Alembex Management system

Q& A

Let’s consider a sequence of 25 trades. and let’s consider 1Lot trade entry.
This system works a follows:

-if last trade was a loser, position size for this trade is kept the same as for the previous trade (no change) and the sequence start

ok, so everything starts right here, after the first losing trade

Exactly, the sequence starts after a losing trade.

- if last trade was a winner (and the one before was a loser), position size for the next trade is the total sum of the entry quantities of the cumulated loss until the last winning trade, + predefine percentage of the quantities of individual past winner trades (Percentage will be an input that I will define) + one lot entry size.

- **total sum of the entry quantities of the cumulative loss sounds a bit confusing**, do you mean the total number of lots in those trades? So for example there was a series of loosing trades before a winning trade, LLLW, each loosing trade was one lot, so in your case we will open the next trade after LLLW with 3 lots? That is if we disregard the other part of the equation just to break this up into modules.

- **plus predefine percentage of the quantities of individual past winner** trades sounds a bit confusing as well, so are you talking about all winning trades trades that existed prior this LLL**W**, so in our case that would be 1 trade or if we had something like LL**W**LLL**W**LLLLL**WWW**LL**W**, in this case do you want to take % of the number of total number of lots that were traded in those 6 wining trades?

Yassine: Taking the case scenario of LLW, and 1 lot quantity entry (input). And the trades are 4 Ticks SL and 3 Ticks Profit Target

So, the entries will be as follow.

1st Trade, 1 Lot, Result : Loss. -4 ticks

2nd Trade, 1 Lot Result: Loss. -4 ticks

3rd Trade, 1 Lot Result: win. +3 ticks

Now, 4th Trade = Round UP (ABS ( -4 ticks – 4 ticks + 3 ticks ) / Profit Target ). Lot+ X quantity (input, normally one Lot to profit from the sequence

As a Result Round up (ABS(5/3) lot + 1.Lot

Means 4th Trade quantity is 3. Lots.

Notice:

\*\*\*\*After the 4th Trade if it is a win we will have + 9 ticks. And the sequence close with a profit (-4 -4 +3 + 9 = 4 ticks Profit) And the 5th trade in this case will start over with 1.Lot.

\*\*\*After the 4th Trade and if it is a loss we will have – 12 ticks and the sequence will continue as we didn’t have 2 consecutive winning trade yet.

For the 5th trade the quantity will be 1.Lot. and will continue to be one until we will have a win trade then we will make the same calculations means, calculate the number of ticks we lost from the start of the sequence, divide it on the Profit Target ticks number, round it up, and add the input of sequence benefit.

If it is still not clear I will continue below with your given example.

Taking the example you gave of LL**W**LLL**W**LLLLL**WWW**LL**,**

**So as you noticed we have two consecutive wins means the Sequence starts at first  LLWLLLWLLLLLWW ////  Stops then trade  W then we have a loss L ( Start of second sequence) an we have other L which means the 2nd sequence is still on.**

**For the first sequence**

Lets consider the trades are 4 Ticks SL and 2 Ticks Profit Target this time. and 1.Lot quantity entry (input). And 2.Lots (Sequence Benefit input).

**For the first sequence LLWLLLWLLLLLWW**

1st Trade, 1.Lot, Result : Loss. -4 ticks

2nd Trade, 1.Lot Result: Loss. -4 ticks

3rd Trade, 1.Lot Result: win. +2 ticks

4th Trade (-4-4+2) Cumulative +2 Sequence Benefit input, 4.Lot Result. Loss -16 ticks.

5th Trade, 1.Lot, Result : Loss. -4 ticks

6th Trade, 1.Lot Result: Loss. -4 ticks

7th Trade, 1.Lot Result: Loss. -4 ticks

8th Trade, 1.Lot Result: Win. +2 ticks

Now,

9th Trade, Quantity Round up (ABS(-4-4+2-16-4-4-4+2 )) / 2 Profit Target Ticks ) = 16.Lot + 2 Lots Sequence benefits

So, 9th Trade 18.Lot Result: Loss. -72 ticks

11th Trade, 1.Lot, Result : Loss. -4 ticks

12th Trade, 1.Lot, Result : Loss. -4 ticks

13th Trade, 1.Lot, Result : Loss. -4 ticks

14th Trade, 1.Lot, Result : Win. +2 ticks

15th Trade, sum( +2-4-4-4-72+2-4-4-4-16+2-4-4)= -114 ticks, Divided by Profit Target ticks (2 ticks) = -57 ( ABS value and round up ) = means 57 Lots, we add the input we wish to winn extra from the sequence 2 Lots, in total 59 Lots.

So finally our 15th Trade 1.Lot, Result : Win. +118 ticks

The sequence ends here. With a profit of 4 ticks.

16th Trade 1.Lot, Result : Win. +2 ticks

17th Trade 1.Lot, Result : Loss. -4 ticks (The sequence Start again from this Trade)

17th Trade become actually the 1st Trade of a new sequence.

18th Trade ( 2nd trade of 2nd sequence alternatively). 1 Lot. Result: Loss.

So I hope the example provided you with a clear idea on the system and how it work.

- if two last trades were both winners, we have obtained a win of +1 lot, and we stop the sequence (Reset the sequence which will start when we will have one loss trade in the future again).

- this one is clear

- if it happened that we did not have 2 consecutive winner trades and we made 25 trades (win/ loss), at the 25th trade the sequence will be stopped and reset the trade the 26th trade with 1Lot. (primary quantity)

- clear

As soon as you confirm me your total understanding of the money management system I will ask you to add a customized input for the maximum number of trades in each sequence primary I am planning 25 trades per sequence but I need to have the flexibility to modify to X trade numbers per sequence depending on my risk and portfolio.

- clear

I hope that I was able to explain the money management system, if yes, Please consider also that I need flexibility to modify the inputs of the money management,

So the Strategy will have these inputs,

Quantity1 (Per Lot)

Max Trades per sequence. (number, from 3 to 30 if possible)

Extra Benefit per Sequence (Per Lot)

Money management Stop Loss. (per ticks)

Money management Profit Target (Per ticks)

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As far as I understand you want this as a module that you will be able to use with your entry and exit modules. I mean your rules only include the money management technique so I guess you either want to use this with the chart trader or with some rules that you will add and use my code as a framework that will deal with the money management. Either way is fine for me.

Thank you.

Exactly, Actually I have a simple strategy, As you are creating this strategy we can make any indicator as Bollinger (2,20) with the close > mid-band for long signal entry and vis-versa for the short. and link the EnterLong, EnterShort to this money management system you will provide.

As I will receive it, I will manage to connect it to my strategy.

After you give me some more details I will be able to let you know an approximation on how long it will take me to write this sort of framework. I cannot yet say much because I need a bit more details. I am happy to speak about this on skype tomorrow.

I will be at your total disposal to clarify everything and agree on all terms before you start, as it will be easier to settle everything from the beginning it decrease the revision process, mail, stress, delivery time and provide satisfaction to all parties.

As per delivery time I don’t predict that it will take you too much time to implement it as soon as you understand exactly the system.

I usually undertake other than easy projects on a time and materials contract where we communicate a lot because requirements seem to change quite a lot after new information comes up. I do give quite good time approximations though before the start and keep an update on what's going on and if there might be changes.

Sure, totally aware and your availability of skype is a great approach to do business, I like it. Business done face to face are always better than distance.

Fixed pricing is also available for projects that have very strict requirements and it is quite obvious that we can see the project starting and ending point.

understand, I trust we can come to a common understanding.

Later other jobs will come as I am planning to move to NT8 which will require not only to upgrade this but some indicators that I have also.

Currently I am not able to classify your request and I would prefer if we could talk over a few details before I make you an offer so I look forward to contracting you tomorrow. Please find me on skype at y\_zolotarev or we can talk in hangouts. Have a good evening.

Ok I will manage to communicate with each other via Skype,