

TRUMAN'S ALGORITHMIC TRADING SYSTEM

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Proprietary Trading System (PTS)

Truman's System™ is an algorithmic financial markets **proprietary trading system (PTS)**. The fact that it is *self contained* and is based on a *fully automated* design principle separates it from any other trading systems currently on the market. It took over 20 years of dedication and literally thousands of hours of research and development to complete Truman's System. With an investment of over \$8.1M, the specifications, design, programming, and testing are a culmination of over 20 years of dedicated market research as well as the management of an exceptional programming team to create a truly unique reversal based trading system.

Once its parameters are configured and tuned Truman's System is a fully automated trading system that can forecast market direction with up to 87% to 93% accuracy requiring no human intervention whatsoever by the investor(s). Truman's System can be configured and tuned to trade any global market's financial instruments such as futures, bonds, precious metals, foreign exchanges, commodities, and equity indices. However, one crucial requirement is that the market to be traded must have sufficient liquidity. The system is comprised of several components and sub-components which process over 600,000 specific variables utilizing 85% econometric and 15% technical input data in order to select the optimum number of contracts as well as trend direction.

Truman's System is currently configured, tuned, and tested to day-trade the Chicago Mercantile Exchange (CME) E-Mini S&P 500 futures contracts with a minimum \$5M investment. The CME Group is the worlds leading and most diverse derivatives marketplace. Truman's System has achieved impressive results trading E-Mini S&P 500 futures contracts.

System Scalability Component

The system's Scalability Component is essential in that it is capable of forecasting the market in multiple time frames and insures that as capital is scaled it will efficiently utilize these time frames. The chart below defines the time frames the system can be configured and tuned for providing that the particular market the system is being configured for has sufficient liquidity.

- Day Trading Daily
- Short Swing 1 - 10 days
- Long Swing 10 - 90 days
- Short Cycle 3 - 12 months
- Mid Cycle 12 - 36 months
- Long Cycle 3 - 12 years
- Grand Cycle 12 - 99 years

System Trading Methodology

Truman's System utilizes a trading methodology based on configuring system parameters, specific program rules, forecast price objectives, as well as market and human factor selection criteria. Below is a list of some of the different Risk and Money Management Component branches the system executes in any number of sequences as required depending on current market activity and actual trends. This strategy requires a committed minimum capital investment of \$5M so that the system's components and sub-components can maximize efficiently the systems full potential.

The system will determine how many contracts it will process then divides a specific number of contracts for allocation into each of the 18 branches it has selected for maximum trading efficiency. Once these contracts are allocated to a specific branch they cannot be used for any other branches. Therefore it is imperative that the system have sufficient working capital i.e., a sufficient number of contracts to be divided and allocated into all the different branches of the system so that it can provide optimal performance results producing more positive days and higher returns.

The following is a list of the Risk and Money Management Component branches:

1. Initial Start of the Day
2. Torpedo against Initial Start of Day
3. Torpedo with Initial Start of Day
4. Negative Trade
5. Torpedo against Negative Trade
6. Torpedo with Negative Trade
7. Torpedo add-on against Trend

Note: There are an additional 11 proprietary risk and money management component branches.

These 18 branches combined in conjunction with 36 different potential trends are programmed to process up to 648 different market scenarios for the system to perform efficiently and at full capacity. The above explanation reveals that Truman's System performs in a nonlinear method when using different amounts of investment capital; in other words its output is not directly proportional to its input. It also reveals that one of its most important features is its capacity to preserve capital. All of these crucial functions are controlled through a rigid risk and money management protocol.

Risk and Money Management Component

The Risk and Money Management Component allocates investment capital so that the system can determine and process the most suitable disposition in case it needs to pull itself out of a drawdown. This is done by allocating contracts through different branches and trading modules. The system relies on and executes programs and/or routines from two unique modules that issue its trading signals. One module consists of the reversal component which marks the beginning and the end of each trend with its primary objective being to characterize the number of trends that occurred throughout the trading session. The second module consists of a Torpedo Trend Signaling Component.

Torpedoes, when referred to by Truman's System, are intraday signals which the system automatically generates during a trend. The Torpedo Trend Signaling Component is activated and its signals are generated in conjunction with the system's risk and money management component's programs and/or routines which rely on the defined drawdown, capital investment, and projected forecast price line criteria. All generated torpedo signals will flatten-out automatically at the end of each forecasted trend. If the torpedoes don't reach the forecast line then the system's reversal component will trigger programs and/or routines that will automatically establish a new forecast line. If this occurs then the torpedoes will automatically issue signals for the new forecast line.

The Torpedo Trend Signaling Component will flatten-out at the generated forecast price line which typically takes place between reversals and indicates the end of a trend. The reversal component will continue to monitor the market until the market reverses and will flatten-out at the end of the trading day.

System Profitability

The system's profits are generated throughout the trading day by the amount of intraday trends the system captures and the amount of contracts the system's torpedoes allocate to each forecasted trend. The tactical allocation of trading capital is an important factor in generating and optimizing profits, hence the larger the investment capital allocated the higher the profitability. The system's Risk and Money Management Component will allocate capital accordingly by selecting the number of contracts required for optimum performance and distributing them into its 18 branches as trends evolve. The system will then initiate its reversal and torpedo trend signaling components.

Contingent on the amount of trading capital the Risk and Money Management Component allocates for the torpedoes, the torpedoes then generate intraday signals to the projected line. As previously stated, the system is more profitable and consistent when the investment capital is sufficient to take advantage of all the system's risk and money management components to full capacity by allocating contracts for all forecasted trends which were specifically designed for optimal performance and portfolio stability.

For example, if a \$1M trading allotment were compared to a \$5M trading allotment it would not necessarily mean five times a profit or loss. This is due to the fact that if the system were processing and trading with a \$1M allotment it may at times not be able to maximize distribution into all of its 18 branches because of the smaller investment capital. This results in partial utilization of system resources versus utilizing all of the system's resources and maximizing profit potential. Again, its output is not directly proportional to its input.

System Designer's Bio

Truman Shenassa has dedicated over 20 years of his life designing, developing and implementing various trading strategies and models which he has utilized in the various markets to acquire personal financial gain. He started designing trading strategies and models in 1979 and has since designed and developed over 200 technical trading systems. During the testing of these technical strategies and models it became apparent to him that technical systems alone were not capable of performing reliably and effectively over the long term.

This experience brought him to the conclusion that the only way he was going to be able to accomplish his goals was to design and develop his own proprietary algorithmic trading system. In February of 2010 after more than 20 years in development his vision of integrating econometrics and technical data with his own strategies and models became a reality beyond his best expectations.

RISK DISCLOSURES - HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

Professional Experience

Truman's System, LLC - 1996 to Present

Trading System Designer

Accomplishments:

- Mr. Shenassa successfully designed, developed, and implemented various trading strategies and models which were utilized in the market to acquire personal financial gain.
- Mr. Shenassa traded on the E-Mini S&P 500 market with a successful rate of return.

International Swiss Bank - Under Mr. Shenassa's Holding Company - 1990 to 1996

Owner

Accomplishments:

- Total annual revenues in excess of \$2.2B
- 100% privately held company

Insurance Company - Under Mr. Shenassa's Holding Company - 1990 to 1996

Owner

Accomplishments:

- Total annual revenues in excess of \$1B
- 100% privately held company

American Dream Homes, Antelope Valley, California - 1984 to 1990

Owner

Accomplishments:

- Mr. Shenassa developed homes per FHA Compliance Standards.
- Mr. Shenassa was responsible for the development of 2,200 homes per year
- 100% privately held company

North Hollywood Marble Company - 1981 to 1985

Owner

Accomplishments:

- Total annual revenues in excess of \$250M
- Provided granite and marble to commercial high rise buildings
- Conducted business in U.S., Germany, South Korea, and Japan
- 100% privately held company

Arbitrage in the Treasury Bond Market and Financing - 1979 to 1981

Owner

Accomplishments:

- \$1B Arbitrage of Treasury Bond Market transacted
- 100% privately held company

Manila Construction Company, Tehran, Iran - 1972 to 1979

Owner

Accomplishments:

- Mr. Shenassa was responsible for the development and construction of the \$1.2B Masjed-E-Solemon Military Base in Iran
- Mr. Shenassa was the exclusive representative of 60 manufactures of electrical and electronic parts and equipment
- Mr. Shenassa owned 45 construction and electrical parts manufactures with total annual revenues in excess of \$2B

Education

Columbia University, New York, NY - 1972

PhD in Economics with focus on the Federal Reserve Monetary System

University of California, Los Angeles, CA - 1970

Master of Science (MS) in Electronics

California Polytechnic State University, Los Angeles, CA - 1965-1970

Master of Business Administration (MBA)

Bachelor of Arts (BA) in Mathematics

Bachelor of Science (BS) in Electronics

Bachelor of Science (BS) in Electrical Engineering

FOREST HILLS HIGH SCHOOL – Queens, NY - 1964

High School Diploma