

Securing Profit & Limiting Losses

STRATEGYBOT futures trading software is designed to maximize earnings to traders and minimize losses with features such as Auto Trailing Stop, but even more it secures a desired amount of profit daily. Securing profit and ensuring minimum loss are the subjects of this article.

1. The **Account Limits** feature available in the menu under **Account** allows users to set up a **Maximum Profit** amount for the day as well as a **Maximum Loss**. Upon reaching either one, all open positions in all contracts will be closed. These limits are set depending on the trader's appetite for profit and risk.

2. Additionally, the **Profit Management** option allows users to set up an **Initial Minimum Amount of Profit** for the day in case the **Maximum Daily Profit** is not reached. This feature gets triggered only when the **Activate at Profit** value is reached.



3. With the **Trailing** option, profit can be trailed upwards from **Activate at Profit** by raising the **Initial Minimum Profit** figure. Two parameters, **When Profit Increases by** and **Change Profit Minimum P&L by**, contribute to define a new guaranteed profit.

How is the profit listed in 2 and 3 secured? If the **Trailing** option is not selected, as soon as the cumulated P&L falls below the minimum defined or if selected, below the latest guaranteed profit, then in both cases all open positions will be closed and the profit is secured. See the charts provided showing two different examples (one reaching the Maximum, another not reaching the Maximum but guaranteeing a profit).

PROFIT MANAGEMENT examples

Case #1 - Best Case, Maximum Daily Profit reached (Profit Management Activated but NO effect)				
P&L Movements	Activate at Profit	Guaranteed P&L	When Profit Increases by	Change Min. P&L by
\$100	no action	no action	no action due to not yet "activated"	no action
\$200	Activate NOW	\$190	if P&L increases by defined value, then execute Right Column	Add value in "Min P&L"
\$300		\$290	"	"
\$400		\$390	"	"
= Stops Trading				
User secured \$400 profit that day				

Case #2 - User Secures Profit at Predefined Values as below				
P&L Movements	Activate at Profit	Guaranteed P&L	When Profit Increases by	Change Min. P&L by
\$100	no action	no action	no action due to not yet "activated"	no action
\$200	Activate NOW	\$190	if P&L increases by defined value, then execute Right Column	Add value in "Min P&L"
\$300		\$290	"	"
\$275			P&L went down	no action
= Stops Trading				
User secured \$290 profit that day				

After reaching \$300 P&L, the P&L went down to \$275, the Guaranteed P&L remains set at \$290

Review of each selection:

1. **Why would a trader set up a Maximum Profit?** Because markets move up and down daily and a trader's overall cumulated P&L may therefore also fluctuate.

Example: The overall P&L reaches up to US\$10,000 in profit, then within minutes or hours falls to -US\$1,000 in losses. This could be a frequent occurrence if Auto Trailing Stop had not been set up for each trade. If the trader had indicated a Maximum Profit level of US\$10,000, upon reaching that amount all open positions would have been automatically closed, securing that profit amount.

2. The **Initial Minimum P&L** value is the minimum profit amount a trader wishes to make in a day. It can be seen as guaranteed profit.

What value should this be? Think of a figure and multiply it by 22 times for any particular month. If you are satisfied with the monthly total amount, then by all means set the **Initial Minimum P&L** to that figure. And by using the **Trailing** option, you are likely to make even more some days.

3. The **Trailing** option counts as a 'bonus' profit for the day, allowing a trader to increase profit upon the cumulated P&L getting higher until it drops below the latest guaranteed value.

Rules for the setting of values for the various parameters:

- Initial Minimum P&L** should be set slightly below **Activate at Profit** (not far below). The difference between these two values would be lost as profit. The idea here is to secure as profit as much as the real P&L movements, not less, ceasing all trading whenever the P&L falls below the latest amount reached as guaranteed P&L.
- When Profit Increases by** should be set to the same value as **Change Minimum P&L by**. Setting it higher than **Change Minimum P&L by** would definitely cause the trader to lose a certain amount; setting it lower would defeat the purpose as the **Change Minimum P&L by** parameter cannot "beat" actual P&L movements.
- Both **Trailing** parameters should be set to figures that are less than the **Initial Minimum P&L** amount. Traders are advised to choose a value that is at least two times below the **Initial Minimum P&L**, though we would recommend a figure that is four to fives times below it.
- Maximum Daily Profit** should always be higher than both **Activate at Profit** and/or **Initial Minimum P&L**.

Warnings:

- If many lots remain open upon reaching the desired limits, real profit or loss could be higher or lower than what was initially defined. The reason is that the computer servers execute the closing of orders one at a time. By the time each order is closed, the remaining open positions might have moved up or down and the final results may differ from the predefined values.
- If there are remaining **Overnight Open Positions** and these cumulative positions are negative, before a trader activates **Profit Management**, it is better

to write to Daniel@strategyland.com.sg requesting for advice.

Example: A trader had been waiting for some overnight positions to generate profit. However the Profit Management feature upon reaching its daily defined values might kill that intent since it immediately closes all open positions. In this case the Profit Management values should be further scrutinized or simply wait until no overnight positions remain before setting it up.

3. All monetary figures given to

StrategyBot are in US dollars.

What values should you set for Profit Management?

Should only be considered the point values of all the contracts being traded that day since the overall P&L is dependent on these values multiplied by the cumulative number of points earned or lost per contract.

	"Min. P&L" and "Activate at" Amounts to set up	"Increases by" and "Change by" Amounts to set up
Very Conservative	= 4 * A	= B
Conservative	= 8 * A	= 2 * B
Medium	= 20 * A	= 5 * B
Aggressive	= 40 * A	= 10 * B
Very Aggressive	= 100 * A	= 20 * B

A = Highest Point value among all traded Contracts
B = Lowest Point value among all traded Contracts

A user may follow the examples below or modify them accordingly (Contact us for more info on the matter).

Example	A = Currencies US\$12.5	B = Currencies US\$12.5
Very Conservative	\$50	\$13
Conservative	\$100	\$25
Medium	\$250	\$63
Aggressive	\$500	\$125
Very Aggressive	\$1,250	\$250

Previous monthly articles can be obtained by contacting us via E-mail or can be downloaded from our website.