



GUIDE TO GRI TRADE SHEET

The GRI Trade Sheet (or "GRITS") is our in-house report that offers a momentum-based method for participating in multi-day/week moves in the US markets. The daily GRITS report provides daily stop points for establishing and exiting positions. Signals generated for the GRITS report come from a combination of our proprietary trend identification, momentum analysis, and dynamic risk. The GRITS signals try to stay focused on sustained moves within the longer-term trend.

The following Key Details are very important for you to read before subscribing and using the GRITS report.

Key Details

- GRITS is published each evening around 5:00-5:20 PM CST and posted on the GRI website for viewing only. You will not be able to print a copy of the report.
- Please note that GRITS signals are designed for the period beginning with each market's overnight session. GRITS is geared for a Stop Entry/Exit that is usually away from the previous nights settlement. However, our experience has shown that significant moves sometimes do occur, and entry/exit stops are hit before the US day session. Some markets may have already opened their evening session by the time the GRITS is published. We try to get it out as quickly as possible, but our system is not available in "real time".
- The concept of the GRITS swing tracker is to select trades that follow directional multi-day/week moves by markets that are trending. The process of "discovery" for a sustained position may emerge over many trades, with the GRITS stopped out multiple times before capturing a sound position in a market. Our theoretical analysis of the GRITS has shown more losing trades than winners - a reality of most trend-following systems. We also see that often a period of drawdown occurs when starting to use the GRITS as time is needed to "discover" trending positions. Therefore GRITS traders should be prepared for significant draw down before trending swings are found. Once a trending position is established, past testing has shown the winning trades performance out-pace the losing trades.
- Another critical element of using GRITS is the need to trade ALL positions listed with the report. Our experience has shown that individual markets or market sectors have not shown good performance every year. Trading the entire portfolio presented is necessary to capture performing markets. You may get lucky and pick the right market or sector to trade for a limited time, but over the longer term, a full portfolio evens out performance and reduces risk. This means a well-capitalized account is needed to hold on to multiple trades. Our testing of GRITS on our entire database suggested a beginning account size around \$250,000.

The number of markets used by the GRITS in our published report is smaller, but traders should still be looking at an account size near \$150,000-\$175,000.

- Besides placement of stops each day for entry or exiting positions, traders should be prepared to monitor trades for potential Range Reversal triggers that preempt regular Stop entry/exit orders. The Range Reversal trigger has proven to be a reliable trend turning signal and should be included to optimize the performance of the GRITS. Range Reversal is used in combination as a minor trend reversal indicator. A one-day move which exceeds the Range Reversal distance, from high to low or visa versa, against the current minor trend, signals a probable change in the minor trend direction. On the GRITS you will see listed the Range Reversal value for each day. The key attribute of this signal is that:

If you are out of the market, a Range Reversal can only trigger you into the market in the direction of the trend bias listed on the GRITS. For example, if the trade suggestion on the GRITS is to buy, only a move from the day's low exceeding the Range Reversal distance to the upside will stop you into a new long position.

If you are already in the market, a Range Reversal can only trigger you out of the market in the opposite direction of the open position. For example, if you have an open long position and today's selloff from the high exceeds the Range Reversal distance to the downside, you will be stopped out of the trade.

- Once a week, the simulated results of the GRITS from the previous month will be updated and posted on the website.
- The GRITS is a simulation swing tracker with predetermined signals. Market conditions may require you to consider the merits of any given trade. We do not take any responsibility for how any individual trader acts upon information within the GRITS.