

COVATO RESEARCH CORPORATION

The following three graphs represent announced signals from Covato Research Corporations Trading Indicator (TI) and Intermediate-Term Trend Indicators (ITTI) during the years 1990, 1991, and 1992 versus the Dow Jones Industrial Average.

Black triangle-shaped arrowheads depict the Trading Indicator (TI) signals, and they are labeled alphabetically. The TI buy signals point in an upward direction, and the TI sell signals point in a downward direction. The arrowheads point to the exact closing dates on which TI signals were triggered, which we refer to in our written announcements the "Actual Signal Day." The next trading day, which follows each "Actual Signal Day," we refer to as the "Confirmation Day," for which we provide managers with specific instructions in our announcements to determine whether a TI signal is being confirmed or not. For simplicity, our research about the Trading Indicator is defined in terms of the close of the trading day based on the New York Stock Exchange for the "Actual Signal Days" and the "Confirmation Days."

The words *INTERMEDIATE-TERM SELL* or *INTERMEDIATE-TERM BUY* are in text boxes from which dotted lines extend and point to the exact closing dates on which intermediate-term signals from our Intermediate-Term Trend Indicators were triggered.

The years 1990 through 1992 are good representations of how these important indicators alone were valuable tools for navigating the top of a bull market, the bottom of a bear market, the beginning of a new bull market, and a nearly one and one-half year long sideways trending market. The Trading Indicator, while it appears to randomly trigger signals, clearly produces the most *precise* points for executing trades. The Intermediate-Term Trend Indicators (ITTI), while not as precise as the Trading Indicator, provide the most *reliable* entry and exit signals. While qualifying these graphs and signals, managers should consider that these are only two of our methods, and that our regular announcements are representative of the composite of our methods and therefore likely to be even more useful.

Phillip R. Covato – President
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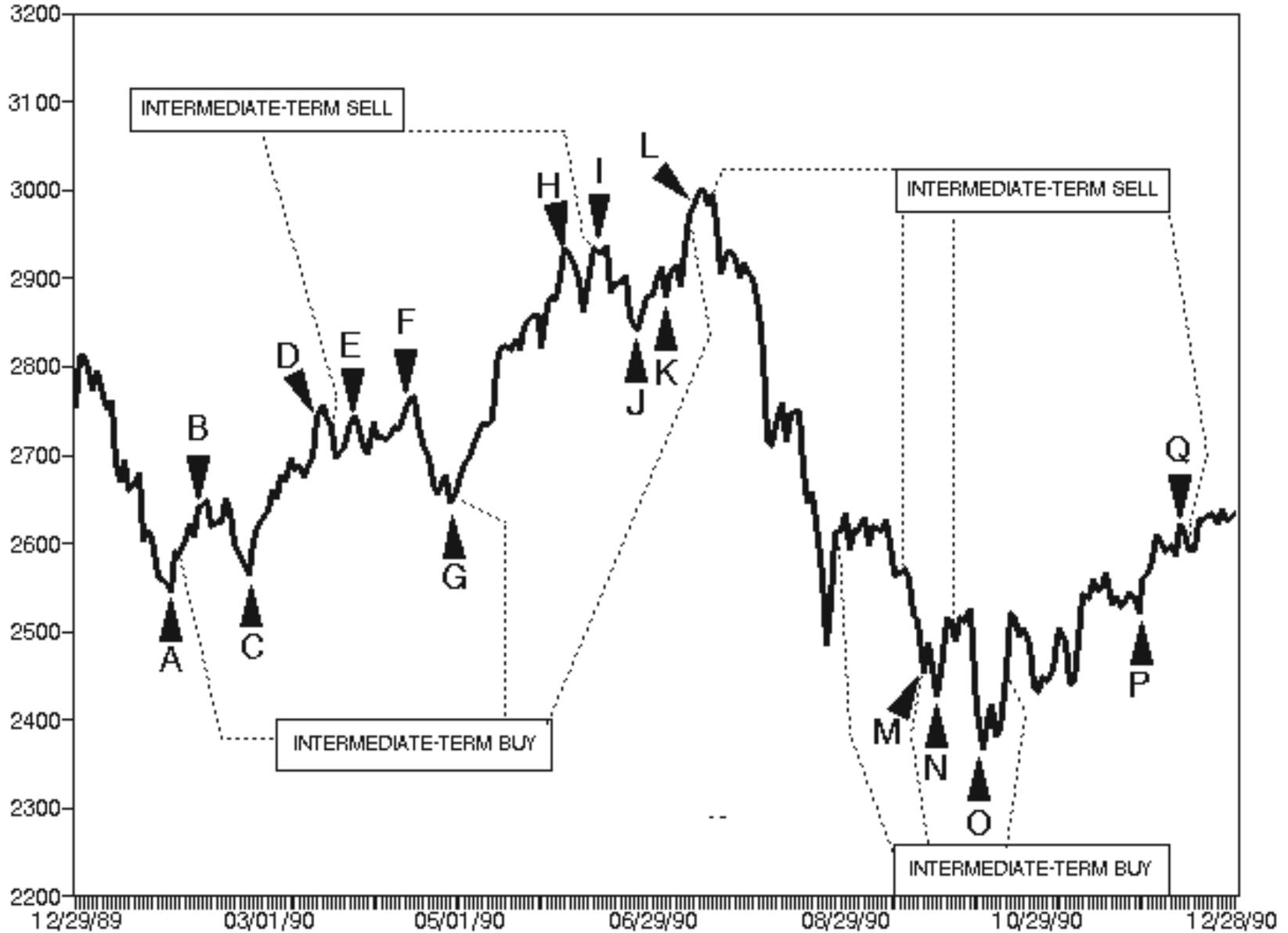
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Our website is: <http://www.covatoresearch.com>

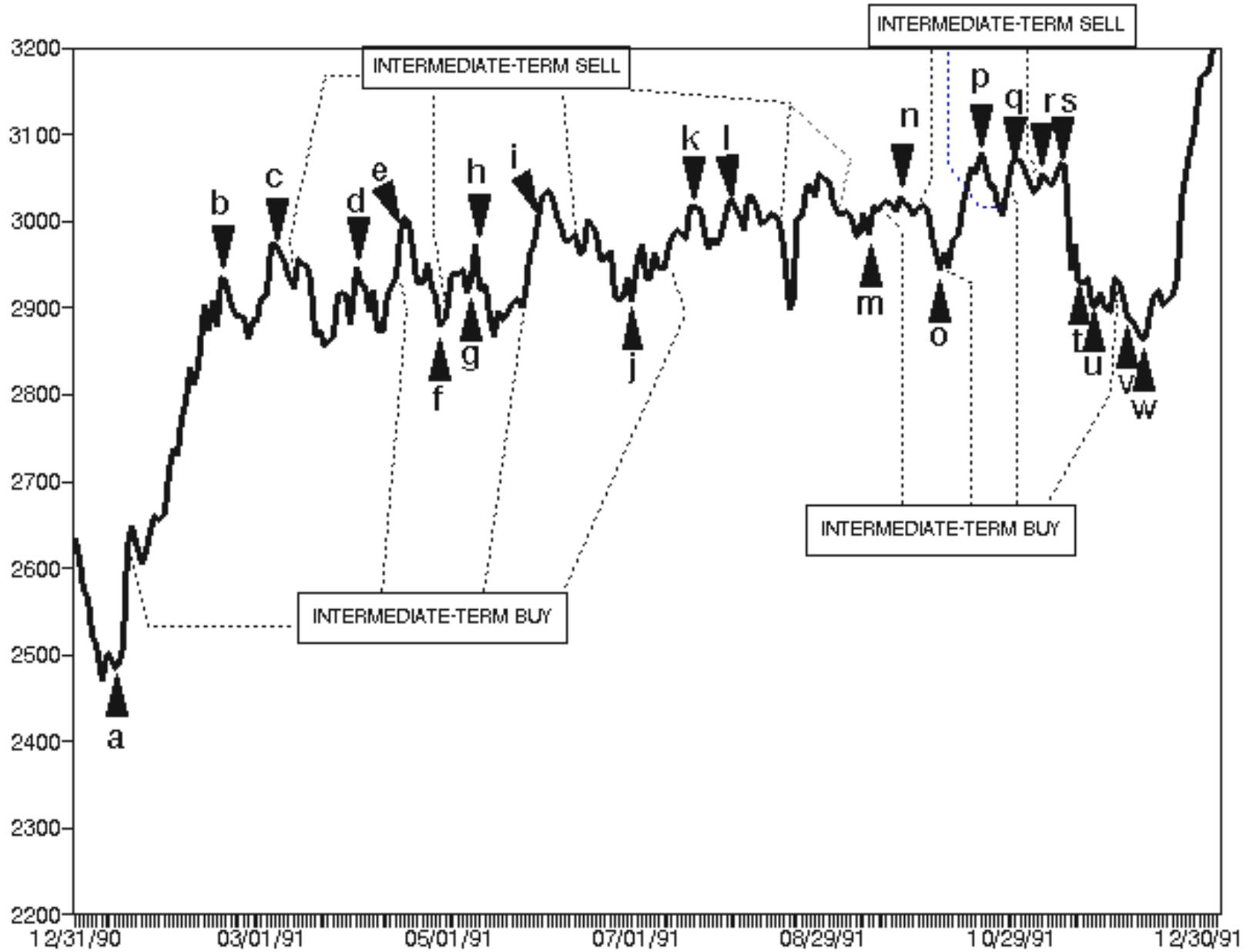
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TRADING INDICATOR and INTERMEDIATE-TERM TREND SIGNALS

1990



1991



1992

