

EMD - Gainer 1.0

Automatic trading strategy



USER GUIDE

Version 1.0

Revised 04.08.2016

Trading method

Breakout signals

Trading Style

Day trading system

Description of automatic strategy EMD-Gainer 1.0

- strategy is designed for E-mini S&P MidCap 400 futures market, trades on both sides Long/Short
- strategy has 5 input parameters and two Timeframes Data1 and Data2

1) Timeframes

- Data 1 – 15min , EMD, time template 8:30 AM – 15:00 PM, exchange time (USA regular session)
- Data 2 – Daily EMD.D, no Time Template

2) Inputs

- StopLoss – Stop loss amount in \$, default 1000\$ – if necessary, can be optimized
- NbrOfContracts – default 1 contract – if necessary, can be optimized
- SegmentX1 – if necessary, can be optimized
- SegmentX2 – if necessary, can be optimized
- SegmentX3 – if necessary, can be optimized

3) Exits

- General exit is at the end of trading session base on 15 minutes graph setting, no positions over the night
- Stop loss

4) Trading logic

- Strategy evaluates Breakout condition, if successful than using Close, High, Low and Open of several days to evaluate the other conditions
- General setup is that 1 contract is traded, but it can be changed. New entry is created only if there is no open position already

5) How the strategy has been developed

- Mainly the strategy logic has been setup to use Daily Open prices and Close, High, Low prices
- Using standard daily trading time frame in USA with time template 8:30 AM – 15:00 PM

- c. Commissions were set to 5\$, Look-inside-bar-backtest activated for 1 min bars, 200 bars back
- d. Strategy went through Cluster analyze with the settings below, and final equity has been built on Out of Sample data

Setup Test Criteria X

Test Criteria

Criterion 1: Overall Profitability

Fail if Total Profit < \$

Criterion 2: Walk-forward Robustness

Fail if Walk-Forward Efficiency < %

Criterion 3: Consistency of Profits

Fail if less than % of walk-forward runs were profitable

Criterion 4: Distribution of Profits

Fail if any single run contributed more than % of

Criterion 5: Maximum Drawdown %

Fail if maximum drawdown in any single run exceeded % of

- Initial capital
- Cumulative equity at beginning of run
- Cumulative equity at start of drawdown

Initial capital: \$

Walk-Forward selection rule based on:

- 1. Net Profit
- 2. Net Profit / MaxDrawdown
- 3. Pessimistic Return On Capital (PROC)
- 4. Net Profit x Winners / MaxDrawdown
- 5. Net Profit / Total trades
- 6. Expectancy Score
- 7. Perfect Profit Correlation (PPC)
- 8. Weighted Fitness

% x

% x

% x

Trade filter

Only trade if the ratio of Net Profit / Max Drawdown for the preceding In-sample run is greater than

Only trade if the following constraints are met during the preceding In-sample run

<= <= and

<= <= and

<= <=

Minimum required trades

Promote walk-forward test solutions that have generated at least trades during the in-sample period

6) Periodical re-optimization

- a. Inputs for the strategy are already provided and strategy can be immediately used with these inputs.
- b. But base on the Cluster analyze, there are several re-optimizations suggested in periodical cycles in the future. Which means that entry inputs can be slightly different after each re-optimization.
- c. Suggested interval for re-optimization is approx. 247 days
- d. For all subscribers, the re-optimizations will be done free of charge and the new input values will be sent via email once there is the due time.
- e. Every subscriber can decide, whether the current valid inputs will be used in the strategy also in the future or the new re-optimized inputs will be entered to strategy.

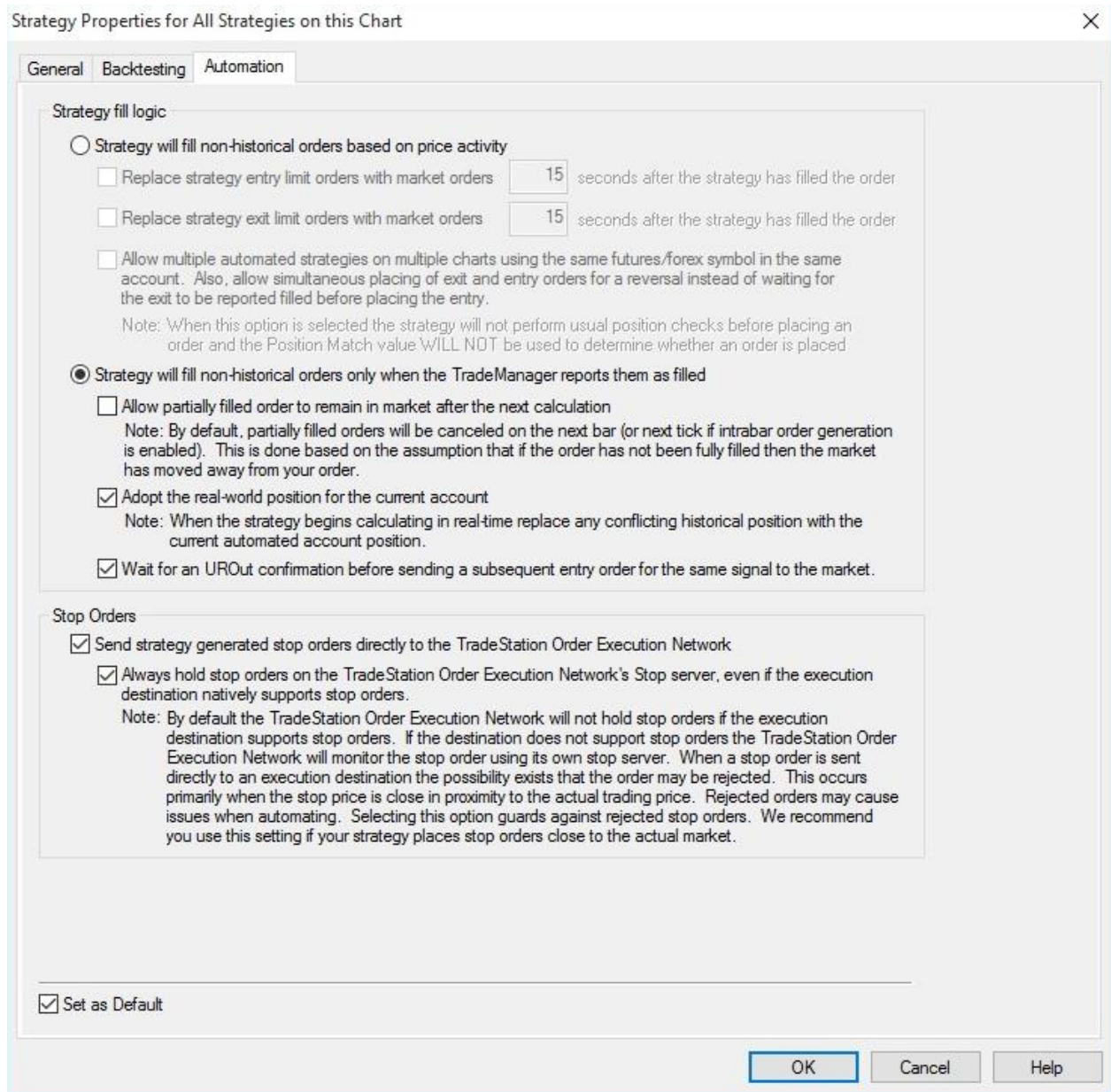
- f. The major reasons for the re-optimizations after several months are that conditions on the market can change at any time and the strategy might better adapt to the current market conditions.

7) Minimum technical requirements

- a. TradeStation 9.1 or higher

8) Settings for backtest and live trading

- a. Back testing
 - i. Data 1 – 15min , EMD with Time Template 8:30 AM – 15:00 PM, exchange time (USA regular session), Data 2 – Daily EMD.D, no Time Template
 - ii. Example of properties – commissions = 5\$, Position slippage = 0\$, Initial Capital = 30000\$, Max number of bars study will reference = 200, Look-inside-bar-backtest = 1 min
- b. Live trading
 - i. Symbol=@EMDxYY
 - ii. x= H (Mar), M (Jun), U (Sep), Z (Dec)
 - iii. YY= year
 - iv. Data 1 – 15min , @EMDxYY, exchange time (USA regular session with time template 8:30 AM – 15:00 PM), Data 2 – Daily @EMDxYY.D, no Time Template
 - v. **Strategy set up for automation:**
 1. to automate the strategy, change the chart symbol to the currently traded contract. Example: @EMDU16
 2. data required for trading is 200 bars
 3. open Format Strategies -> Properties for all -> and tab Automation
 4. activate: “Strategy will fill non-historical orders only when the TradeManager reports them as filled”
 5. check the checkbox “Adopt the real-world position for the current account”
 6. check the checkbox “Wait for an UROut confirmation before sending a subsequent entry order for the same signal to the market”
 7. in the part Stop orders check both checkboxes
 8. confirm the entries with OK button, please see example screen below.



EMD-Gainer 1.0 can be used as automatic trading system or for decision making support for discretionary traders. There are no restrictions about number of markets and contracts which can be traded with this strategy. EMD-Gainer 1.0 strategy can be used at any strategy portfolio.

Please trade at your own risk!

Prince of Trades team PROFILE

Team has a long time experience with statistics, regression tests and probabilities. Already more than 15 years in trading business. The major focus is on constant and reliable smaller gains than one-time huge peaks. However, past results cannot guarantee the results in the future.

DISCLOSURE

Team Prince of Trades uses on daily basis more own trading strategies and systems.

DISCLAIMER

All information in this document is for educational purposes only and nothing here should be considered personalized financial or investment advice. It is not to encourage you to follow our lead. If you follow our lead, you do so at your own risk. In any case you should only trade in a simulation account, or with funds you can afford to lose. Futures' trading is not appropriate for all traders. There is a substantial risk of loss associated with trading these markets. Losses can and will occur. No system or methodology has ever been developed that can ensure returns or prevent losses. No representation or implication is being made that using the systems or signals described in this document will generate returns or ensure against losses. We do not and cannot give individual investment advice. We do not and cannot manage funds. We are simply developers of trading systems mainly for our own use. Please note that since we trade for a living, we may have open trades in any one of our systems. We do not recommend or endorse any brokers, dealers, or advisors. Any brokers mentioned constitute a partial list of available brokers and is for your information only. Thank you for being with us.

U.S. Government Required Disclaimer - Commodity Futures Trading Commission Futures and Options trading has large potential rewards, but also large potential risk. You must be aware of the risks and be willing to accept them in order to invest in the futures and options markets. Don't trade with money you can't afford to lose. This is neither a solicitation nor an offer to Buy/Sell futures or options. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed on this web site. The past performance of any trading system or methodology is not necessarily indicative of future results.

CFTC RULE 4.41 - HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING. ALSO, SINCE THE TRADES HAVE NOT BEEN EXECUTED, THE RESULTS MAY HAVE UNDER-OR-OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFIT OR LOSSES SIMILAR TO THOSE SHOWN.

Neither Prince of Trades team nor any of its employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document. © 2000 – 2016 - All Rights Reserved. For personal use only. Duplication and distribution in any media or format is strictly prohibited. Prince of Trades team.

Emails: support@princeoftrades.com or princeoftradesdotcom@gmail.com