obviously going to be a lot of eager sellers, but no buyers willing to take them up on those higher prices.

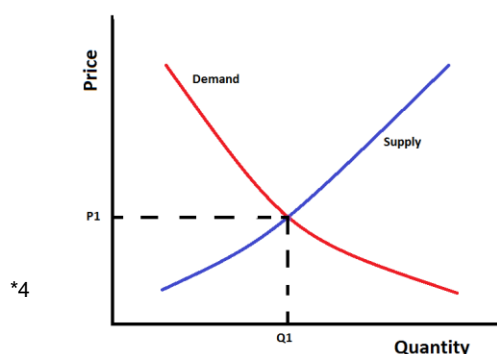
Conversely, the lower boundary of the trading range will be lowest price at which sellers are willing to part with their goods, any lower, there will be plenty of buyers, but no sellers willing to give up what they have at such a cheap price.

And so, prices will continually move in this trading range, with small changes in the upper and lower boundaries, as various different buyers and sellers, with slightly different agendas and price objectives, continue to enter and leave the marketplace. But of course, as I said before, nothing lasts forever. Eventually, the whole trading range picks itself up and shifts to a

different level. Sometimes it just keeps on going and going, like the energizer bunny, and that's what we call a 'trend'.

Back to Fundamentals and Basic Economics

Now, what causes these shifts, you may ask? And the answer, although really quite simple, deserves a little detailed explanation. Even though I'm a diehard technical analyst, I know (and so should you), that it is not 'technical' that move the market. The technicals may be used to describe or measure or predict (or all of the above) the price movements of the markets, but that is not the underlying root cause. The root cause, the "true" reason that all prices move and change in price, is just good plain old-fashioned supply and demand.



Let's review basic economics. The supply curve is the one that is sloping up and to the right, while the demand curve is the one that is sloping down and to the left, with the point where they intersect being the fair market price at which both buyers and sellers are willing to meet. All you have to remember for now is that when either the supply line or the demand line moves, it causes a change in the intersection point.

While technicals may help to illustrate how the market moves, it is **fundamentals** that cause the move. And when the market price moves and keeps moving, that is a trend. These trends tend to proliferate more in commodity markets than in equity markets, meaning trend following methods will work better in commodities and futures than in equities, although they do sometimes work pretty strongly in equities as well. We can walk through some examples, first from the fundamental point of view, then from psychological standpoint, and finally, from a technical perspective.

To begin with, it is important to realize and understand the simple basic laws of economics. Specifically, **if demand increases while supply stays constant, the price will rise, and if demand decreases while supply stays constant, prices fall.** On the other hand, **if supply increases while demand stays constant, prices will fall, and if supply decreases while demand stays constant, prices rise.** We can start by thinking of a physical commodity, while

keeping in mind that these same scenarios can also be extended to other physical products, to all financial products such as bonds or currencies, and to a slightly lesser extent, to stocks and even stock indexes as well.

Let's take Coffee. Brazil and other agricultural countries keep growing the crop at a pretty steady rate, and most of the rest of the world keeps drinking the stuff on a pretty regular basis as well. Let's assume that most economic conditions are in equilibrium, i.e. the amount of land available to grow crops is all in use, and the technology for harvesting is mature and not undergoing any improvements.

Now, assuming the supply is pretty steady and constant as just mentioned, what do you think would happen if all of a sudden, research scientists discovered that drinking five cups of coffee a day would greatly reduce the chances of ever getting a heart attack? Well, the demand for coffee, and thus the price of it, would go through the roof.

Let's say people decided that coffee was now worth \$2 or even \$3 per cup, instead of the \$1 it used to cost. But the price is not going to jump that much all at once overnight, it is going to move up gradually, until a few coffee drinkers start thinking it is getting too expensive, even given this new wonderful medical benefit, and the demand starts to slack off.

Now look at the other side of the coin. After years of research, scientists one day discover that drinking too much coffee will increase the chance of getting a heart attack. **People will get scared, demand will decrease, and the price will drop hard and fast because nobody wants the stuff.** Exact same theory, and opposite result.

Okay, now let's look at the supply side situation, which is perhaps more obvious to most commodity traders. We are going merrily along drinking our morning cups of coffee every day, and then one day, a big cold weather front hits the major coffee growing regions in South America, and half of the current crop freezes and dies on the vine. Since most of us need our morning coffee to start the day, (i.e. the demand remains pretty constant) and now all of a sudden, the supply has been reduced, with no immediate hope of replacement, prices are going to go through the roof in one of the greatest bull market uptrends that you will ever see in your life.

Finally, in the last of our four possible market scenarios, where the demand remains constant but the overall supply increases, perhaps due to

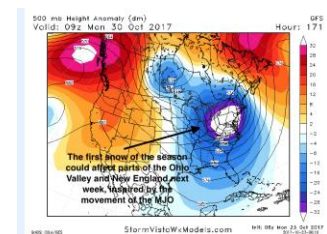
some new technological innovation that improves harvesting efficiency, the extra glut of supply that will be coming into the market will start to send prices into a sharp selling spiral, i.e. a downward trend.

To summarize, as long as supply and demand are reasonably constant, and market economics are in **equilibrium**, the price of any item will remain in a relative trading range, subject to the interactions and the slight changing perspectives or agendas of the various buyers and sellers. But once either the supply or the demand (or both) fundamentally changes, even if it is temporary as opposed to permanent, **the price will move out of that old trading range**, and the market will seek to find a new level of equilibrium.

This move to a new level can happen quickly or gradually, but as most markets tend to be more continuous instead of discrete, this move will usually not happen all in one quantum jump. It is precisely this gradual movement, going through a various range of prices, that we would commonly call a 'trend'.

The same exact four scenarios can be extended to all our other tradable items, not just physical products like coffee. And if we were to examine the reasons that cause these large fundamental (permanent or temporary) shifts in the supply and demand curves, and thus ultimately in market equilibrium, we would find that the answer is usually some large and important earth-shattering event.

Different kinds of weather patterns, such as floods or droughts or cold freezes, can most certainly wreak havoc with the supply side of physical commodities and crops such as coffee or soybeans or orange juice. Alternatively, a new scientific medical discovery may cause major shifts in the demand side of the equation.

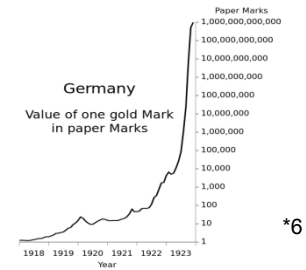


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But it's not just the physical crops, or old style 'commodities' that we are talking about here. Major political events, such as a war, election, assassination, etc, **will undoubtedly have an effect on financial markets such as currencies and interest rates**. The supply, demand, or both can be affected. Think about what happens when a country finds itself with a trade deficit that has to be corrected, or needs to raise money to finance a war. They go out to the capital markets and borrow money to finance their problems by issuing bonds (debt instruments), thus increasing the supply of bonds, and driving down the prices. If the deficit is not controlled, or the war

then goes on longer than expected, more money needs to be borrowed, and the downtrend of the bond prices will continue.

As for currency markets, I'm sure most of you remember the **hyperinflation of 1930's Germany**, where just the perception of their paper money no longer being valuable caused such a lack of demand that the currency deteriorated to being worthless (that must have been some downtrend in deutschmark futures, or, if you were a bank currency trader, it would have been a super bull uptrend in dollar/mark).



As trend followers, we will usually lose money when things are nice and quiet and normal in the world, but when some big upheaval or disaster strikes to throw the world out of whack, even for a short period of time, **that is the time we make some profits**. As long as we don't have perfect control over the environment and all aspects of our lives, as long as we mortal humans are subject to the whims of mother nature or some depraved dictator somewhere in the world, there will be economic shifts taking place, and periods of trending markets will continue to exist.

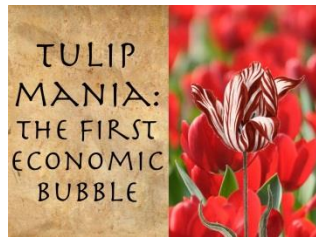
Which brings us to the next issue, that of the **"human element"**. When we talk about "the market" (any market), what we are really talking about is the sum weighted composite values or opinions of all the many individual participants that make up that marketplace. And sometimes these people are well informed and make analytical and rational choices and decisions about things, and sometimes they don't. Sometimes, when human emotions come into play, logic goes right out the window. But as we shall see, this will often validate the concepts of trend following, and lead to potentially profitable trading opportunities.

Many times, people tend to believe exactly what they want to believe, whether it is true or not. And very often, especially in a small community such as a marketplace, once a few people start believing in something, **they can have the ability to convince others**, even if they don't want to or are not trying to. What I am talking about here is often referred to as the 'herd mentality'. If you have ever seen an old-fashioned cattle stampede, even just in the movies, then you know what I mean. And once that herd starts



running, you had better join in, or get the hell out of the way. Sometimes the stampede is fundamentally justified, such as when the supply of a crop or other commodity is diminished by some natural event, yet the users of that product have constant need and demand for it. **Buyers will then fall over each other driving the price higher and higher until it reaches some new equilibrium level**, at which time the frenzy will die down and prices will stabilize.

Other times, there will be absolutely no rhyme or reason for the wild price movements of something, aside from what Charles Mackay once called 'popular delusions and the madness of crowds'. Many writers and traders point to the 16th century Dutch tulip bulb phenomenon as the classic example of the first major price trend.



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At the peak of that market euphoria, tulip bulb prices were selling for what would be the equivalent of well over \$100 per flower today. I think it could be fair to say that even if tulips had been found to cure the common cold, or the black plague, one flower would probably not be worth that much money. Prices escalated beyond all reasonable values, and then they kept going even further, simply due to what can be called the herd mentality of the marketplace.

Or maybe it was just the 'greater fool' theory, which is an idea that basically says, I am going to buy something today, and I really don't care if it's worth the price I pay or not, as long I can turn around and make a profit by selling it back to somebody else at a higher price tomorrow. And you know, almost everybody makes money in these cases, except for the very last guy who bought at the top, he's the one that gets stuck.

But by any name you want to call it, this is a concept that (still) exists in the real world today, **it validates the methodology of trend following, and allows traders to make money**. It is human nature, and it will never change. It is the fear of missing out on a good thing, as well as the greed of wanting to get even more, and these things will never change.

In the "tulip" example, in the Nasdaq dot com bubble of the late 1990's, in the big metals market rally of the past few years, and in so many other similar examples, it is the trend followers making money at the expense of other types of traders. During these runaway moves, the people who trade counter trend, and believe that trading ranges and support and resistance

levels will hold up, are the ones that lose.

Some very smart analysts and economists and other people who just **'think too much'**, are not able to see the big picture, which is simply to jump on board the trend and run with the herd, and don't stop to think about what is happening, or why.

So, there you have it. Prices of all things sit in an equilibrium level type of trading range for a while, then something happens to change that level of equilibrium, and the whole price range moves to new levels. Sometimes there are valid underlying economic or fundamental reasons for the change, and sometimes there are none at all, and people are just fooled about the whole thing. But either way, the price does move, often picking up momentum along the way, and the trend followers jump on board and earn a nice living because of it. And it's really **not rocket science**, it's just basic economics and good common sense.

This is the way the real world works, it has been this way for hundreds of years, and it will probably continue for hundreds more. Basic laws of economics and human nature will never change. Maybe the technology changes, but the markets, and the people that make them up, never change. People who espouse the death of trend following every few years will point to faster computers and better communications and more efficient markets. But the overall structure of market price movements, including trends, has not changed from the tulip frenzy days of four hundred years ago, and probably never will.

So now that we understand how markets work and how prices change and move, and the fundamental, economic, or psychological reasons that cause these (mostly temporary, but sometimes permanent) shifts in the supply and demand curves and thus the intersecting fair market values, we still have to figure out a way to take advantage of all this knowledge in order to try and make some money for ourselves, since that is still the ultimate point of all this.

Putting Theory into Practice

It is fair to say that almost all individual traders, and even most firm trading desks, are at a huge informational disadvantage compared to the producers or suppliers of any given commodity (or stock). Let's go back to one of my favorite examples, the Coffee market. And let's assume that our scientific technology is so far advanced that we can get reliable weather reports giving us advance warning that a cold front is heading towards Brazil. The price of coffee may start to rise, as people anticipate a drop in available supplies, but nobody is going to know exactly what the new fair market price should be until they actually know how much of the crop was damaged and what is the remaining crop yield.



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At this point, the Folgers and Starbucks of the world will have their people out in the fields, checking to see exactly how many trees were damaged and what remains available to harvest. **They will know long before we do about the net change in supply figures**, and thus their bean counters or in-house economists will be able to calculate what the new prices should be. But we, sitting home at our trading desks, are not privy to, and cannot compete with, that information. And they are certainly not going to tell us, the general public, at least not until they have had time to adjust their own trading positions first.

The same thing can be said of all the financial markets. Let's say a country needs to borrow money, or wants to increase or decrease the relative value of its currency on world market, in order to solve some internal fiscal or monetary problem. In this kind of situation, the political and financial leaders of that country will be figuring out exactly how much more currency to print, or how many more bonds to sell or redeem, to successfully solve their problem. But the sharpest traders on the major bank desks, let alone you or I sitting at home, are not going to know what those numbers are with a high enough degree of accuracy to successfully take a position in advance of the new equilibrium curve.

Because we just don't know this information, and we cannot effectively or efficiently obtain it on a timely basis, we "infer" the answer by the use of technical analysis. In the simplest of cases, if we look at daily (or any other timeframe) price charts, and see the price of a stock or commodity is moving, we become aware that "something is up."

We may not know exactly what it is, but we can still take advantage of it. At some point, if the anomaly continues enough, it sets off some sort of trigger or signal in our brain (or in the trading system programmed into our computer), and we will notice. We can (arbitrarily) define in advance just what it is going to take to get us to notice, **such as the price of something going higher than it has in the last 20 bars of a daily chart**, or the price crossing over some moving average of itself. Then we react.



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Technical analysis can take many different forms, some good and some bad. In my opinion, all the 'bad' forms tend to be predictive, as if to say there is a crystal ball telling us what is going to happen next. I personally do not believe that anybody can predict the future, when it comes to markets or anything else.

On the other hand, the 'good' forms of technical analysis tend to be more reactive, we notice something is happening and we then **react appropriately**. As a trend follower, I will never buy (or sell) something because I think the price is going to go up (or down). In fact, I shouldn't even be thinking that way to begin with, because I really have no idea, and I shouldn't even kid myself that I do. What I do is to wait for the price to move by a certain amount first, and only then do I take a position, because I assume it is going to continue. And the truth is, I really have no idea either if it is going to continue going up or not, but I rely on **Newton's Law of Physics**, which says that something in motion tends to stay in motion (until it stops).

We also have our own whole set of technical language which we use to describe and/or quantify the underlying economic fundamentals that we have been talking about previously. For example, I have explained that when supply and demand are in equilibrium, prices will tend to stay in some sort of trading range. But, if or when something happens to change that existing balance of supply and demand, the price will shift to a new level in order to reflect that change in market conditions.

Some things are fairly stable and constant their entire lives, but when it comes to prices and values in the commodities or financial markets, we know that nothing remains the same forever. Whatever range we may be in presently, that whole price curve can move and be somewhere else in the future.

Simple Terms of Technical Analysis

In the language of technical analysis, these conditions of equilibrium and shifting are known as periods of consolidations and trends. And it is pretty much a fact of life that both types of conditions can and do exist at some point during the life of any commodity or stock issue (although obviously not both at the same time). During the consolidations (periods of equilibrium), prices will remain in a trading range.

Often times, a price starts moving up or down, and it looks like there is going to be some kind of a **breakout from the current range**. But in a true consolidation, if the price gets too high (or too low), the breakout fails and the price retreats back inside the trading range. Needless to say, during these times, trend followers lose money.

Of course, there are other times when **breakouts succeed and trends do successfully develop**. The supply-demand equilibrium, and thus the fair market value or price, has indeed shifted to a different level, maybe due to some fundamental structural change in market conditions, or maybe just due to the psychological perception of one. It is very important to once again emphasize that we as traders do not really care why the move is happening, **all that really matters is that we react appropriately in order to take advantage of that move** and make some money for ourselves.

As I said, it is my opinion that nobody can predict when markets are really going to move, and which new breakouts are going to develop into successful trends, versus which ones will fail. People who spend time trying to develop systems that attempt to predict some market's future price movements are focusing on the wrong thing. The whole idea of trend following is to just notice the trends and then react to them, **not to try and predict the future**. And that is really all that the Turtle system does, although we do have a few proprietary indicators and filters that may help us do a little bit better job of recognizing which current moves will potentially be the bigger ones, and then adjusting our trades appropriately.

Later in this report, we will go into more detail of what the Turtle system is and how it works. It is not as amazingly complex as some other people would have you believe, but at the same time, it is all **very systematic and structured and methodical**, and there are a bunch of little nuances that do

add up, and thus need to be followed faithfully.

The Turtles have used, and continue to use, systems and indicators that have been both developed and tested over as much data as possible. The fact that there may be some rough periods when this methodology does not perform well, or even as well as another (possibly curve fitted) system over some small data set such as a year or two of prices, does not at all compromise the **long-term validity and profitability of the methodology**. Although I think it's fair to say that all good traders will make small adjustments and refinements based on continuing research, there have really never been any major changes to our systems since we started.

In other words, show me a system that has been profitable over the past thirty years, even with a few of rough spots, rather than one that has had superior performance, but has only been around for a couple of years and a small sample size of trades.

One other final thing we need to talk about is money management. Trend following is indeed a valid and profitable methodology, yet markets are in consolidations or trading ranges about seventy percent of the time. And since we don't know when markets are going to trend or when they are going to consolidate, we have to trade them the same way all the time. Thus, you might be inclined to trade counter trend, because then you would be right seventy percent of the time.

However, it turns out that this idea is actually pretty bad, and that trading like a trend follower is a much better strategy to follow in the long run. However, in order to make some long-term profit by following a trading strategy that only works thirty percent of the time, **it is obvious that your winning trades have to be larger than your losing ones**. Knowing when and how long to ride your profits, as well as when and how quickly to cut your losses, is thus a very integral part of this or any other similar trading strategy.

Most trend following systems have some kinds of rules telling you how to cut your losses and let your profits run. But the **Turtle method is a little more sophisticated than most others**, as we actually have two very different sets of money management rules.

The first group of rules is related to position size in terms of portfolio theory and market volatility, and tells you how aggressively to load up on each new signal that comes along in order to make the most amount of raw profit with the highest degree of efficiency on any given trade. The second, and totally independent set of money management criteria, are derived from established risk of ruin tables and statistical probability theory, and are designed to keep you in the trading game for as long as it takes to get into the mathematical 'long run', regardless of how choppy the markets might be in any short-term period.

The complete Turtle system is so strong that, despite some historically very bad, choppy, non-trending market periods, we have had **21 winning years** and only 4 losing years out of 25 years of detailed historical computer testing.

Our most important key is that even when there are choppy markets which are generating false signals, and there are no trends of which to take advantage, the two money management overlays just mentioned are good enough at controlling the losses and keeping you in the game to the point that as soon as that one (or more) big trend does come along, (and they always will if you have enough **patience and discipline** and capital), it can (and will) pull you right out of the hole and get back to the profitable side of the ledger.

What Exactly Is the Turtle System Anyway?

You know, I've been trading like this and writing like this for so long now, and it's all become just so 'second nature' to me, that sometimes I just tend to get ahead of myself a little bit. The Turtle system has been making money for over 30 years now, and the story of the people who became the 'Turtles' is so well known, that I forget that not everybody knows who we are (yet).

I also sometimes forget that even the people that do know who we are may still not be all that familiar with some of the (secret) market terminology that we use. I tend to write about trades from 'breakouts' and in 'N' terms, without ever really defining what I mean. So, let me take a small step back here and explain a little of our background—who we are and what we do.

The whole 'Turtle' story started with a poor guy from a working-class family who rose to become the biggest and best futures trader in the world. It was the classic '**rags to riches**' story, and it was a million to one shot.



All of his friends and peers thought Richard Dennis was a genius, a prodigy, a 'natural', but Rich was more humble than that. He argued that what he did in the markets did not take any special talent that it was mostly common sense and discipline, and moreover, he thought that anybody could do it.

So, Rich and his partners hired a bunch of people (**the Turtles**) and taught them all their trading methods. The emphasis was on technical analysis (mostly for reading chart patterns), with a healthy dose of money management (based on mathematic probability theory) thrown in for our financial protection. By the time the 'class' was finished a couple of weeks later, all of the Turtles had a pretty good idea of what to look for in the markets, and, in fact, for the first few months or so, we chose exactly the same trades for our portfolios.

Very basically, there are two different ways to approach analyzing the markets, from a 'fundamental' or from a 'technical' viewpoint. Or as Richard would tell it to us, from a **'predictive' or a 'reactive' viewpoint**. The fundamental guys read a lot of research reports, extrapolate a lot of calculations, and try to determine if something is over or under valued, then they try to predict future prices. And this whole sort of undertaking requires a lot of work, manpower, time and effort.

There are firms out there who hire guys to do nothing all day except count crop reports, or try to read 'between the lines' of the Federal Reserve chairman's latest speech.

But as they taught the Turtles, Rich Dennis and Bill Eckhardt thought this was all just a huge waste of time. They believed that almost nobody had enough time and resources to do this kind of work correctly. Rather, they believed, as do all pure technicians, that all the relevant information, known and unknown, past, present, and future, would already be reflected in the price movements of a daily bar chart.

So that is what we were all taught to focus on, reading the charts. It's funny now that I think about it, not only did we read charts, we actually kept and updated them ourselves – with a pencil and a ruler in a big paper book. Boy, those were **the good old days**, I didn't even know what a computer was back then (and sometimes it seems like I still don't).

Anyway, back to the story. And that is that even the chart reading technicians have different approaches to the markets. Some draw lines and angles and waves and try to extend them out into the future to predict where prices are going. But we don't do that either. The bottom line is that we don't try to 'predict' anything. **What we do is simply 'react'.** The price moves, and we react.

We are trend followers. If the price starts moving up, we react by wanting to buy the market. If the price starts moving down, we react by wanting to sell the market. We never buy or sell because we 'think' the market is going to go up or down, we wait for it to start moving first, then we react by taking a position in the appropriate direction.

And when it comes time to get out of a position, it is basically the same thing. We look at each of our charts every day, and when we see that the market is no longer moving in our direction, and in fact may have started going in the 'other' direction, **that is how and when we know it's time to get out.** And of course, when we first get into a trade, we have no idea where or when this exit point is going to take place, we just wait and watch and see.

Some Very Simple Rules

So, what exactly do we look for? Well, we look for trends to start, and we measure them in terms of '**channel breakouts**'. We start by defining a channel as some kind of horizontal or sideways movement of a bunch of daily bars, and then we look for a certain price level that penetrates out of that channel in one direction or the other. As it is written for a computer program, we are simply looking for "today's price to be the highest high or the lowest low of the past X number of bars".

As for the movement itself once a trade starts, we measure it not in absolute points, but in terms of **daily ranges of volatility**. Where most common charting programs calculate ATR (average true range), the Turtles use the term "N" (which stands for 'normalization'). But it is really the same thing. Ten cents in Beans, or five dollars in Gold, or nine hundred points in the S&P, you get the idea. We use this N figure to measure the size and strength of a trend, and we also use it to calculate our risk and figure our pain threshold and stop loss points on each trade.

Every day, I (or my computer program) look over all the charts of all the different futures markets. And believe me, *it really doesn't take that long, just a quick glance will suffice*. And what I am searching for are those markets that may have been trading in a sideways consolidation for some period of time (the longer, the better, actually).

I then look at what price the market would have to reach in order to 'break out' of that channel, and I tend to place buy stop orders above the channel and sell stop orders below the channel, then I just wait for my price to get hit. If it does, we're in.

I don't know where or when this is going to occur in advance, so I put orders in as many different markets as possible and the real truth is, the next good move 'could' come from anywhere. Once again, this is not something that I (or anyone else) can predict, that would make it too easy. So, while we are waiting for the **next big move to come around**, let's take a look at some of different markets that we trade, and see how this works in the real world. Because while all that I said above is true, it can't work for everybody, there are some very important 'adjustments' that have to be made for many new traders.

However, just one last thing before we move on to any real-world adjustments, and that is let's take a look at the full Turtle model computer system equity curve for the last twenty-five years, which is shown on the next page. This is a graph generated by Trade Station, so it is going to be very slightly 'theoretical', as opposed to actual real contract month trades, but it is good enough for you to get the idea.

We wrote a computer program encompassing all of the mechanical Turtle rules, which is the great majority of the system, and we ran it on all the markets we trade, and then just added up all the results, market by market, and year by year. We started with a base of **one million dollars**, which may not be very realistic for many of you, but that is what Richard Dennis actually gave each of the Turtles to trade when we first started back in 1984.



A quick glance at the graph, and you would think it's pretty much going straight up, which it almost is. We go from 1 million to about 18 million, in 25 years, which calculates out to be **just about 75% per year on average** (remember, that is non-compounded). Of course, some years were better than others, and if you look very closely, you can even see slight dips on the graph in 2000, 2001, 2009, and 2011, remember I said before that there were four losing years in the 25-year history.

But overall, *I don't think anyone in the world can complain about these results...and I don't think anyone in the world has done better than the Turtles on a long term historical basis.* And now that we have covered the results of the 'complete' Turtle system, let's talk about making some individual adjustments.

The Reality of Most Individual “Small” Traders

Ah, the power of diversification, as written about above. We are looking for that next big trend, but we really have no idea where it is going to come from. If we did, it would be easy, we would just wait for that market to make its move. Of course, we can't do that, so we trade all the markets, always hoping, but never really knowing, which one is going to be the next home run. What will happen going into next year? Will the stock and bond markets keep running upwards? Will Crude Oil reverse itself and start to rise in price again? Will some 'quiet' recently sideways market like Sugar either rally or just collapse out of nowhere? **I don't know the answers to these questions, nobody does.**

So, we just keep on trading, following our large diversified portfolio of markets, taking all the signals that come along, hoping for the best on each one, and knowing that it will most likely all work out at the end of the year. Wouldn't it be neat and clean if I could end this report on that nice optimistic note? But the truth of the matter is, it just ain't that simple. Get ready folks, because after repeatedly telling you how wonderfully all this stuff works, (even when it doesn't work so well), I am now about to give you a dose of reality, and with it comes a little bit of tough news.

And that is, that most of you, or at least many of you, are just not going to be able to trade this way. At least not optimally or efficiently. Why? Glad you asked, because I am going to tell you. But first let me at least re-assure you that this is not going to be the end of the world, and you still should be able to trade reasonably well, and profitably, although you are going to have to make certain adjustments.

And those adjustments, as we will see, are going to come in the choice of markets that you will include in your portfolio. And this all comes about due to some **money management constraints**, and the fact that most of you may not have a million dollars to trade with. So, while these 'constraints', which I guess is the best thing to call them, do not necessarily apply in theory, they certainly will come into play in the real world.

The Turtle system, in a nut-shell (**nice pun, eh?**), was originally designed for those traders (us) with very large institutional sized accounts, who would be able to follow and trade a broadly diversified portfolio of commodity markets, maybe forty or more in total. **There are strong money management rules that we use to dictate our positions sizes and risk**, and we always start off small and only add more positions as we build our profits. We do not really pay attention to margin requirements or restrictions, since our money management rules are usually both more conservative and more accurate as well.

However, when the markets start running, and the profits start building, we can, and do, get pretty aggressive. And of course, while this allows us to make a lot of money when the trends do continue our way, there are those times that we have a bunch of trades that will all crap out or reverse at once, and we take some pretty painful financial hits at those times.

But in the real world, the problem is that most people with “smaller” accounts are not financially (or emotionally) equipped to trade this way. They just cannot withstand the violent drawdowns that come when the positions are fully loaded and all turn around at once. Most smaller accounts are often overly leveraged to begin with, and since profits tend to build up more slowly and disappear more quickly (and violently), the losses are sometimes intolerable.

Even more important is the fact that while the larger size Turtle accounts start off small and build up positions slowly, actually ‘growing’ into the existing margin requirements, most smaller accounts are stretched to begin with, and may ‘bump up’ against limitations way too early in the game. And if you are unlucky enough to have a couple of early losses, you may never make that eventual needed recovery. Getting pumped up to trade, and then getting wiped out right after you get started, is not very pleasant.

People always used to ask me how much money was required to trade the Turtle system, and I used to respond that usually whatever one had was enough to get started. It was my opinion that no matter how small the initial account size, it was better to jump right in and hope one of the first trades taken was a big winner, which would then provide the profit cushion for subsequent trading, rather than not trade at all and sit on the sidelines, waiting to “save up” enough capital to get started.

Or even worse, forego the Turtle system as one that was beyond your means, **only to go follow some other (probably inferior) trading method**, just because the purveyor of that system said you only needed a few thousand dollars to make it work.

As for trade selection, where it is obvious that a smaller account is not going to be able to take all the signals that come along, I used to advise people to just take as many signals as possible as they did come along, until their accounts bumped up against equity constraints or margin limits. I held the idea that although this is quite a risky way to trade, there was greater risk in sitting on the sidelines and not trading at all, just because you didn't have enough money to properly capitalize your trading account.

After all, Richard Dennis taught us early on that in our style of trading, taking another small loss was not nearly as bad as letting a big profit pass you by. I also rationalized that if things went bad and somebody lost all their money, that loss would not be as bad if it was 'only' a small amount of money to begin with.

To be fair, I also emphasized to people that the smaller amount of money you had to trade with, the higher your risk of ruin was going to be, and the more difficult your path to success was going to be as well. On the other hand, it is also true that for somebody who did start with a small account and got lucky, the returns on a percentage basis would be much better than those of the well capitalized trader.

As an example, I used to talk about a guy from one of my early seminars who had about \$10,000 in his account, and one of the first trades he took after learning the course was a buy signal in Coffee, for **which he really did not have the adequate capital in his account to trade such a large and volatile market**. But he understood and was willing to take the risk, and that trade turned into a **\$47,000 profit**, and sent him on his way to being a professional trader. Certainly, this was the exception rather than the rule, but then again, I have never seen a large money manager or CTA report a 470% annual profit.

The bottom line is that having less money to trade with means more leverage, and that leverage is a double-edged sword, but not necessarily a bad one if you know how to use it.

I have now come to believe that unfortunately, the risk of trading this way is just too high, as most people are just going to blow themselves up while trying to swing for the fences. Of course, we still cannot tell those folks who do not have “enough” money that they can’t play the game, so there has to be some other alternative. There has to be some way that people can get most of the benefits of the Turtle system, even with only a small amount of trading capital, and after years of wondering about this problem, I think I have finally come up with what is the best possible compromise solution under the circumstances.

I really think that you probably need close to \$100,000 in order to trade all the different markets that the Turtles follow, while still maintaining a reasonable risk of ruin. **So, what I have done now is devise a customized set of portfolios for different account sizes, with smaller accounts trading a handful of markets, and then each level upwards adding more markets to the total mix. And rather than concentrating on one sector for small accounts, I have chosen markets in different groups that will go as far as possible in approximating the results of a diversified portfolio.**

Of course, there is still always the risk that a small trader will not have in his portfolio the one market that happens to make the next big move, and given all my writings about the power of diversification and the importance of taking all of the trades as they come along because you never really know which is going to be the next big one, this is still a legitimate problem. But at least this guy will stay in the game and not blow himself up trying to chase everything when he is not adequately prepared to do so.

If you have a smaller account, you **just can’t realistically expect to quit your job and make a fortune trading**, with this system or any other. And perhaps you will have to trade less than optimally for a while until you build up your account to the point where it can handle taking all the trades. I used to think that it was better to swing for the fences or bust out trying. Now I have changed my mind, decided that patience really is a virtue, and that if you have to start small and just trade markets like Sugar and Corn, and avoid markets like Coffee and Natural Gas, well, hopefully it’s only going to be temporary.

On the following pages, I have listed what I think are the best markets to trade for any given account size. Even for a small account, I have put together five or six uncorrelated markets, all of which of course have good trending

potential. So, with a little bit of luck and patience, it is not going to be hard to see even the smallest accounts build up to the point where they can be trading a fully diversified portfolio of twenty markets within a couple of years.

On the other hand, for those who understand and are willing to take the risks, there is nothing wrong with trying to trade a larger number of markets even with a small account. But if you want to be in this for the long run, and do not want to deal with the psychological adversity of possibly busting out and having to start over again, then it's better to start small and go one step at a time.

Now keep in mind, the following portfolios are not set in stone. They are just samples of what I think would be a good mix of markets for a small account. **My decisions are based on a combination of factors, including liquidity, trendiness, volatility, and margin, the last of which of course we would like to be as low as possible so that even smaller accounts can participate.** Anybody can personally substitute any other markets they like, as long as you remember to follow the two major principles of looking for diversification and low margin.

And in fact, I also change my recommendations over time, although not that often, maybe once a year if that much, depending on changing market conditions. Sometimes a market that used to be in one of the small groups will have to be taken out, usually due to increased volatility, and thus higher margin, and replaced with something else. Also, if a market has given us several profitable trends in a short period of time, maybe it's now due to be a little choppy for a while, and should be replaced with something else. Or conversely, if a market has been really choppy for a while, maybe now would be a good time to add it in instead.

Model Portfolios for Turtle Trading System

Accounts \$20,000 to \$25,000 (4 Markets)

Corn
Five Year Notes
Lean Hogs
Natural Gas (mini)
Sugar

\$30,000 to \$40,000 Account Size (6 Markets)

Corn
Japanese Yen (mini)
Natural Gas (mini)
Five Year Notes
Lean Hogs
Sugar

\$40,000 to \$55,000 Account Size (9 Markets)

Corn
Crude Oil (mini)
Euro Currency (mini)
Dow Jones (micro)
Gold
Five Year Notes
Lean Hogs
Natural Gas (mini)
Sugar

\$55,000 to \$70,000 Account Size (12 Markets)

Canadian Dollar
Corn
Crude Oil (mini)
Eurocurrency (mini)
Feeder Cattle
Five Year Notes
Lean Hogs
Lumber
Orange Juice
Natural Gas
Sugar
S&P (mini)

Note: The smaller accounts under \$55,000 should always trade just one contract in each of the markets listed. Once the account balance is above \$55,000 in equity, it becomes more efficient to begin trading multiple contracts in certain markets according to the money management formulas outlined in the course materials. This is done by calculating position sizes using appropriate “N” for each market.

\$70,000 to \$85,000 Account Size (15 Markets)

Canadian Dollar
Corn
Cotton
Crude Oil (mini)
Eurodollar
Feeder Cattle
Gold (micro)
Japanese Yen
Lumber
Orange Juice
Soybeans
Sugar
Swiss Franc
S&P (mini)
Ten Year Notes
S&P (micro)

\$100,000 to \$150,000 Account Size (21 Markets)

Canadian Dollar
Cocoa
Copper
Corn
Cotton
Crude Oil (mini)
Dollar Index
Eurodollar
Feeder Cattle
Gold (micro)
Japanese Yen
Lean Hogs
Lumber
Natural Gas (mini)
Orange Juice
Soybeans
S&P (micro)
Sugar
Swiss Franc
U.S. Bonds
Wheat

\$150,000 to \$200,000 Account Size (26 Markets)

Bean Oil	Japanese Yen
British Pound	Lean Hogs
Canadian Dollar	Lumber
Cocoa	Oats
Copper	Orange Juice
Corn	Platinum
Cotton	Soybeans
Crude Oil (mini)	S&P (mini)
Dollar Index	Sugar
Eurodollar	Swiss Franc
Feeder Cattle	Reformulated Gas
Five Year Notes	U.S. Bonds
Gold	Wheat

\$200,000 to \$250,000 Account Size (33 Markets)

Bean Meal	Japanese Yen
Bean Oil	Lean Hogs
British Pound	Lumber
Canadian Dollar	NASDAQ (mini)
Cocoa	Oats
Coffee	Orange Juice
Copper	Platinum
Corn	Reformulated Gas
Cotton	
Crude Oil	Silver
Dollar Index	Soybeans
Euro Currency	S&P (e-mini)
Eurodollar	Sugar
Feeder Cattle	Swiss Franc
Five Year Notes	Ten Year Notes
Gold	U.S. Bonds
Heating Oil	Wheat

\$250,000 to \$300,000 Account Size (38 Markets)

Aussie Dollar	Japanese Yen
Bean Meal	Kansas Wheat
Bean Oil	Lean Hogs
British Pound	Lumber
Canadian Dollar	NASDAQ (mini)
Cocoa	Natural Gas
Coffee	Nikkei
Copper	Oats
Corn	Orange Juice
Cotton	Platinum
Crude Oil	Reformulated Gas
Dollar Index	Silver
Dow Jones (mini)	Soybeans
Euro Currency	S&P (e-mini)
Eurodollar	Sugar
Feeder Cattle	Ten Year Notes
Five Year Notes	U.S. Bonds
Gold	Swiss Franc
Heating Oil	Wheat

Over \$300,000 Account Size (39-50 Markets)

All 38 U.S. Domestic Markets listed above then add Live Cattle, Mexican Peso, Palladium, and Rough Rice. Plus, start adding some Foreign Markets if they are liquid and tradable enough, include most of the European Bonds and Stock Indexes, and maybe some Exotic Currencies, and a few Asian Agriculturals.

As mentioned above, these are just rough suggestions, which can be tweaked or changed by anybody, although I do think I have a pretty good idea of what to look for and how to put the combinations together. And as I also mentioned above, these can and will change overtime.

PART TWO:

TURTLE TRADING LIVE

Okay, I think we have covered enough of the “theory” of Turtle trading, so now it’s time to see how it works in practice. In part two of our report, we will look at many different trade examples, starting with a couple that have some good historical significance and can clearly explain the process that we go through, and then continuing on to several (actually, many) of the trades that help make us successful.

For purposes of simplicity, I am going to categorize all of the different possible Turtle trade scenarios into three different types. Respectively, we will call them

1. the immediate losers,
2. the eventual losers, and
3. the eventual winners.

Now remember, once we enter a trade, we only have two ways to exit. Either the market hits our **2% stop loss money management rule**, or the chart turns and goes 10 or 11 days against us.

The first category (immediate losers) is fairly simple to discuss, and there really are no explanations or examples necessary. You buy (or sell) a market because it makes a 20-day breakout (either upside or downside), and that **breakout** then turns out to be a false move, and instead of following thru, the market reverses and goes against you, and the next thing you know, the trade has gotten to the point where you’ve lost enough that you hit the hard money stop and get knocked out. So, we rack it up, and then just move on to the next trade.

The second category (eventual losers) is a trade that takes a little longer, but basically has the same result. Instead of immediately going against you as in the first category, this trade might follow thru and go your way a little bit, or maybe even just stall right after you get in and go sideways for a while. But 'eventually', there is not enough follow thru to make any money, and this type of trade then also turns against you.

At that point, one of two things are going to happen. The first is that the trade may go down enough to hit the hard money stop, just like in the paragraph above, except that it just took a little more time instead of going against you immediately (although the net result is still the same). The second thing that can happen is that the market chart turns and goes against you for 11 days, and by the time it hits 11 days against you, it is now at a worse price than your original entry point, in which case you will lose some money, maybe a few bucks, maybe the maximum, or else it could be anywhere in between. But either way, it is still just another losing trade on the scorecard.

And really, those are the only two ways you can lose money on a Turtle trade, but between the two of them, it is going to happen about 65% of the time, and that is just a fact that cannot be changed or tweaked, and we all have to live with it.

Finally, we get to the one good category, the eventual winners. Now, I call these 'eventual' winners, because if a market starts going our way, since we have not discussed (because we do not use) any kind of '**profit targets**' like some other types of traders, we cannot have any such thing as an 'immediate' winner. The only way we get out of a winning trade is after it has gone our way for a sufficient period of time and then turns against us. And that takes time one way or the other, so it has to be called '**eventual**' instead of immediate.

And keep in mind of course, that we never know in advance where or when this is going to happen, we just sit and watch and follow along, and then eventually react once the market starts to turn around. And this could happen after a short period of time, and just a few points or dollars of profit, or after running our way for (hopefully) several months, **and giving us a huge winner by the time it finally turns**. We will always get a few of these every year, and that is really how Turtle traders make the bulk of our money, but on any individual trade signal that we enter, we can only hope it turns out that way,

but we just never know.

On the following pages are two examples of markets that have done exactly this, gone our way for an extended period of time, **producing a very nice profit** before eventually turning around and causing us to exit the trade. The two examples shown are Copper and Sugar. These charts have been condensed to show their price action going back for at least twelve months or longer, so that we may better illustrate the long term structural nature of all of the markets that we have been discussing throughout this report.

Both charts are classic examples of several concepts that are part of the Turtle system. Neither of these charts are recent. But for instructional purposes, these are great charts for me to walk through them step by step as a trade develops, and talk about several basic core concepts of Turtle trading. **One concept is the very long-term idea of “what goes up, must come down”, (and also vice-versa). Another concept is the general philosophy of having alternating periods of trendiness and consolidation.** And finally, we have the very important idea that you can have more losers than winners, and still have a very profitable system, if the winners are big enough and the losers are small enough.

First, we have Copper. Period A represents several months of sideways movement during the end of 2005 and start of 2006. Although this period had a couple of false breakouts in both directions, **it was actually not quite as ugly as I would have expected.** This is because during the few months prior to A, which unfortunately is not shown on the chart, Copper had a very nice uptrend, one of the best of 2005 in fact.

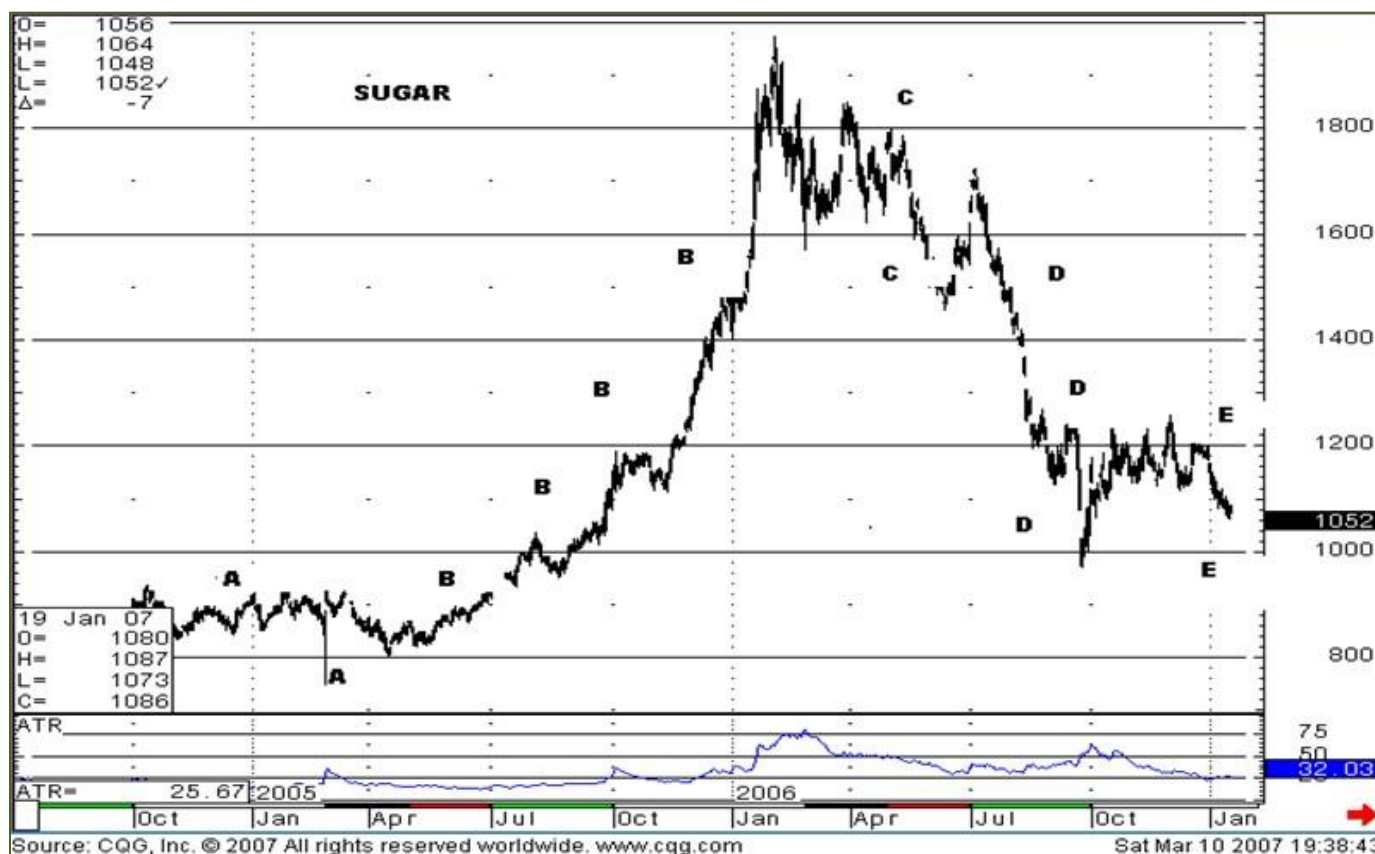
Given that, I would have expected the ensuing consolidation to be even longer and more brutal than it was. But instead, that nice 2005 trend turned out to be just the first leg of a major bull market, where A was just a temporary pause for Copper to catch its breath, before running up again during period B, which turned out to be an even bigger overall move, **one of the biggest ever**, in fact.

After trending period B ran its course, we then did in fact get what I thought was a really brutal sideways consolidation, during period C. There were at least two **false breakouts** in each direction, which were exacerbated

by the fact that the N volatility had gotten so high, simply because the underlying price increased so much. **Richard Dennis did teach us that the more profitable trend we would catch, the worse that would be the consolidation that followed.** So much so that we had some loose general 'guidelines' about staying away from a market for a certain period of time after a huge move, which in retrospect, would have been a nice thing to do in this case. But as we will see in the next example, this idea doesn't always work either.

Anyway, after C finally ran its course (which seemed like forever to me), we finally were able to catch a decent downtrend during period D. The move going down in D was nowhere near as good as the move going up in B, either in N terms or in dollar terms, but it did at least pay for the four losses in a row that we suffered during the consolidation of C. And when it was all said and done, the Copper market had a pretty good year. There were a total of 8 trades, 2 winners and 6 losers. But the two winners were about 22 N and 10 N respectively, and the six losers were all cut off at 2 N each, **resulting is a net profit of about 20 N (or 20% of bankroll) for the year.**





The other market that we are going to talk about, shown at the top of this page, is Sugar, and this is a chart that goes back some years. There was a very long sideways consolidation period during the end of 2004 and the start of 2005 at period A, where it seemed like the market was just never going to go anywhere. But when it finally did **breakout** for good during period B, it turned out to be just about the largest trend measured in N terms of any market that the Turtle system had seen in almost five years, just about 30 N. Which was certainly an unexpectedly pleasant surprise, but then again, **we know that part of the Turtle theory says that the longer any market stays in a consolidation, the better the breakout is going to be when it finally does occur.** And that was certainly the case here!! It's just too bad we don't know in advance when that will happen.

And when Sugar ran its course, unlike the previous Copper chart, there was a relatively brief period of consolidation during C, with only two false breakout losing trades (one in each direction), before the market came right back down again during period D to almost its old price levels of the prior year. And although the downward move in D was not nearly as large in N terms due to the increased (N) daily price range volatility, the down trend

in dollar terms was almost as profitable as the previous rally. And even the **smallest Turtle accounts** should have caught both these moves, as the margin for Sugar remained very low.

Unlike Copper, Sugar ran all the way up and then came right back down rather quickly, without taking that long consolidation pause in between. Similarly, though, for the entire year of 2006, the Sugar market had 7 trades, 2 big winners and 5 small losers, and when you add them all up, the big winners more than compensated for the small losers, and **we wound up once again with about a 20 N (or 20% of account) net profit.**

Of course, it doesn't always work that way, this was just a coincidence that these two very different markets had very similar price chart patterns and win/loss distributions for the year. Although not so much of a coincidence that several markets in any given year will show similar patterns, and that even if none do, there will still be a couple that will wind up being big enough overall winners that they will pay for any losing markets for the year.

Of course, there are plenty of years when many markets will just be in consolidation most of the time, or if they do give us some **breakout trends**, those moves will just not be large enough to pay for all the times we took losses while waiting for the trends to occur. There was certainly no way for us (or anybody else) to know that both the up trends and the down trends in both Copper and Sugar in these examples **were going to turn out to be big enough to pay for all the losses we took on the false breakouts**, and still have enough left over to show a profit.

Not to mention having enough of a profit left over to pay for losses in Cocoa or Lean Hogs or Lumber or Swiss Francs or several of the other markets that we trade that were net losers for that year because they did not have any trends that were big enough to cover all their false breakouts. But once again, that is just the way the Turtle system (and all markets in general) works.

One year, we might just show five losers in a row throughout the year in Copper and Sugar, but we will catch a new big trend in Soybeans or Gold or Coffee **which will not only make enough to cover its own losses, but will be able to cover all the losses in other markets as well, and still show us a net profit on the whole.** So, we trade as much of a diversified portfolio of markets as possible, never knowing where the next big trend will come from, but knowing that one or two of them will indeed come from somewhere. And lo and behold, they do, year in and year out.

One final comment addressed specifically to the smallest accounts. These accounts only trade five or six markets, so I'm sure there is a legitimate worry that maybe you are going to miss out on the few big trends of the year that the full Turtle system catches. But once again, it can work both ways.

Back in 2011, the overall full Turtle system, as measured by both the computer model, as well as my own pretty large personal live account, actually lost money for the year (one of the 4 losing years that I mentioned earlier). Yet the smallest of the Turtle accounts, **the guys with \$20,000 and trading only six markets, actually made pretty good money that year.** And that was because of the few markets that were in the "small portfolio" (as listed at the end of this discussion), several of them (Sugar, Lumber, Hogs) had some pretty good trends that year. But those were a few of only a handful of markets that worked well, as most of the others were choppy that year.

So, these little accounts caught primarily 'only' the good trades, and they missed taking a bunch of consecutive losses throughout the year in markets such as Crude Oil or Japanese Yen or some of the other more volatile markets that only trade in the larger portfolios, and which were so choppy that they turned out to be net losers for the year. **Something that all the larger accounts suffered, while all the smaller accounts avoided.**

As I said before, it works both ways, so having limited funds and only being able to trade a smaller portfolio of a couple of markets is not necessarily going to be a disadvantage. Before I developed this concept of different portfolios and different markets to trade for different dollar amounts and account sizes, I had the same kind of worries. But I have been pleasantly surprised.

And Now Making Things Even Easier

On the following six pages, we have something that has commonly come to be known as the "Nightly Orders". This was not something that Richard Dennis taught to the Turtles, but rather something I had developed myself a long time ago when I first began teaching my seminars. The nightly orders were simply an extra tool to make sure that people who had either come to my live seminars or taken my home study course were able to understand all of the material, and correctly identify and execute the trades.

What was originally a simple one page order sheet has grown over

time, due in a large part to my computer programmer **Stephen Charpentier**, and now we have a full six-page report that covers all the bases, and is sent out to clients every night without fail. I even have the famous programmer **Samuel Tennis**, the guy who really originally wrote System Writer (which was the predecessor of Trade Station) as my 'backup' guy to generate and send out the nightly orders in the rare case that Stephen is tied up or on vacation or something.

Before explaining exactly what the nightly orders are and how they work, let me back track a little bit to discuss the evolution of this whole thing. At first, when I taught people how to trade, I expected (or at least hoped), that they would learn the material as I had learned it from Rich back in 1984, and then be able to go out and trade the stuff. I thought of myself as a pretty good student, which was one of the reasons I was originally hired to be a Turtle, and I also thought of myself as a pretty good trader, and also a pretty good teacher. And I hoped that with a good teacher to lead them, the attendees in my audience would become good students as well.

But not everybody has the same aptitude for things I guess, because some of the "NEW" Turtles seemed to be struggling a little with grasping some of the more esoteric concepts. So, I put out a nightly order sheet, so that after studying all of the course material, people would be able to figure out and generate all their own trading signals, and they would now also have the order sheet as a 'background check', in order to make sure they were getting the same answers and signals and trades and stops that I was every night.

Unfortunately, it wasn't too long before it became apparent to me that most students **were just waiting to get the order sheet every night**, and then just copying the trades and sending them to their brokers, without trying to figure out the trades on their own first. And some people quite honestly were busy with real jobs, and just didn't have time to do it themselves during the day.

So, in order to accommodate these people, since they had paid me a lot of money for this knowledge and information, we slowly expanded the order sheet, making it more comprehensive and more formal, as well as better organized into several different sections, in order to make it easier for everybody to read. So now, the order sheet is six pages long, and covers everything you need to know to trade all the markets, even if you still don't quite fully understand some or all of the rules, the thing will take care of itself.

This order sheet is first updated, and then sent out, every night after the markets close, to everybody who is a purchaser of the full complete Turtle system (which is a little different from the 'introductory' course that you have in your hands at the moment). And the order sheet can even be subscribed to separately by anyone who just wants to follow the Turtle trades and hopefully make some money, without even really understanding why they are doing what they are doing (although this is something that I don't really recommend).

Okay, now here we go, page by page. The first thing you will note is the date on the top of the page, "**ORDERS FOR MAY 3, 2018**". The first page shows us a list of all the current open positions we have in the full complete Turtle system, separated into longs and shorts, and also with all the markets in each group listed in alphabetical order. The first column is the date that we entered the position, then the market itself, then the number of contracts for our theoretical \$1 million computer model, then the original entry price, and finally the last price (meaning yesterday's close). *And if you want to know if the position is currently at a profit or a loss, all you have to do is compare the last two columns.*

The second page is broken into three sections, with the first section being all the new trades that we executed on this day (both entries and exits), and their prices. Some days we have as many as ten entries and/or exits, and some days we have no trades at all. You just never know in advance if it's going to be a busy or slow day.

The second and third sections on this page are the **protective exit stops** corresponding to all the open positions on page one, again broken down into longs and shorts and alphabetical order. Notice that some of the exits are 2N hard money stops, and that some of them are 11 days against you. If you look carefully at the dates of original entry, you will notice that the newer positions have \$ 2N stops, while the older positions have 11 day stops. *And this makes sense, because the longer you stay in a trade, the more likely the exit will turn into one that is a trending market that eventually turns against you, as opposed to one that immediately goes the wrong way and hits your maximum money loss within a few days (or sometimes even less).*

On pages three and four are all the (potential) **new entries** for markets in which we do not currently have a position in that direction (page 3 is all new buy signals and page 4 is all new sell signals). Notice that we enter new long trades by placing buy stop orders above where that market is currently priced, and we enter new short trades by placing sell stop orders below where the market is currently. We always use **stop orders**, we never use any other kind

of limit or other conditional orders, for **both our entries and exits**.

Page five is simply a list of all the markets with their current N value (volatility), and then their current dollar risk (multiply the N of that market by the value of one tick). This gives you an idea of how risky each market is, with the lower ones being safer to trade for small accounts, and the higher ones being riskier and usually requiring a larger account size in order to trade them. Note that most of the lower dollar value markets on this page will (should) correspond to the smaller portfolios for lower account sizes listed earlier in this report.

However, also be aware that the volatility and risk of any given market can and will change over time, with those markets that are running in trends tending to increase in volatility and risk, while the markets that are in sideways consolidations will have lower N's and risk. But the only way you will know this for sure is by comparing these nightly order sheets from one day to the next, or more realistically, from one month to the next.

Finally, the last page is a list of symbols and 'specs' of all the markets that we trade, since some people not familiar with the futures markets may not know all of them. **Of course, in order to understand the nightly order sheets, you need to know which markets are which.**

ORDERS FOR MAY 03, 2018

Entry Date	Symbol	Position	Entry Price	Last
4/16/2018	CCN18	Long 12	2,676	2,813
4/11/2018	CLM18	Long 6	66.38	67.68
4/30/2018	CN18	Long 47	401 1/4	405 4/8
4/23/2018	DXM18	Long 23	90.300	92.339
4/10/2018	HOM18	Long 6	2.0488	2.1141
5/1/2018	KWN18	Long 15	548	555 2/4
3/29/2018	LBN18	Long 10	499.50	576.00
4/18/2018	NGM18	Long 17	2.811	2.758
4/26/2018	NKM18	Long 6	22,410	22,435
4/16/2018	OJN18	Long 27	142.25	160.25
4/11/2018	QMM18	Long 12	66.350	67.675
4/18/2018	QNM18	Long 62	2.815	2.760
3/21/2018	RBM18	Long 5	2.0173	2.0700
4/9/2018	RRN18	Long 36	12.670	13.040
4/27/2018	SMN18	Long 15	397.1	399.6
4/30/2018	WN18	Long 16	510 3/4	526 6/8
4/23/2018	ADM18	Short 19	0.7643	0.7493
4/9/2018	BON18	Short 30	31.59	30.61
4/23/2018	BPM18	Short 16	1.4006	1.3596
4/23/2018	E7M18	Short 23	1.22770	1.20250
4/23/2018	ECM18	Short 11	1.22760	1.19875
4/18/2018	EDH19	Short 88	97.2775	97.2350
4/19/2018	FVM18	Short 40	113'18.7	113'14.7
4/25/2018	GCM18	Short 7	1,322.5	1,305.8
4/24/2018	J7M18	Short 28	0.92260	0.91220
4/24/2018	JYM18	Short 14	0.92265	0.91280
5/2/2018	MP1M18	Short 30	0.05179	0.05201
4/23/2018	ON18	Short 34	229 3/4	236
4/26/2018	PLN18	Short 14	910.20	895.50
3/7/2018	SBN18	Short 29	12.99	11.75
4/3/2018	SFM18	Short 11	1.0497	1.0043
4/30/2018	SIN18	Short 7	16.230	16.405
4/20/2018	TYM18	Short 25	119'21.5	119'16.0
4/20/2018	USM18	Short 9	142 29/32	143 3/32
4/26/2018	YGM18	Short 19	1,314.40	1,306.80

CDM18	Flat
CTN18	Flat
ESM18	Flat
FCQ18	Flat
HGN18	Flat
KCN18	Flat
LCM18	Flat
LHM18	Flat
NQM18	Flat
PAM18	Flat
SN18	Flat
YMM18	Flat

FILLED ORDERS

Generated	Symbol	Fill Name	Type	Quantity	Stop
5/2/2018	MP1M18	se.10 WEEK	Sell Short	30	0.05179

EXIT STOPS

Generated	Symbol	Entry Name	Type	Quantity	Stop
5/2/2018	ADM18	sx.2N Stop #1	Buy to Cover	19	0.7750
5/2/2018	BON18	sx.C-11	Buy to Cover	30	31.84
5/2/2018	BPM18	sx.2N Stop #1	Buy to Cover	16	1.4204
5/2/2018	E7M18	sx.2N Stop #2	Buy to Cover	23	1.24170
5/2/2018	ECM18	sx.2N Stop #2	Buy to Cover	11	1.24175
5/2/2018	EDH19	sx.C-11	Buy to Cover	88	97.3075
5/2/2018	FVM18	sx.C-11	Buy to Cover	40	113'30.5
5/2/2018	GCM18	sx.2N Stop #1	Buy to Cover	7	1,352.5
5/2/2018	J7M18	sx.2N Stop 50	Buy to Cover	28	0.93390
5/2/2018	JYM18	sx.2N Stop 50	Buy to Cover	14	0.93420
5/2/2018	MP1M18	sx.2N Stop 50	Buy to Cover	30	0.05312
5/2/2018	ON18	sx.C-11	Buy to Cover	34	240 2/8
5/2/2018	PLN18	sx.2N Stop 50	Buy to Cover	14	939.20
5/2/2018	SBN18	sx.C-11	Buy to Cover	29	12.01
5/2/2018	SFM18	sx.C-11	Buy to Cover	11	1.0413
5/2/2018	SIN18	sx.2N Stop #1	Buy to Cover	7	16.800
5/2/2018	TYM18	sx.2N Stop #1	Buy to Cover	25	120'15.5
5/2/2018	USM18	sx.2N Stop #1	Buy to Cover	9	145 3/32
5/2/2018	YGM18	sx.2N Stop #1	Buy to Cover	19	1,346.80
5/2/2018	CCN18	lx.C-11	Sell	12	2,695
5/2/2018	CN18	lx.2N Stop #1	Sell	47	392 4/8
5/2/2018	CLM18	lx.C-11	Sell	6	66.53
5/2/2018	DXM18	lx.2N Stop #2	Sell	23	89.425
5/2/2018	HOM18	lx.C-11	Sell	6	2.0546
5/2/2018	KWN18	lx.2N Stop #1	Sell	15	520 1/4
5/2/2018	LBN18	lx.C-11	Sell	10	526.80
5/2/2018	NGM18	lx.C-11	Sell	17	2.690
5/2/2018	NKM18	lx.C-11	Sell	6	21,900
5/2/2018	OJN18	lx.C-11	Sell	27	141.70
5/2/2018	QMM18	lx.C-11	Sell	12	66.525
5/2/2018	QNM18	lx.C-11	Sell	62	2.690
5/2/2018	RBM18	lx.C-11	Sell	5	2.0492
5/2/2018	RRN18	lx.C-11	Sell	36	12.810
5/2/2018	SMN18	lx.2N Stop #2	Sell	15	383.5
5/2/2018	WN18	lx.2N Stop #1	Sell	16	485

ENTRY STOPS - BUY

Generated	Symbol	Entry Name	Type	Quantity	Stop
5/2/2018	ADM18	le.C-21 #1	Buy	18	0.7814
5/2/2018	BON18	le.10 WEEK	Buy	47	33.14
5/2/2018	BPM18	le.C-21 #1	Buy	14	1.4414
5/2/2018	CDM18	le.10 WEEK	Buy	20	0.79925
5/2/2018	CTN18	le.C-21 #2	Buy	14	85.40
5/2/2018	E7M18	le.C-21 #1	Buy	20	1.24700
5/2/2018	ECM18	le.C-21 #1	Buy	10	1.24690
5/2/2018	EDH19	le.10 WEEK	Buy	122	97.4975
5/2/2018	ESM18	le.C-21 #1	Buy	6	2,718.75
5/2/2018	FCQ18	le.10 WEEK	Buy	8	155.525
5/2/2018	FVM18	le.C-21 #1	Buy	51	114'16.0
5/2/2018	GCM18	le.C-21 #1	Buy	7	1,369.5
5/2/2018	HGN18	le.C-21 #2	Buy	6	3.2185
5/2/2018	J7M18	le.C-21 #1	Buy	33	0.94810
5/2/2018	JYM18	le.C-21 #1	Buy	16	0.94815
5/2/2018	KCN18	le.10 WEEK	Buy	12	126.25
5/2/2018	LCM18	le.10 WEEK	Buy	12	118.800
5/2/2018	LHM18	le.10 WEEK	Buy	16	83.900
5/2/2018	MP1M18	le.C-21 #1	Buy	29	0.05523
5/2/2018	NQM18	le.C-21 #1	Buy	4	6,867.25
5/2/2018	ON18	le.10 WEEK	Buy	32	276 4/8
5/2/2018	PAM18	le.10 WEEK	Buy	3	1,060.25
5/2/2018	PLN18	le.10 WEEK	Buy	15	1,014.50
5/2/2018	SBN18	le.10 WEEK	Buy	27	13.93
5/2/2018	SFM18	le.10 WEEK	Buy	13	1.0826
5/2/2018	SIN18	le.C-21 #1	Buy	7	17.430
5/2/2018	SN18	le.C-21 #2	Buy	14	1078 2/8
5/2/2018	TYM18	le.C-21 #1	Buy	28	121'05.5
5/2/2018	USM18	le.C-21 #1	Buy	10	146 29/32
5/2/2018	YGM18	le.C-21 #1	Buy	20	1,366.80
5/2/2018	YMM18	le.C-21 #1	Buy	6	24,828

ENTRY STOPS - SELL

Generated	Symbol	Entry Name	Type	Quantity	Stop
5/2/2018	CCN18	se.10 WEEK	Sell Short	10	2,148
5/2/2018	CN18	se.C-21 #1	Sell Short	46	380 2/8
5/2/2018	CDM18	se.C-21 #1	Sell Short	20	0.77500
5/2/2018	CLM18	se.C-21 #1	Sell Short	7	61.85
5/2/2018	CTN18	se.C-21 #1	Sell Short	14	78.54
5/2/2018	DXM18	se.C-21 #1	Sell Short	20	88.940
5/2/2018	ESM18	se.C-21 #2	Sell Short	6	2,559.25
5/2/2018	FCQ18	se.C-21 #1	Sell Short	8	134.975
5/2/2018	HGN18	se.C-21 #1	Sell Short	6	2.9905
5/2/2018	HOM18	se.C-21 #1	Sell Short	6	1.9455
5/2/2018	KCN18	se.C-21 #1	Sell Short	12	115.25
5/2/2018	KWN18	se.C-21 #1	Sell Short	14	491 2/4
5/2/2018	LBN18	se.10 WEEK	Sell Short	10	460.90
5/2/2018	LCM18	se.C-21 #1	Sell Short	12	97.050
5/2/2018	LHM18	se.C-21 #1	Sell Short	16	70.225
5/2/2018	NGM18	se.C-21 #1	Sell Short	17	2.659
5/2/2018	NKM18	se.C-21 #1	Sell Short	9	21,055
5/2/2018	NQM18	se.C-21 #2	Sell Short	4	6,306.50
5/2/2018	OJN18	se.C-21 #1	Sell Short	22	137.20
5/2/2018	PAM18	se.C-21 #1	Sell Short	3	890.80
5/2/2018	QMM18	se.C-21 #1	Sell Short	13	61.850
5/2/2018	QNM18	se.C-21 #1	Sell Short	65	2.660
5/2/2018	RBM18	se.C-21 #1	Sell Short	6	1.9413
5/2/2018	RRN18	se.C-21 #1	Sell Short	25	12.460
5/2/2018	SMN18	se.C-21 #1	Sell Short	13	366.9
5/2/2018	SN18	se.C-21 #1	Sell Short	14	994 2/8
5/2/2018	WN18	se.C-21 #1	Sell Short	15	463 4/8
5/2/2018	YMM18	se.10 WEEK	Sell Short	6	23,305

* Note if you want the current margins follow this link

<https://www.tradestation.com/pricing/futures-margin-requirements/>

As of 4/26/2018

CONTRACT	N VALUE	N \$ VOLATILITY	CONTRACT	N VALUE	N \$ VOLATILITY
ADM18	0.0054	538	LHM18	1.763	705.33
BON18	0.35	209.2	MP1M18	0.00062	310
BPM18	0.0099	619.58	NGM18	0.058	580
CN18	4^4	224.17	@NKM18=105XC	294	1471.67
CCN18	88	884	NQM18	141.72	2834.33
CDM18	0.00529	529.33	ON18	6^4	322.5
CLM18	1.65	1652.67	OJN18	2.76	414.5
CTN18	1.4	700.67	PAM18	30.41	3040.67
DXM18	0.475	475	PLN18	14.45	722.33
@E7M18=103XC	0.00745	465.42	QMM18	1.648	824.17
ECM18	0.00752	940.42	QNM18	0.063	158.33
EDH19	0.037	92.5	RBM18	0.0411	1727.32
ESM18	40.83	2041.67	RRN18	0.205	409.33
FCQ18	2.563	1281.67	SN18	15^3	767.5
FVM18	0^07.0	219.27	SBN18	0.28	314.35
GCM18	14.6	1458.67	SFM18	0.0062	776.67
HGN18	0.0623	1557.5	SIN18	0.291	1457
HOM18	0.0434	1821.68	SMN18	6.8	677.33
@J7M18=103XC	0.00515	322.08	TYM18	0^12.3	383.33
JYM18	0.00528	660	USM18	1^02	1047.92
KCN18	1.89	707.5	WN18	13^0	650
KWN18	14^2	730.83	YGM18	16.15	519.33
LBN18	8.87	976.07	YMM18	399	1997
LCM18	2.12	848			

Contract Codes

JANUARY	F
FEBRUARY	G
MARCH	H
APRIL	J
MAY	K
JUNE	M
JULY	N
AUGUST	Q
SEPTEMBER	U
OCTOBER	V
NOVEMBER	X
DECEMBER	Z

ID	COMMODITY	Xchnge	DELIVERY	CONTRACT	TICK	TICK
			MONTHS	SIZE	SIZE	VALUE
AD	Australian \$	CME	H-M-U-Z	100000 AD	1/100 cent	\$10.00
BO	Soybean Oil	CBOT	H-K-N-U-Z	60000 lbs	1/100 cent	\$6.00
BP	British Pound	CME	H-M-U-Z	62500 BP	1/50 cent	\$12.50
C	Corn	CBOT	H-K-N-U-Z	5000 bu	1/4 cent	\$12.50
CC	Cocoa	ICE	H-K-N-U-Z	10 tons	1 dollar	\$10.00
CD	Canadian \$	CME	H-M-U-Z	100000 CD	1/100 cent	\$10.00
CL	Crude Oil	COMEX	all months	42000 gal	1/100 dollar	\$10.00
CT	Cotton	ICE	H-K-N-V-Z	50000 lbs	1/100 cent	\$5.00
DJ	Dow Jones Fut	CBOT	H-M-U-Z	\$10 x DJIA	1 point	\$10.00
DX	US Dollar Index	ICE	H-M-U-Z	\$1000 x Index	1/1000 point	\$10.00
E7	mini Euro FX	CME	H-M-U-Z	62500 EU	1/100 cent	\$6.25
EC	Euro FX	CME	H-M-U-Z	125000 EU	1/100 cent	\$12.50
ED	Eurodollar	CME	H-M-U-Z	\$1,000,000	1/400 %	\$6.25
ES	Mini S&P	CME	H-M-U-Z	\$50 x Index	1/10 point	\$5.00
FC	Feeder Cattle	CME	F-H-J-K-Q-U-V-X	50000 lbs	1/40 cent	\$12.50
FV	T-Notes (5 Yr)	CBOT	H-M-U-Z	\$100,000	1/64th	\$15.63
GC	Gold	NYMEX	G-J-M-Q-Z	100 troy oz	1/10 dollar	\$10.00
HG	Copper	NYMEX	H-K-N-U-Z	25000 lbs	1/20 cent	\$12.50
HO	Heating Oil	COMEX	all months	42000 gal	1/100 cent	\$4.20
J7	mini Japanese Yen	CME	H-M-U-Z	6.25 mil Yen	1/100 cent	\$6.25
JY	Japanese Yen	CME	H-M-U-Z	12.5 mil Yen	1/100 cent	\$12.50
KC	Coffee C	ICE	H-K-N-U-Z	37500 lbs	1/20 cent	\$18.75
KW	Kansas Wheat	KCBT	H-K-N-U-Z	5000 bu	1/4 cent	\$12.50
LB	Lumber	CME	F-H-K-N-U-X	110000 ft	1/10 dollar	\$11.00
LC	Live Cattle	CME	G-J-M-Q-V-Z	40000 lbs	1/40 cent	\$10.00
LH	Lean Hogs	CME	G-J-K-M-N-Q-V-Z	40000 lbs	1/40 cent	\$10.00
MP1	Mexican Peso	CME	H-M-U-Z	50000 Pesos	1/100000 point	\$12.50
ND	Nasdaq 100	CME	H-M-U-Z	\$100 x Index	1/2 point	\$50.00
NG	Natural Gas	COMEX	all months	10000 MMBtu	1/10 cent	\$10.00
NK	Nikkei 225 USD	CME	H-M-U-Z	\$5 x NSA	1 point	\$5.00
NQ	Mini Nasdaq	CME	H-M-U-Z	\$20 x Index	1/2 point	\$10.00
O	Oats	CBOT	H-K-N-U-Z	5000 bu	1/4 cent	\$12.50
OJ	Orange Juice	ICE	F-H-K-N-U-X	15000 lbs	1/20 cent	\$7.50
PA	Palladium	COMEX	H-M-U-Z	100 troy oz	1/20 cent	\$5.00
PL	Platinum	NYMEX	F-J-N-V	50 troy oz	1/10 dollar	\$5.00
QM	Mini Crude Oil	COMEX	all months	21000 gal	1/100 dollar	\$5.00
QN	mini Natural Gas	COMEX	all months	2500 MMBtu	1/2cent	\$2.00
RB	Reformulated Gas	COMEX	all months	42000 gal	1/100 cent	\$4.20
RR	Rough Rice	CBOT	F-H-K-N-U-X	2000 cwt	1/2 cent	\$10.00
S	Soybeans	CBOT	F-H-K-N-Q-U-X	5000 bu	1/4 cent	\$12.50
SB	Sugar #11	ICE	H-K-N-V	112000 lbs	1/100 cent	\$11.20
SF	Swiss Franc	CME	H-M-U-Z	125000 SF	1/100 cent	\$12.50
SI	Silver	NYMEX	F-H-K-N-U-Z	5000 troy oz	1/10 cent	\$5.00
SM	Soybean Meal	CBOT	H-K-N-U-Z	100 tons	1/10 dollar	\$10.00
SP	S&P 500 Index	CME	H-M-U-Z	\$250 x Index	1/10 point	\$25.00
TY	T-Notes 10 Yr	CBOT	H-M-U-Z	\$100,000	1/64th	\$15.63
W	Wheat	CBOT	H-K-N-U-Z	5000 bu	1/4 cent	\$12.50
YG	Mini Gold	ICE	G-J-M-Q-Z	32.15 Troy Oz	1/10 dollar	\$3.215
YM	Mini Dow	CBOT	H-M-U-Z	\$5 x DJIA	1 point	\$5.00
YI	Mini Silver	ICE	F-H-K-N-U-Z	1000 troy oz	1/100 cent	\$1.00
US	T-Bonds	CBOT	H-M-U-Z	\$100,000	1/32nd	\$31.25

Some Final Real-Life Examples

Well, there you have it, in my opinion, a pretty comprehensive explanation of the Turtle system, what it is, how it works, why it works, how well it has worked for years, and how easy it is to follow along each night. The only thing left now is to show you a bunch of real life. **These were all live trades, taken by myself in my own account, as well as by a large majority of our current customers and subscribers.** Keep in mind of course, that except for myself, and maybe a small handful of other people, not everybody took all the trades listed below.

I guess that maybe I should have mentioned this before, but obviously, it should go without saying that unless you have a very large account, enough to trade all the markets as listed in the largest portfolio group given earlier, then when reading the nightly order sheet, **you will only pay attention to those markets that fall within your own portfolio category**, whichever that may be, and ignore the rest. In other words, if you have a small account, and are trading the six markets listed in the first portfolio group, then you shouldn't be paying attention to Silver or Coffee or British Pounds or anything else that is not in your 'group' of markets, despite how attractive they might look to you on a daily bar chart, or on the nightly order sheet.

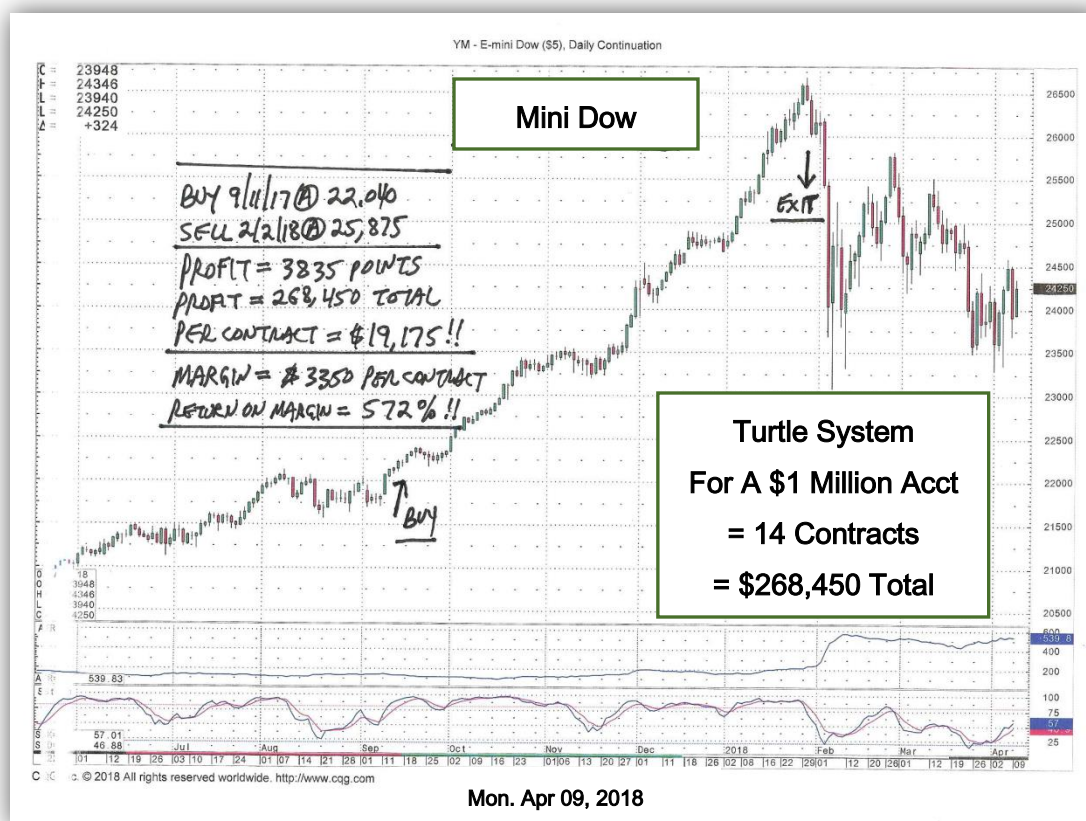
On the pages that follow are various different **good profitable trends** from 2018. Of course, there were some losses also, but remember, all the **losses were kept to a maximum of 2%** or so, while some of these big winning trades had **profits of 20--30%**. The bottom line is that the big winners far outweighed all the small losers, and the entire system had a nice profit so far this year, for the fully leveraged computer model.

Not everybody took all these trades, and even for the ones who did, **prudent money management** position sizing in real life would probably reduce this profit figure to half, or maybe even one quarter as much, depending on your individual appetite for risk. But even the most conservative of traders, with the smallest accounts, trading position sizes of just one contract in just a few markets, **still made good money for the year.**

The examples shown below run the spectrum, from long trades to short trades, from small markets to large markets, from low margin to high margin, from multiple contracts to just a few contracts, from high dollar amount profits to high percentage return profits, **in other words, something for everybody**, regardless of what type or size of trader you are (as long as you are a Turtle trader). Every chart is pretty self-explanatory, with little arrows that point to where our computer model system entered and exited each trade.

And then written on the charts (and filled in by me) are some itemized statistics, such as the exact date that we entered and exited each trade, the profit earned, both in market points and in actual dollars, the margin needed and the return on margin earned for each of one contract, and the total number of contracts traded and total dollars earned, if you had a one-million-dollar account size, on which our computer model is based.

Once again, let me point out that the regulatory agencies will consider these trades to be 'theoretical', simply because probably nobody traded at the "exact" same date or price as the computer model, or earned the same profit, due to some insignificant small differences such as the fill prices achieved by different brokers, and the commissions paid by different customers. However, these trades are very real to me, regardless of what anybody else has to say about it.



BUY 10/26/17 @ 69.24
 EXIT 1/29/18 @ 79.41
 PROFIT = 1017 POINTS
 PROFIT = \$96,615
 PER CONTRACT = \$5,085
 MARGIN = \$2200
 RETURN ON MARGIN = 231%

Turtle System
For A \$1 Million Acct
= 19 Contracts
= \$96,615 Total

12 Mar 18
O= 8449
H= 8503
L= 8288
C= 8319

ATR 10

APD

SSK= 6

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Mon. Mar 12, 2018

SELL SPOT 9/15/17 @ 9825
BUY TO COVER 2/7/18 @ 9771

PROFIT = 54 POINTS
PROFIT = \$109,350
P&R CONTRACT = \$1350

MARGIN = \$200
RETURN ON MARGIN = 675% !!

Turtle System
For A \$1 Million Acct
= 81 Contracts
= \$109,350 Total

29	Mar	18
O=		97420
H=		97430
L=		97400
C=		97410

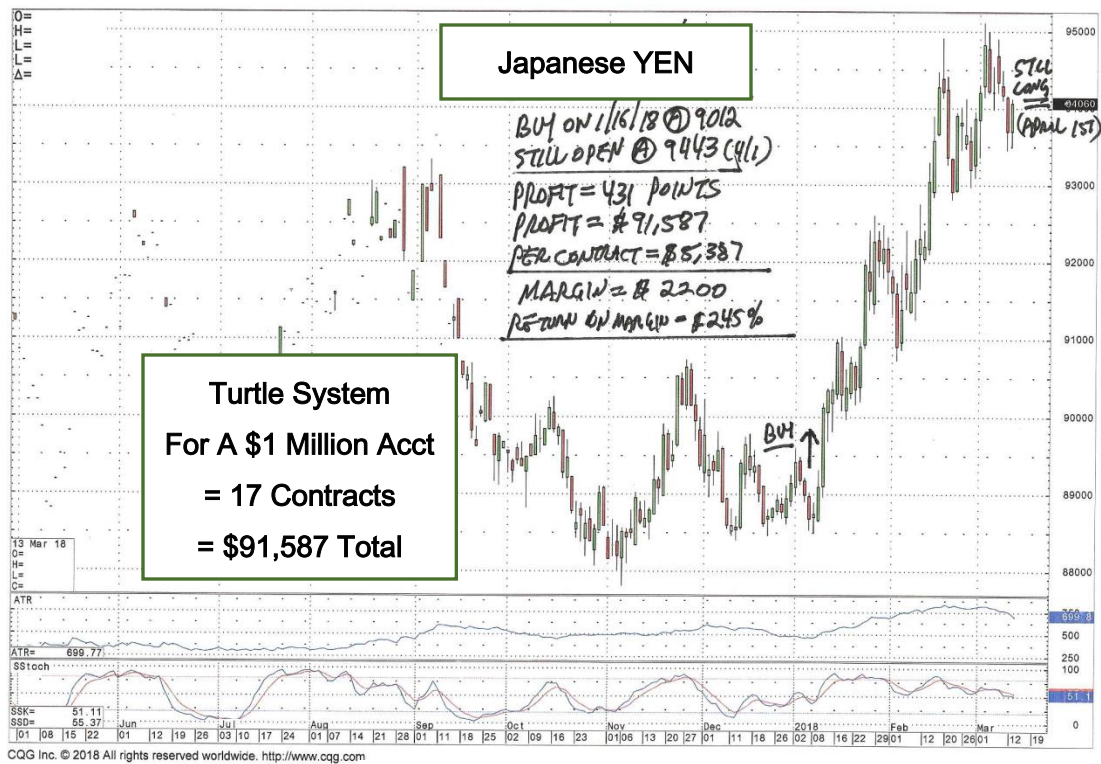
ATR

ATR=

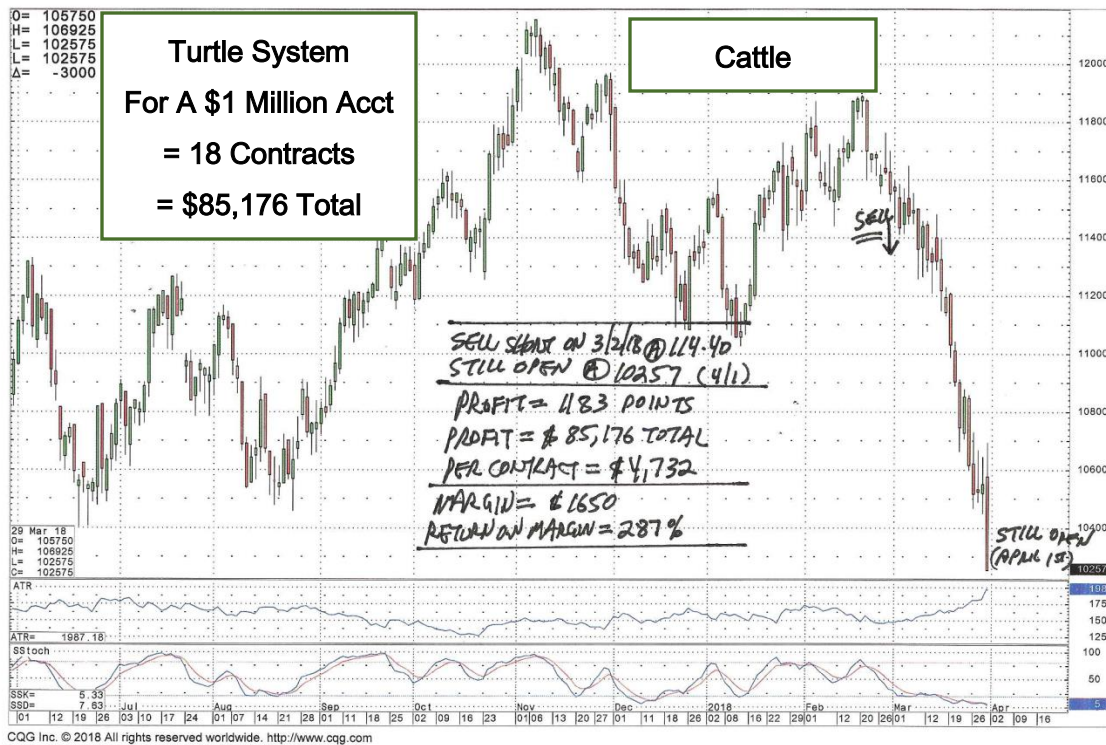
Condition	Control	Low	High
1	85	75	65
2	80	70	60
3	78	68	58
4	75	65	55

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Mon. Mar 29, 2018



Mon. Mar 28, 2018



Mon. Mar 29, 2018

THE CLOSING BELL: PREDICTIONS FOR THE FUTURE

Okay, here we go. After spending the last 50 pages providing an in-depth review of all the historical material for Turtle trading, as well as looking at several actual trading examples, my predictions for the coming years are as follows:

First, and most important, the future is going to be profitable for Turtle traders.

Second, I make the above statement with an 84% level of statistical confidence (this comes from the fact that we looked at the last 28 years of trading!

Third, how this winning year is going to unfold, where and when the big winning trades are going to come from, which markets, and how many trades, and all that other good stuff, I have absolutely no idea. **Come on now, do you guys think I have a crystal ball or something?** Turtles don't make predictions, remember. Good luck to all of us.

Cheers,

Russell Sands

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