

The State Of

# NIRVANA

**Breaking News:**

## **WaveTrader 3 is Here!**

**The Power of Fractals**

**New Mechanical Strategies  
are Yielding Stellar Results!**

**See Page 6**

**Special Limited  
Time Offer:  
Nirvana's  
WaveTrader 3.0  
Package**

**The Wave Trading Method Seminar  
PLUS Special Bonus Fractal Seminar**



### **INSIDE -**

- 2 A Powerful Way to Trade the Waves**
- 4 Mechanical WaveTrader Strategies**
- 5 Introducing Fractals**
- 8 Superior Wave Trading Education**
- 10 Elliott Waves**
- 11 Special Limited Time Offer**

# Introducing Fractals:

## A Powerful NEW Way to “Trade the Waves”

There are many ingredients to successful trading. But the first, most important thing to get right is entering trades that have the least risk. Drawdowns are painful and lead to losses. What if you only entered trades that had strong market momentum in their favor – trades that are positioned at the most powerful reversal points of the market?

### The Key to Profitable Swing Trading

There is a technical method that embodies this concept. It's called Higher Lows & Lower Highs. It works because markets naturally sell into weakness on a Lower High, and buy into strength on a Higher Low. In classic Swing Trading, we buy on pull-backs at a Higher Low. In corrections, we want to Short the first Lower High.



This picture illustrates the concept. The difficulty, of course, is identifying the Pivots! It's not an easy task, but our programming team found a way to actually predict pivots so you see them form on the right edge. They're called Wave Pivots and no other product has them. Our WaveTrader plug-in is designed specifically to find these Higher Lows and Lower Highs, the key to Profitable Swing Trading!

Perhaps the best feature of Wave Trading is how well it controls risk. When WaveTrader Strategies enter a trade at a Higher Low or Lower High pivot, they place a Stop just below (or above) the turn. These Stops will be very tight relative to the distance the chart can cover – making the Reward:Risk ratios extremely high.

### Fractal Theory Breakthrough!

WaveTrader 3 uses Fractal Wave Theory to find the most highly confirmed Wave Trading candidates in the market. A fractal is a repeating pattern that is self-similar across different scales. By applying Fractal Wave Theory, we can find “waves within waves”, taking advantage of the precision of smaller waves while benefiting from the smoothing, or stabilizing, effect of larger waves.

In WaveTrader 3, we are including two great new Strategies that take advantage of Wave Fractal Theory. Our testing shows that these new Strategies are generating more trades with higher accuracy over time and in the current market environment. See page 6 for details.

Virtually all trading styles can benefit from the Wave Trading method. In addition to all the Strategies shown in this mailer, you get a special WaveTrader System that you can add as a Confirmer to other Strategies, advanced Color Charts and Trade Plans to further improve results.

### Included: The Best Training in the World

Several Mechanical Systems are provided with WaveTrader 3, which can be used as-is. But many users will want to apply WaveTrader as a tool to super-charge their trading, and we include training for that purpose.

A seminar series by Jeff Drake takes you step by step through a Lab Mode session to show you how to identify and trade the best setups WaveTrader 3.0 has to offer. This approach not only proves the profit-making potential of these Strategies, it's the most instructive way of showing how to use it.

Of course, all our software products are 100% guaranteed. I am very proud of this new WaveTrader release, and am certain it is going to help you in your trading.

Sincerely,

Ed Downs  
CEO and Founder

# Least Risk Entry Points Yield the Greatest Profits!

*Markets move in waves. They rally, pull back, rally, and pull back again within the primary trend. In declines, the opposite happens—a stock or futures contract will drop, rally back, and drop again.*

If you take a look at the chart to the right, you can quickly see the power of the new WaveTrader 3.0 plug-in for OmniTrader and VisualTrader.

It's like a roller coaster with higher valleys and lower peaks. These valleys and peaks form our Higher Lows and Lower Highs—the least risk entry point for any trade.

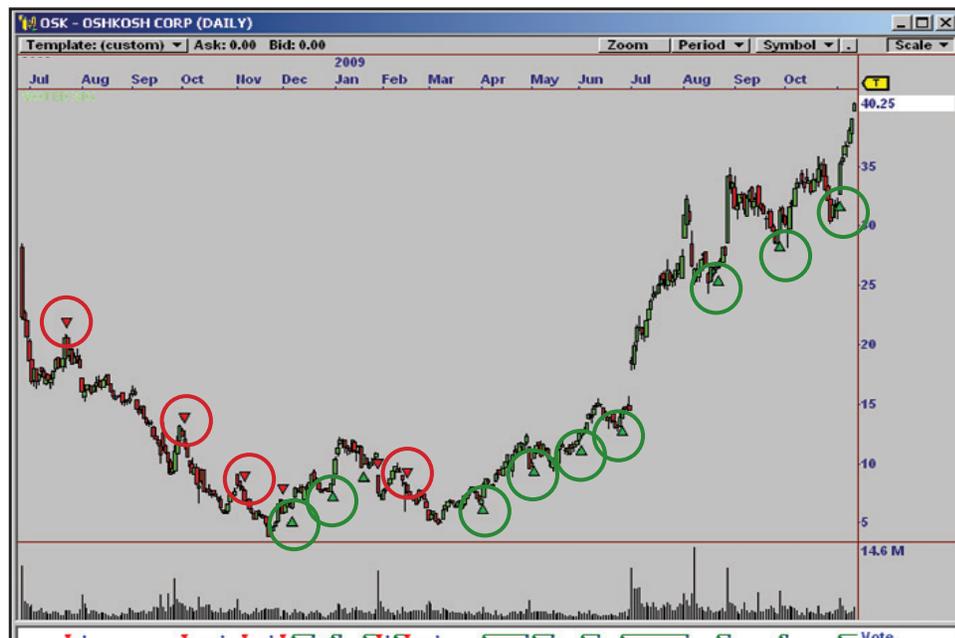
This State of Nirvana illustrates the many great features of WaveTrader 3; here is a quick summary.

## The Best Signals at the Least Risk Entry Points

Fire up WaveTrader and run it on any list of stocks you are watching. You are going to be amazed at how well the Strategies pinpoint new strength or weakness.

## The Wave Trading Method Seminar

We typically create seminars to go with our plug-ins to help users grasp the concepts. For WaveTrader, we took the next big step to define, test, and demonstrate a *Trading Method* that exploits the WaveTrader concept.



**Trading Bonanza!** WaveTrader 3.0 is profitable on 86% of the Buy and Sell Signals it generated on Oshkosh Corp. Note the nearly perfect entries.

As the name implies, a Trading Method is a complete approach to trading—discussing the kind of list to use, how to find the best setups and how to manage your trades. Jeff Drake uses Lab Mode to show you, step-by-step how to successfully engage the market with this incredible tool. I can tell you one thing—this seminar is worth way more than we are charging for it.

## Systems and Indicators

The specialized Trading Systems that identify Higher Highs and Lower Lows are included as components. This means you can add them to any Strategy you have been using to automatically confirm that a Signal is occurring near a probable Lower High or Higher Low—a powerful tool for enhancing existing Strategies or for new Strategy development.

# See The Power of FRACTAL WAVES!

Page 6



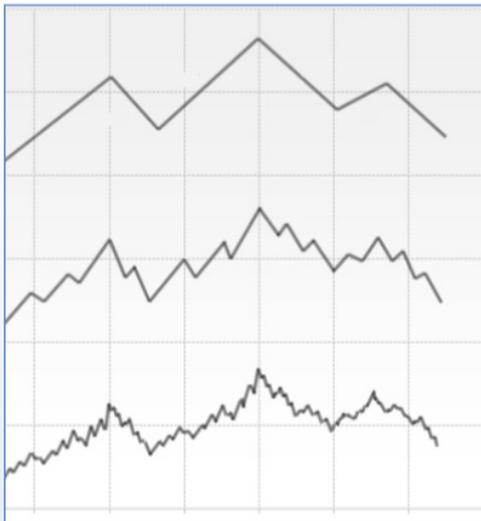
# Introducing FRACTALS

## NEW in WaveTrader 3

### What is Fractal Theory?

From Investopedia: "Fractals essentially break down larger trends into extremely simple and predictable reversal patterns."

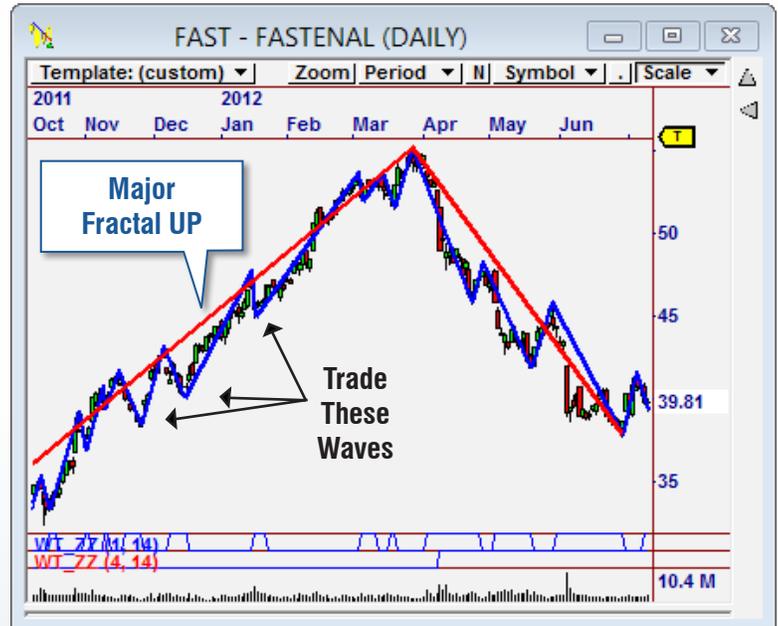
The example below shows the concept. At the top level, you have the basic larger trends identified by "Pivots" – a concept we heavily use in WaveTrader.



In the 2nd drawing, the larger Pivots are divided into smaller Pivots, and again the the 3rd drawing. The idea is to trade at the Pivot Reversals when the higher Fractals are in the right direction.

In our Classic WaveTrader Strategies, Trend is defined using standard technical indicators, like the Trend Intensity Index. For these new WaveTrader Strategies, we use Fractals instead – a more reliable way to establish the larger trend.

### Fractal Pivots Work!



Pivot Reversals are difficult to identify on the right edge of our charts. The WaveTrader Plug-in has a Wave Pivot Indicator that identifies likely cycle lows and highs to establish probable reversal points.

This means the Pivots you see in the charts were actually available on the day they formed. The profitable implication of this is clear.

**...the Pivots you see in the charts were actually available on the day they formed!**

The chart above shows the Fractal Pivots that demonstrate the power of the concept. The larger timeframe Pivots last about six weeks, while the shorter timeframe Pivots last about six days.

The new Strategies in WaveTrader 3 seek to identify pivot reversals in the lower timeframe after a pivot is formed in the higher timeframe.

We used the Fractal Pivots to create two powerful new Strategies presented on the following pages. In our testing, we are seeing higher accuracies and profits using this approach.

# Powerful *Mechanical* Strategies...

## Long Term Fractal Wave WT3 Long Term



The WaveTrader 3 Strategies use multiple sized Wave analysis in order to find the best Wave trading opportunities available.

The WaveTrader 3 Long Term Strategy employs the WT3 Long Term Trade Plan which uses a Trailing Stop in order to maximize gains, while a Breakeven Stop helps to lock in a small profit if the trade doesn't trend as expected.

The chart to the left shows a few examples of the WT3 Long Term Strategy. These trades typically last about two months.

The most important thing to note is the amazing performance advantage. These new Strategies are showing that using multiple sized waves increases both accuracy AND profitability!

WT3 Long Term	Hit Rate	Profit/Trade
With Fractal Confirmation	68%	0.93%
Without Fractal Confirmation	65%	0.83%

## WT3 Templates:

WaveTrader 3 includes special Color Charts that identify Fractal Zones in which Higher or Lower Fractal Pivots are identified – a GREAT Confirmer! Two Templates are included – one to identify Fractal Zones in the Market, and a 2nd to identify Fractals in the charts you are trading.



# ...based on the Power of Fractals

## Short Term Fractal Wave WT3 Short Term



The WaveTrader 3 Short Term Strategy trades both long and short, and looks to take profits once a trade has posted a gain in the upcoming days.

The example to the left shows the kinds of trades WaveTrader 3 Short Term finds. Taking quick profits on highly confirmed moves can be a very profitable exercise! The great news is, WT3 Short Term is a MECHANICAL Strategy that includes a special Trade Plan to take profits on these trades.

The stats shown below the chart compare the WT3 Short Term Strategy with the same strategy without fractal confirmation. We see about double the profitability in the Fractal version.

WT3 Short Term	Hit Rate	Profit/Trade
With Fractal Confirmation	81%	1.1%
Without Fractal Confirmation	70%	-0.1%

## Two New Strategies Included with WaveTrader 3:

WaveTrader 3 comes with the original MECHANICAL WaveTrader Strategies PLUS the new Fractal Strategies. The Power of Fractals has dramatically extended the profitability of the Wave Trader concept. At the low cost of WaveTrader 3, it's an amazing value.

### Incredible Trading Power with WaveTrader 3

Strategy	Number of Trades	Hit Rate	PPT
WT2 Short Term	259	71%	0.73%
WT3 Short Term	631	81%	1.1%
WT2 Long Term	388	68%	0.88%
WT3 Long Term	1372	68%	0.93%

# The **WAVE TRADING** Method

## A Step-by-Step Trading Method!

We are very proud to include *The Wave Trading Method*, in the WaveTrader 3.0 Package. WaveTrader is a phenomenal tool—you're going to get incredibly good Signals on just about any list of stocks, Futures, or ETFs you throw at it.

But where you will REALLY make money with this product (and any technical analysis tool) is applying a consistent approach on a daily basis. That's where the *Wave Trading Method* seminar comes into play.

Jeff Drake has been working with OmniTrader and our Trading Strategies for almost two decades. But even more important, Jeff is also an accomplished trader. What Jeff has done in this seminar is applied his knowledge of trading and the plug-in to define a trading method that is likely to generate consistent profits.

But that's not all. In producing the seminar, Jeff has taken the time to go through an actual trading session using Lab Mode—day by day—selecting trades, managing them to closure, and repeating the process.

This method of demonstrating how to use the WaveTrader plug-in is far superior to traditional *concept* seminars that just show you theory. It's the real deal.

Jeff shows you how to select your list, activate confirming indicators, align your trades with market direction AND the most important thing of all—how to adjust your Stops while the trades are in progress to maximize profits!

And all of this is done in a *real life* setting with all the emotions and unknowns that all of us face in real trading.



OmniTrader veteran and educator, Jeff Drake



Garmin (GRMN) takes off after a WaveTrader Signal fired in mid August. Since the move has surpassed resistance at 34 it is time to tighten our Stops. This topic and more are covered in the seminar.

**LIMITED TIME!**  
Included with WaveTrader 3.0

## Trading Method Seminar by Jeff Drake

Here are Two WaveTrader Signals.  
Which is best?



**The answer is B.** because you want to take the trades that have the highest movement potential. The seminar offers a step-by-step Trading Method. It's like having Jeff as your personal coach, showing you precisely how to use the WaveTrader Strategies to achieve maximum profits. Not only will you SEE how to use the incredible WaveTrader plug-in, you will gain the confidence to say, **"Hey, that's not hard - I can do that!"**

### QUESTIONS ANSWERED:

- Which list of stocks should you use to generate opportunities?
- WaveTrader generates a lot of Signals. What do the BEST Signals look like?
- Which Chart Patterns do the best job of indicating the most explosive moves?
- How to determine overall market direction to maximize your gains.
- What other tools should you confirm your trades with?
- What kind of money management should be used?
- Should you adjust stops in the middle of a trade?
- How many positions should you enter on a given day?
- How many positions should you take in one direction (Long vs. Short positions)?
- Should you ever take profits or just let the Trade Plan run until the trade exits?
- ... and much more!

### Bonus Seminar:

#### How to Trade with Fractals

- Use the new Fractal WaveTrader Strategies with the originals for more opportunities.
- How the new ColorCharts can help you spot the best Entries.
- How to use Multiple Fractal Confirmation to identify the absolute best trades.

The NEW Fractal seminar is an incredible value, but it's included FREE with your WaveTrader 3 purchase!

# Elliott Waves in OmniTrader

## The First Elliott Wave Strategy for OmniTrader and VisualTrader!

Most people associate Elliott Waves with Robert R. Prechter Jr., who popularized the method in his book, *Elliott Wave Principle – Key to Stock Market Profits*. But the principle actually goes back to the 1930's when it was first discovered by R. N. Elliott.

While the nuances of Elliott Waves can be quite complex, the essential theory is easy to understand—Five Waves Up and Three Waves Down (see diagram to the right). And it is instantly obvious that each wave forms a Lower High or Higher Low!

## A Simplified Approach

WaveTrader was the perfect tool for creating an Elliott Wave Strategy. As outlined on pages 4 and 5, the Systems in WaveTrader are designed to find sequential turns in a trend, which is basically what Elliott Waves really are.

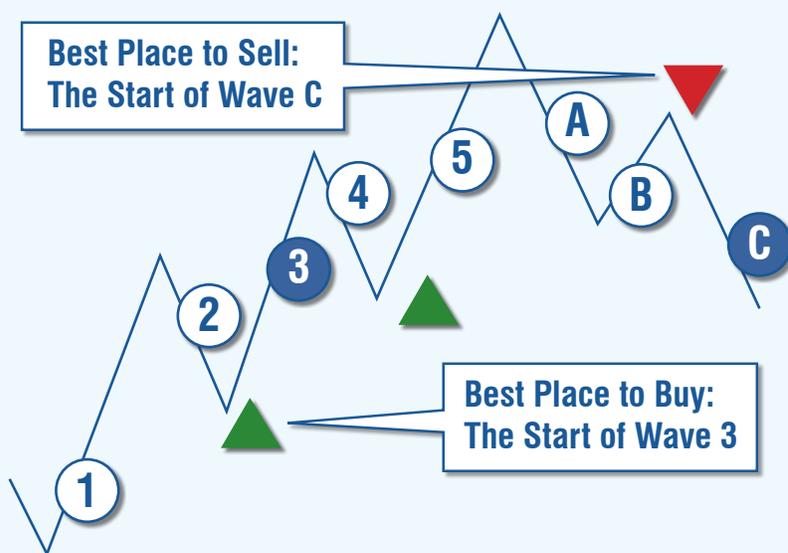
We took these basic Systems and created a new Elliott Wave Strategy that fires three specific Signals, which are also depicted in the drawing.

- **Start of Wave 3.** This is generally considered the least risk place to enter Long.
- **Start of Wave 5.** Another excellent entry point, this is the third wave up in the pattern.
- **Start of Wave C.** After the first Corrective Wave, the stock will rally and start down again. This is the

## What exactly are Elliott Waves?

“Elliott pointed out that the stock market unfolded according to a basic rhythm or pattern of five waves up and three waves down to form a complete cycle of eight waves. The three waves down are referred to as a ‘correction’ of the preceding five waves up.”

– from Robert Prechter’s *Elliott Wave Principle*.



It is amazing how often this pattern can be found in stock market data. The first five waves (1-2-3-4-5) form successive rallies. The last three waves (A-B-C) form a correction on the downside. Our Elliott Wave Strategy fires Signals at the beginning of Wave 3 and 5, and the start of Wave C.

Lower High that represents the start of the C Wave—a great place to Short as the stock confirms that it is correcting and going lower.

The pattern can be inverted in a bear market, such that Waves 1-5 can form in a down market, and the A-B-C Waves form a recovery rather than a correction.

Prechter points out that Elliott Waves can be formed as *waves within waves* creating what he calls Cycle Waves.

His book is over 250 pages in length, which says something about the nuances and complexities of the complete theory.

Our goal was to simplify the theory into a practical application by counting Higher Lows and Lower Highs to identify the pattern and to determine whether the given stock is in the numbered or trending phase or the lettered (corrective) phase, and whether the pattern is inverted or not.

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# Trade the Waves!

Generate Consistent Profit in the Market!

