

Question Number	Question Text
1	<p>Which of the following is not a trend follower?</p> <p>Campbell and Company John Henry Dunn Capital Salem Abraham Leo Melamed</p> <p>Correct: Leo Melamed Explanation: All of the others listed are well known trend followers and money managers.</p>
2	<p>Reversal traders are in them market _____ of the time.</p> <p>25% 50% all</p> <p>Correct: All Explanation: By nature, reversal traders are in the market 100% of the time. When a long position is stopped out a trade is taken on the short side.</p>
3	<p>In order to minimize risk, trend followers should trade _____.</p> <p>all markets a market in each sector non-correlated markets</p> <p>Correct: non-correlated markets Explanation: Trading highly correlated markets increases risk. Long positions in two highly correlated markets is similar to being double exposed.</p>
4	<p>Pyramiding a trade means what?</p> <p>Trading more active markets first Using unrealized profits as collateral</p> <p>Correct: Using unrealized profits as collateral Explanation: When you pyramid you add positions with the profits on open positions. Relates to futures trading only.</p>
5	<p>Trend followers equalize risk among markets using what?</p>

	<p>Point values Contract sizes Average True Range Market sectors</p> <p>Correct: Average True Range Explanation: The Average True range measures market risk. The Average True Range quantifies risk regardless of market selection.</p>
6	<p>Which of the following is not a basic tenant of the Turtle philosophy?</p> <p>Don't risk more than 2% on any one trade Position size is determined by total capital on hand Base contracts to trade on equity on hand Enter the market using stop orders only</p> <p>Correct: Enter the market using stop orders only Explanation: Entry and exit technique is not a core component of the Turtle philosophy. Money management is more important than entry technique.</p>
7	<p>Turtles will use price objectives.</p> <p>True False</p> <p>Correct: False Explanation: Trend following by nature will let the trend develop. Using a profit target will cut the potential of a trending market.</p>
8	<p>TR stands for what?</p> <p>Total Range Typical Regression True Range</p> <p>Correct: True Range</p>
9	<p>The True Range measures what?</p> <p>Trade Expectation Market sentiment Market volatility</p> <p>Correct: Market volatility Explanation: The True Range measures the amount of total market movement over the last trading day – or total market volatility.</p>
10	<p>The Average True Range is used to determine how many contracts to be purchased.</p> <p>False</p>

	<p>True</p> <p><u>Correct:</u> True <u>Explanation:</u> The Average True Range determines most aspects of money management for the Turtle philosophy.</p>
11	<p>The Average True Range is used to set a stop loss for each entry.</p> <p>False True</p> <p><u>Correct:</u> True</p>
12	<p>The Average True Range is used to determine when to add additional contracts.</p> <p>False True</p> <p><u>Correct:</u> True</p>
13	<p>An account with a 50% drawdown will require a _____ gain to breakeven.</p> <p>200% 100% 75% 66.7%</p> <p><u>Correct:</u> 100% <u>Explanation:</u> A trader starts with a \$100,000 and then loses \$50,000. He is down 50%. He needs to double his account, or a 100% return in order to move back to breakeven.</p>
14	<p>A \$100,000 with a \$2,000 stop has what percent of his account at risk?</p> <p>4% 6% 2%</p> <p><u>Correct:</u> 2% <u>Explanation:</u> $\\$2,000/\\$100,000 = 0.02$ or 2%</p>
15	<p>Corn has an ATR of 5.00 points (each point is worth \$50) and you have a \$100,000 account. How many contracts should you trade if you risk 2% and have a 2 ATR stop?</p> <p>2 contracts 10 contracts 4 contracts</p>

	<p>Correct: 4 contracts</p> <p>Explanation: First, calculate the dollar amount of risk for each unit. \$100,000 times 2% = \$2,000. You are using a 2 ATR stop, each ATR is 5 points so a 2 ATR stop is 10.00 points. 10 points equals \$500 (10 points times \$50 a point = \$500). Dollar risk per unit divided by ATR stop in dollars = 4 (\$2,000 / \$500 = 4)</p>
16	<p>A \$50,000 risking 2% will have \$1,000 at risk on each unit. Tomorrow the account is worth \$51,000. What should you do?</p> <p>Keep \$1,000 at risk Risk 3% instead of 2% Continue to use 2%, but based on the new account value</p> <p>Correct: Continue to use 2%, but based on the new account value. Explanation: Turtles will use unrealized profits when making trading decisions.</p>
17	<p>Core equity represents what?</p> <p>Beginning account value Ending account value Unused account balance</p> <p>Correct: Unused account balance</p>
18	<p>Wheat is trading at 404 and you go long. 1 ATR is worth 7.5 points. Where is your stop setting?</p> <p>396.50 419.00 Can't determine from the information given 389.00</p> <p>Correct: 389.00 Explanation: Using a 2 ATR stop your stop would be 15 points behind the market (7.5 times 2 = 15 points). 404 - 15 equals 389.00</p>
19	<p>A trader with a long position will profit as market prices fall.</p> <p>True False</p> <p>Correct: False Explanation: A long position profits as the market increases, a short position profits as the market declines.</p>
20	<p>A trader that wants to profit as the market falls will do what?</p> <p>Wait until prices fall and then buy at a lower price Sell short Go Long</p>

	<p><u>Correct:</u> Sell short</p> <p><u>Explanation:</u> A contract sold short will profit as the market falls.</p>
21	<p>You go short the Live Cattle market at 75.00 with 2 contracts. Prices rise to 77.00. Which statement represents your scenario? (Live Cattle is worth \$400 for each full point move)</p> <p>Time to average up your short trade? Your account is up \$1,600 Your account is down \$1,600</p> <p><u>Correct:</u> Your account is down \$1,600</p> <p><u>Explanation:</u> You sold short the market at 75.00 and the market is trading at 77.00. The position is 2.00 points against you. Each point is worth \$400. Each contract is down \$800, and you are short 2 contracts or a total of \$1,600.</p>
22	<p>In order to calculate the number of contracts to trade you must know what market to trade and what price the market is at?</p> <p>True False</p> <p><u>Correct:</u> False</p> <p><u>Explanation:</u> You do not need to know the market or its current price in order to calculate the number of contracts to trade.</p>
23	<p>A black box system reveals all the inputs.</p> <p>True False</p> <p><u>Correct:</u> False</p> <p><u>Explanation:</u> A black box system reveals none of its inputs.</p>
24	<p>Trend followers can make money in up or down markets.</p> <p>True False</p> <p><u>Correct:</u> True</p> <p><u>Explanation:</u> Trend followers will profit in a trending market, regardless of market direction.</p>
25	<p>Even a good system requires optimization.</p> <p>True False</p> <p><u>Correct:</u> False</p> <p><u>Explanation:</u> A good system should require little or no optimization.</p>

26	<p>Gold is trading at 410.00 and you are short. The ATR is 3.50. You risk 2% on each unit, use a 2 ATR and add positions ever 1/2 ATR. Where should the next unit be added?</p> <p>408.00 411.25 408.25 (round to 408.20)</p> <p>Correct: 408.25 (round to 408.20) Explanation: 1/2 of an ATR is 1.75 points. Your last trade price was 410.00 so you sell short the next unit at 410 – 1.75 or 408.25. Gold trades every 0.10 points. Round down to 408.20.</p>
27	<p>Once all positions are added a trend follower will trail his stop closely behind the market.</p> <p>True False</p> <p>Correct: False Explanation: A trend follower is willing to risk all open profits as the trend unfolds. The stop is brought to breakeven gradually as positions are added.</p>
28	<p>Once all position are added a trend follower will leave his stop at breakeven.</p> <p>True False</p> <p>Correct: True</p>
29	<p>Trend followers trading a 20 day breakout will buy the highest high of the last 20 days.</p> <p>False True</p> <p>Correct: True</p>
30	<p>A trend follower who is long will buy additional positions as the market moves lower.</p> <p>True False</p> <p>Correct: False Explanation: A trader who is long a market will want the market to increase. A Turtle trader will never average down a market. Losers average losers.</p>

31	<p>What is a rollover?</p> <p>When you get stopped out of a position</p> <p>When you exit a position in one market sector and add a position in another sector</p> <p>When you exit an expiring contract month and switch to another contract month</p> <p><u>Correct:</u> When you exit an expiring contract month and switch to another contract month</p>
32	<p>When rolling over you should stay in the same contract, just switch contract months.</p> <p>False</p> <p>True</p> <p><u>Correct:</u> True</p>
33	<p>When rolling over, always trade the contract with the highest open interest.</p> <p>True</p> <p>False</p> <p><u>Correct:</u> True</p>
34	<p>Long positions in two precious metals are more risky than a long in one metal and a short in another metal.</p> <p>False</p> <p>True</p> <p><u>Correct:</u> True</p> <p><u>Explanation:</u> Precious metals are highly correlated. A long position in two precious metals doubles risk.</p>
35	<p>One should avoid multiple positions in the same market sector.</p> <p>True</p> <p>False</p> <p><u>Correct:</u> True</p>
36	<p>Trend followers can take many small losses in a row.</p> <p>True</p> <p>False</p> <p><u>Correct:</u> True</p>
37	<p>Trend followers will daytrade from time to time.</p>

	<p>False True</p> <p>Correct: False Explanation: Trend followers do not day trade.</p>
38	<p>While trading the Turtle system, it is ok to use some personal discretion from time to time.</p> <p>False True</p> <p>Correct: False Explanation: When trading the Turtle system you don't allow personal discretion to influence trading decisions.</p>
39	<p>Trend followers should be concerned about getting the best possibly entry and exit price.</p> <p>False True</p> <p>Correct: False Explanation: Entries and exits are a small portion of trend following.</p>
40	<p>The initial breakout is the most important part of trend following.</p> <p>True False</p> <p>Correct: False Explanation: Entries and exits are a small portion of trend following.</p>
41	<p>Which is the most important part of trend following?</p> <p>Money Management Entry Price Exit Price Contract Size</p> <p>Correct: Money Management Explanation: Money Management is the key to successful trading.</p>
42	<p>Portfolio diversification is often the difference between what?</p> <p>Trading correlated markets Trading similar market groups Winning and Losing</p> <p>Correct: Winning and losing Explanation: To maximize your chances of winning in the markets,</p>

	one should fully diversify.
43	<p>What is the risk of ruin?</p> <p>Mathematical probability of losing your trading capital The mathematical calculation used to determine position size Knowing where to place your stop loss</p> <p><u>Correct:</u> Mathematical probability of losing your trading capital</p>
44	<p>If you trade 100 shares of a stock you are trading 1 contract of stock.</p> <p>True False</p> <p><u>Correct:</u> False <u>Explanation:</u> The term contract is reserved for futures contracts and options (both stocks and futures).</p>
45	<p>To add a number to a moving average you add the most recent number and delete the oldest number.</p> <p>False True</p> <p><u>Correct:</u> True</p>
46	<p>Entry and exit length is not as important as consistency.</p> <p>True False</p> <p><u>Correct:</u> True <u>Explanation:</u> One you chose your entry and exit length, you should remain constant throughout trading. Consistency is the key.</p>
47	<p>A curve fitted system means that it was _____.</p> <p>overly optimized tested on a computer tested by hand</p> <p><u>Correct:</u> overly optimized <u>Explanation:</u> When you curve fit a system you overly optimize the inputs. You create a magic set of variables that creates the highest potential profit. This is dangerous because market conditions change and variables that worked yesterday may not work today.</p>
48	<p>The Turtle system can work in any market volatility.</p> <p>False True</p>

	<p><u>Correct:</u> True</p> <p><u>Explanation:</u> The Average True range quantifies risk so that the method can be used against any market condition.</p>
49	<p>A drawdown measures which of the following?</p> <p>Equity loss measured in percentage terms The exact level of your stop loss The percentage hard stop used</p>
50	<p>All trading decisions should be on capital on hand, not future expectations.</p> <p>True False</p> <p><u>Correct:</u> True</p>
51	<p>Once all contracts have been added stops should be a breakeven.</p> <p>True False</p> <p><u>Correct:</u> True</p> <p><u>Explanation:</u> Turtle traders will bring their stops to breakeven and risk all open trade profits as the trend develops.</p>
52	<p>Turtle traders are willing to risk all of their open trade profits on each trade.</p> <p>True False</p> <p><u>Correct:</u> True</p>
53	<p>What is not a taught method of money management in the Turtle Trader course?</p> <p>Risk a small portion of your account on a trade Risk all open trade profits on a single trade Average your entry price up or down to get a better cost basis on a trade Add to winning trades as they produce more profit</p> <p><u>Correct:</u> Average your entry price up or down to get a better cost basis on a trade</p> <p><u>Explanation:</u> Losers average losers</p>
54	<p>Turtle Traders will use profit targets to achieve higher returns.</p>

	<p>False True</p> <p>Correct: False Explanation: Turtle Traders will allow the market, not a pre-determined target, to tell them when to exit.</p>
55	<p>A stop loss can be used for all the following except what?</p> <p>To protect profits To enter a market To exit a market To rollover a contract</p> <p>Correct: To rollover a contract Explanation: A stop loss protects profits, can be used to enter or exit a market, but not to rollover a contract.</p>
56	<p>What are the most crucial elements of trend following?</p> <p>Money management and portfolio management Entry and Exit Using futures and stocks together</p> <p>Correct: Money Management and portfolio management Explanation: Money management and portfolio management are the most crucial aspects of trend following.</p>
57	<p>Margin to equity measures what?</p> <p>Margin divided by equity Total amount of margin used in dollars Total margin cost of one contract in your portfolio</p> <p>Correct: Margin divided by equity</p>
58	<p>An account is in a drawdown if it is making money.</p> <p>False True</p> <p>Correct: False Explanation: If an account is in a drawdown then it is losing money.</p>
59	<p>A new equity high means what?</p> <p>You adding more money to your account after suffering some losses Your account has made new profits and put the value of the account at the highest level since it was established The market you are in is at the highest level since you began trading it</p>

	<p>Correct: Your account has made new profits and put the value of the account at the highest level since it was established</p>
60	<p>A robust system will work across a wide range of variables.</p> <p>True False</p> <p>Correct: True Explanation: The more robust a system the less dependant it is on programmed variables.</p>
61	<p>All of the following are examples of poor money management except what?</p> <p>Using a fixed percent of an account to risk on all trades ~Using a profit target Using a \$500 stop loss order across all markets Taking identical trades in correlated markets</p> <p>Correct: Using a fixed percent of an account to risk on all trades. Explanation: Using a profit target, using a \$500 stop and making identical trades in correlated markets are all examples of poor money management.</p>
62	<p>Volatility is measured through what device?</p> <p>Moving Average True Range Contract Rollover</p> <p>Correct: True Range Explanation: The True Range measures market volatility.</p>
63	<p>A system that results in 40% winners and 60% losers can be profitable if winners far exceed losers.</p> <p>True False</p> <p>Correct: True</p>
64	<p>A positive expectancy means that you can win if you practice prudent money management.</p> <p>True False</p> <p>Correct: True</p>
65	<p>A negative expectancy means that you will lose regardless of money management.</p>

	<p>False True</p> <p><u>Correct:</u> False</p>
66	<p>It is ok to overtrade as long as you have a positive expectation.</p> <p>False True</p> <p><u>Correct:</u> False <u>Explanation:</u> You should never over trade your account, even with a positive expectation.</p>
67	<p>Trend followers will routinely lose more times than they win.</p> <p>True False</p> <p><u>Correct:</u> True</p>
68	<p>The Average True Range is used for all of the following except what?</p> <p>Discovering when to rollover To determine how many contracts will be purchases To establish a stop loss point for each entry To determine when to add additional contracts</p> <p><u>Correct:</u> Discovering when to rollover <u>Explanation:</u> The average true range is used to determine how many contracts will be purchased, established a stop loss and to determine when to add additional contracts.</p>
69	<p>When related to futures, the tick size is the same amongst all futures contracts.</p> <p>False True</p> <p><u>Correct:</u> False <u>Explanation:</u> Different futures contracts will have different tick sizes.</p>
70	<p>While trading as a trend follower you can use stocks and futures for diversification.</p> <p>True False</p> <p><u>Correct:</u> True <u>Explanation:</u> You can use stocks, futures and even the FOREX together for portfolio diversification.</p>

71	<p>Trend followers will add positions as a market trends.</p> <p>True False</p> <p>Correct: True Explanation: Trend followers will add positions as trend develops.</p>
72	<p>Base all trading decision on what?</p> <p>Equity on hand Original Equity</p> <p>Correct: Equity on hand Explanation: Trend followers will base all trading decisions on equity on hand not on original equity.</p>
73	<p>What is a breakout?</p> <p>When a market makes a new high or low When a stop loss is triggered When you rollover a contract</p> <p>Correct: When a market makes a new high or low Explanation: A market is said to be breaking out when it is making a new high or low.</p>
74	<p>Your account started at \$10,000 and it is now worth \$12,000. What is the percent gain in your account?</p> <p>20% 2% 10% 5%</p> <p>Correct: 20% Explanation: The percent gain of an account is the amount of profit divided by the original equity. $\\$2,000 \text{ divided by } \\$10,000 = 0.20$ or 20%</p>
75	<p>As a trend follower you are willing to bring your stop to breakeven and let the trend develop.</p> <p>True False</p> <p>Correct: True Explanation: Trend followers will bring their stops to breakeven and risk all open profits as a trend develops.</p>
76	<p>The futures and currency markets are the most liquid markets in the</p>

	<p>world and are accessed daily by hedgers, traders and investors.</p> <p>True False</p> <p><u>Correct:</u> True</p>
77	<p>Futures and currency contracts are attractive because they allow participants to adjust risk.</p> <p>True False</p> <p><u>Correct:</u> True</p>
78	<p>Trend followers seek to profit from sideways market activity.</p> <p>True False</p> <p><u>Correct:</u> False</p>
79	<p>The basic trading strategy of trend followers is to "cut profits" and "let losses run."</p> <p>True False</p> <p><u>Correct:</u> False <u>Explanation:</u> The nature of trend following is to let a trend work – or let profits run and cut losses short.</p>
80	<p>Over the long term trend following will prosper because trends occur in all markets some of the time.</p> <p>True False</p> <p><u>Correct:</u> True</p>
81	<p>A long option profile is said to have limited losses and unlimited upside potential.</p> <p>True False</p> <p><u>Correct:</u> True <u>Explanation:</u> A long option has limited risk (option premium) and unlimited upside potential. Trend followers will risk a fixed percent on each trade and an unlimited reward potential.</p>
82	<p>It is impossible to enter at the exact low of a market and exit at the</p>

	<p>exact high of a market over time.</p> <p>True False</p> <p>Correct: True Explanation: Markets are random in nature. It is impossible to predict the exact bottom and highs of market activity.</p>
83	<p>Trend followers desire to capture the middle of a trend, not the exact low nor the exact high.</p> <p>True False</p> <p>Correct: True Explanation: Trend followers will profit from the 'meaty' 80% - or the middle of the trend.</p>
84	<p>Trading in the futures markets is a zero sum game.</p> <p>True False</p> <p>Correct: True Explanation: In the futures markets when one trader profits, another loses the same amount.</p>
85	<p>A Zero sum game means that all participants can profit from the market activity.</p> <p>False True</p> <p>Correct: False Explanation: A Zero Sum game means that half of the participants profit from the half that are losing. It is impossible for all market players to win at the same time.</p>
86	<p>Selling a call against a long position leaves you with unlimited upside potential.</p> <p>False True</p> <p>Correct: False Explanation: Selling a call against a long position, a covered call, leaves you with a limited profit profile.</p>
87	<p>Trend followers will pay close attention to market fundamentals.</p> <p>True</p>

	<p>False</p> <p>Correct: False Explanation: Trend followers ignore market fundamentals.</p>
88	<p>The Average True Range is a way to measure market fundamentals.</p> <p>False True</p> <p>Correct: False Explanation: The Average True range measures market volatility.</p>
89	<p>Trend following can be described as a macro approach – it looks at the entire picture of the market.</p> <p>True False</p> <p>Correct: True</p>
90	<p>Which is more likely to be a trend following trade?</p> <p>A trader entered and exited on the same day A trade that was established 6 months ago and exited today</p> <p>Correct: A trade that was established 6 months ago and exited today Explanation: A trade that is established and exited on the same day is most likely a day trade. A trend following trade can last a number of days, weeks or months.</p>
91	<p>Trend followers typically have a lower average profit per trade than other methods.</p> <p>False True</p> <p>Correct: False Explanation: Trend following by nature will typically have a higher profit per trade than other methods.</p>
92	<p>Trend following rules are _____.</p> <p>systematic discretionary</p> <p>Correct: systematic</p>
93	<p>Is the following statement true or false? "Trading is a zero sum game, for every winner there is a loser."</p>

	<p>True False</p> <p>Correct: True</p>
94	<p>Trend following is about market timing.</p> <p>True False</p> <p>Correct: False</p>
95	<p>Is the following statement true or false? "Loses are a part of the game. Expect and learn from them. If you don't experience losses then you aren't trading."</p> <p>True False</p> <p>Correct: True</p>
96	<p>Money management is simply placing a stop loss order in the market.</p> <p>False True</p> <p>Correct: False Explanation: Money management should tell you not only where to place your stop, but how many contracts to use on each trade.</p>
97	<p>Money management should optimize your trading capital.</p> <p>True False</p> <p>Correct: True</p>