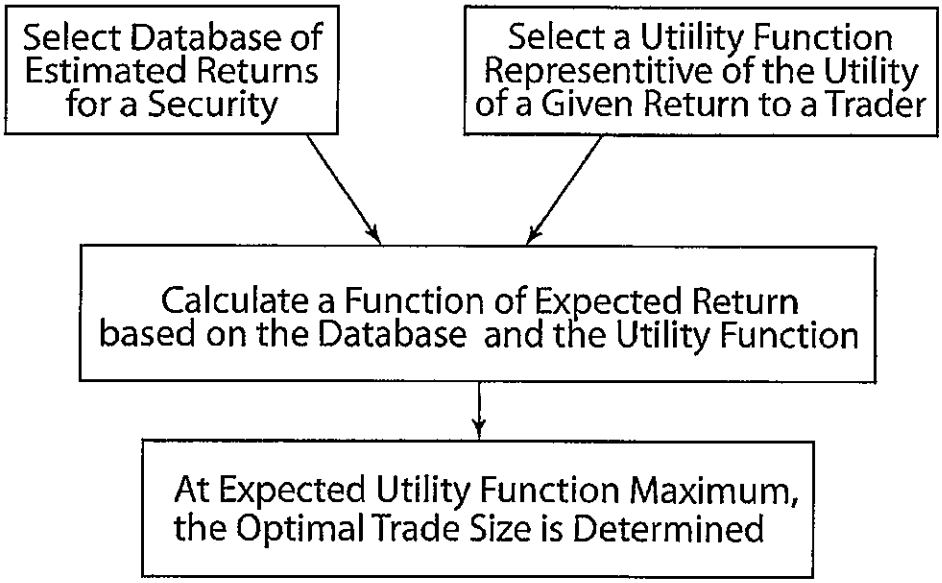

Select Database of Estimated Returns for a Security
Select a Utiility Function Representitive of the Utility of a Given Return to a Trader
Calculate a Function of Expected Return based on the Database and the Utility Function
At Expected Utility Function Maximum, the Optimal Trade Size is Determined

Fig. 1

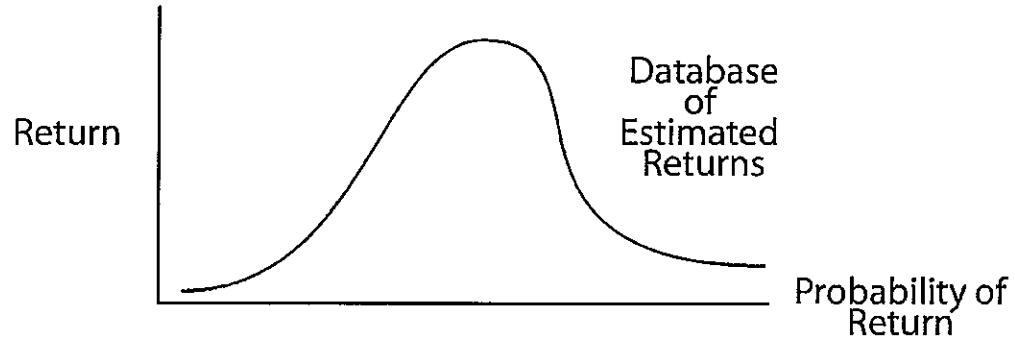


FIG. 2



FIG. 3

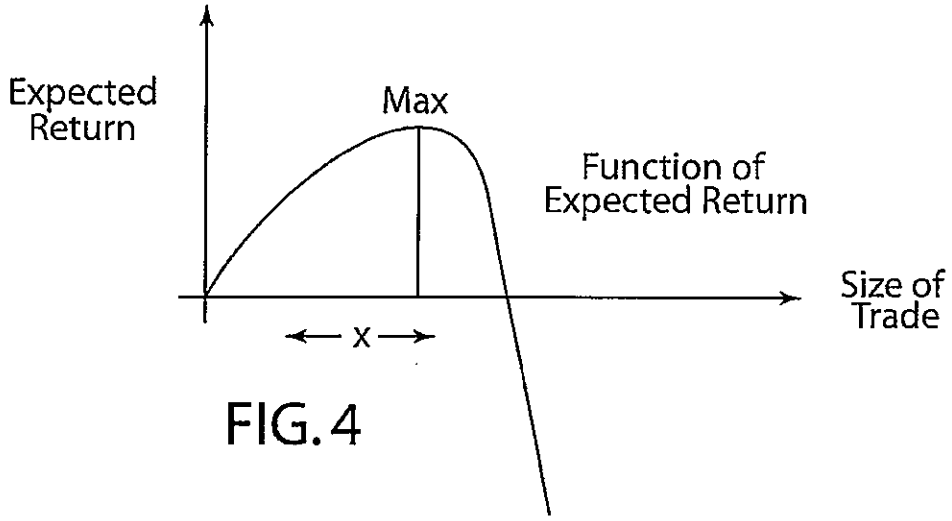


FIG. 4

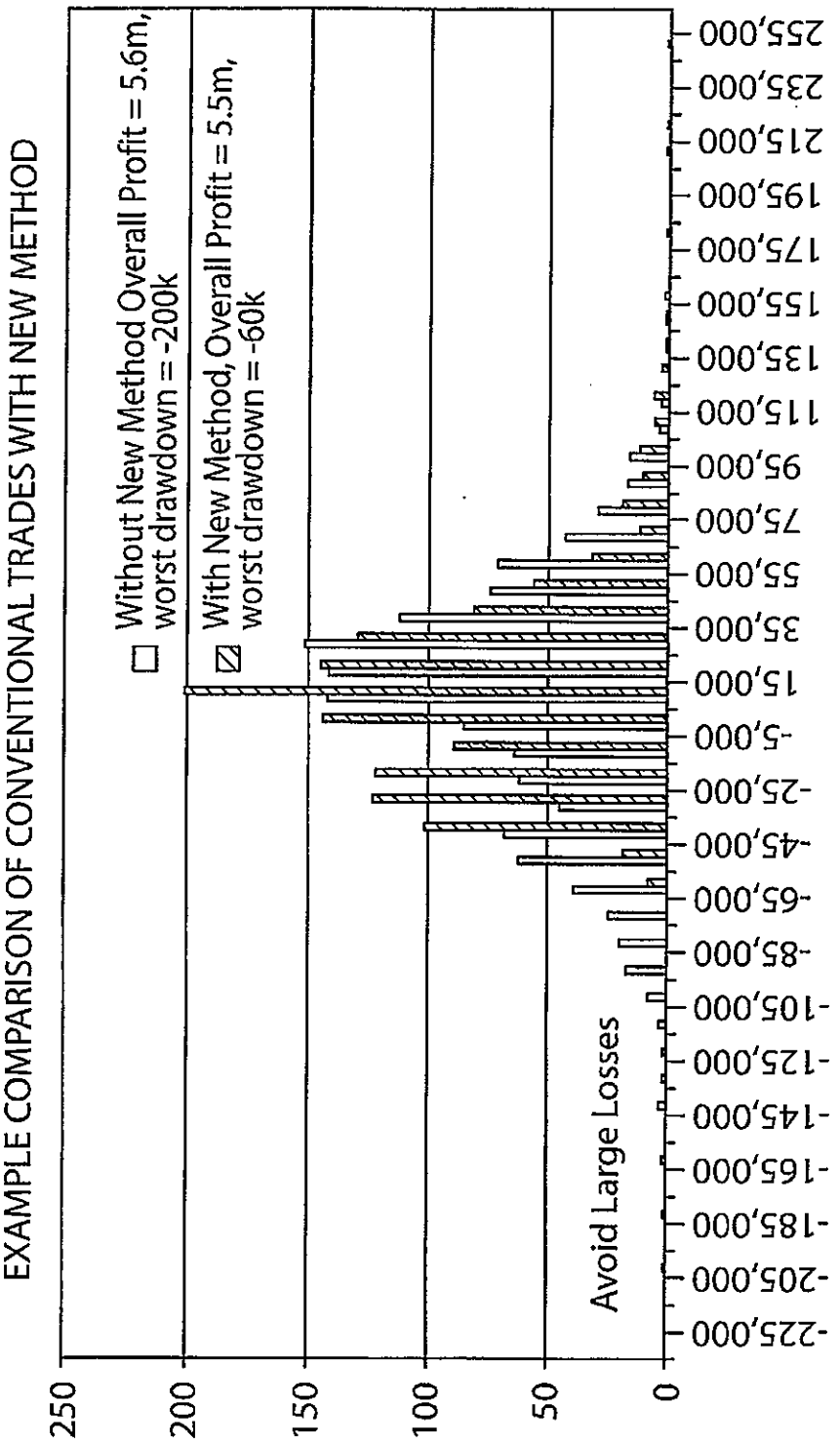

EXAMPLE COMPARISON OF CONVENTIONAL TRADES WITH NEW METHOD
Without New Method Overall Profit = 5.6m, worst drawdown = -200k
With New Method, Overall Profit = 5.5m, worst drawdown = -60k
Avoid Large Losses
250
200
150
100
50
0
255,000
235,000
215,000
195,000
175,000
155,000
135,000
115,000
95,000
75,000
55,000
35,000
15,000
-5,000
-25,000
-45,000
-65,000
-85,000
-105,000
-125,000
-145,000
-165,000
-185,000
-205,000
-225,000

FIG. 5