

ES – Guardian 1.0

Automatic trading strategy



USER GUIDE

Version 1.0

Revised 2.08.2016

Trading method

Breakout signals

Trading Style

Day trading system

Description of automatic strategy ES-Guardian 1.0

- strategy is designed for E-mini S&P 500 futures market, trades on both sides Long/Short
- strategy has 5 input parameters and two Timeframes Data1 and Data2

1) Timeframes

- Data 1 – 15min , ES.D with Time Template = 8.30 AM – 15.00 PM, exchange time (USA main time frame)
- Data 2 – Daily ES.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
- SegmentH123 – if necessary, can be optimized
- SegmentH145 – if necessary, can be optimized
- SegmentH267 – if necessary, can be optimized

3) Exits

- General exit is at the end of trading session base on Time Template, no positions over the night
- Stop loss

4) Trading logic

- Strategy evaluates Breakout condition, if successful than using True Range and Average True Range functions 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, True Range and Average True Range values
- Using Time Template following the most active USA trading hours 8.30 AM – 15.00 PM
- Commissions were set to 5\$, Look-inside-bar-backtest activated for 1 min bars, 200 bars back
- 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 Total Net Profit

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 Net Profit

% x Net Profit

% x Net Profit

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

<= NetProfit <= and

<= NetProfit <= and

<= NetProfit <=

Minimum required trades

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

6) Periodical re-optimization

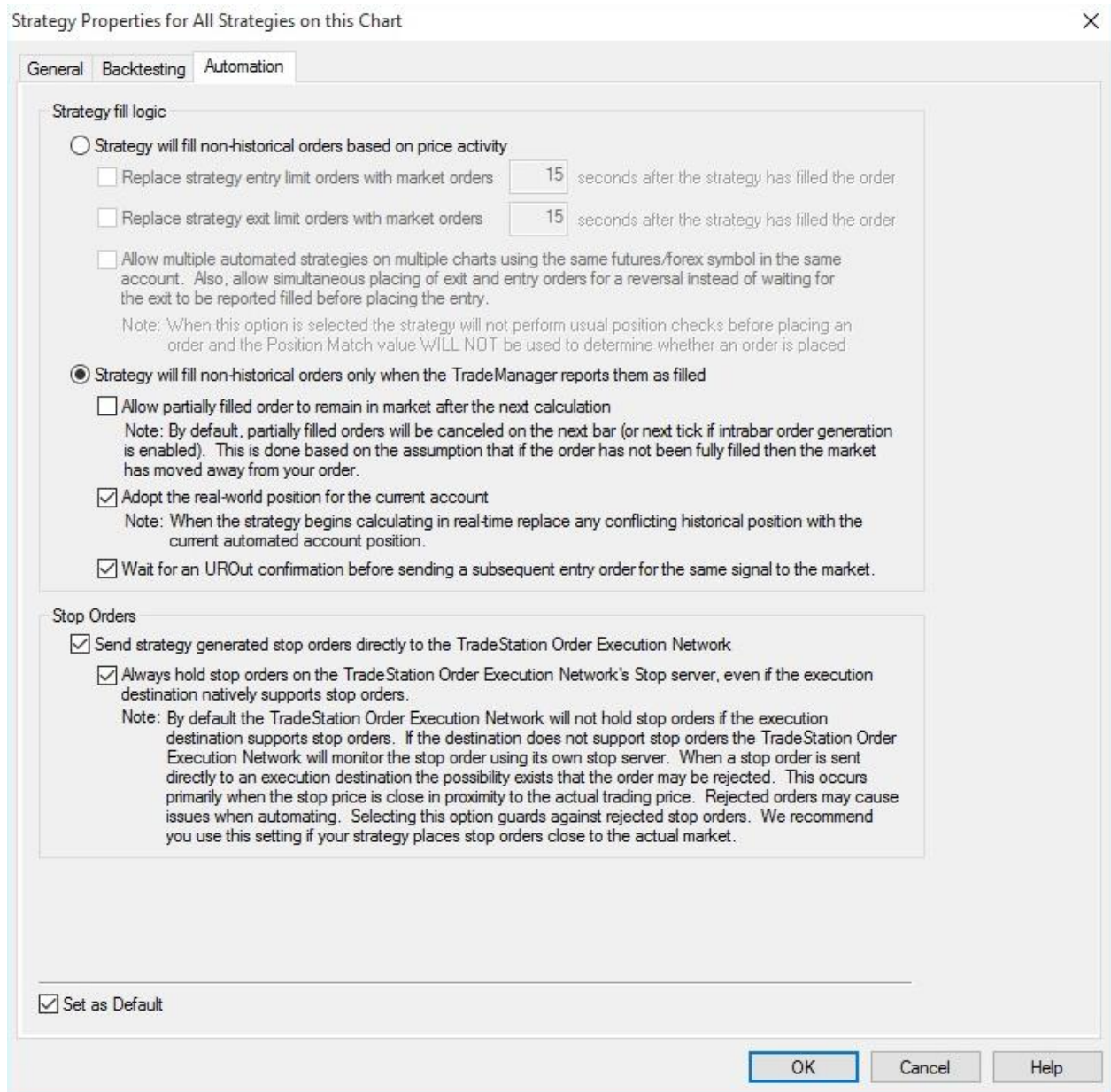
- a. Inputs for the strategy are already provided and strategy can be immediately used with these inputs.
- b. But base on the Cluster analyze, there are several re-optimizations suggested in periodical cycles in the future. Which means that entry inputs can be slightly different after each re-optimization.
- c. Suggested interval for re-optimization is approx. 245 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 , ES.D with Time Template = 8.30 AM – 15.00 PM, exchange time (USA main time frame), Data 2 – Daily ES.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=@ESxYY
 - ii. x= H (Mar), M (Jun), U (Sep), Z (Dec)
 - iii. YY= year
 - iv. Data 1 – 15min , @ESxYY with Time Template = 8.30 AM – 15.00 PM, exchange time (USA main time frame), Data 2 – Daily ES.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: @ESU16
 - 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.



ES-Guardian 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. ES-Guardian 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.

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