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### **Warning**

You should never trade or risk money that you cannot afford to lose.

PLUG-N-PLAY FOREX TRADING STRATEGY

**QUANTUM**

Automatic Drawdown Protection

REDUCE  
YOUR RISK  
& MULTIPLY  
YOUR  
INVESTMENT!

# The Strategy that Boosts Your EA's Trading Profits

*After you meet Quantum™ Lite,  
you won't believe you had the  
'audacity' to trade without it;  
you'll feel it was like driving  
with your eyes covered!*

## Question:

How do you decide which strategy to trade with or which Expert Advisor (Forex Robot) is most likely going to be profitable?

The large majority of amateur traders will look for the ROR (Rate of Return). ROR is the percentage of profit relative to the investment in a given period of time.

*That sounds logic, so the one that has the largest ROR is the best forex robot, right?*

**- DEAD WRONG!**

Any given trading strategy or forex robot will take risks and as a result will produce (a) profits or (b) losses.

When they produce profits of course we like those robots generating large profits; but when we see losses, we prefer the ones with the smallest ones.

The problem is that generally you cannot have both. When you check only at the ROR you'll win, win again, and win until a bad trade suddenly appears and then your whole investment including all your short-lived earnings will evaporate.

**Why?** Because we didn't take care of the loss risk

Robots generally refuse to take losses so they retain losing trades in the hope they'll turn into winner ones, but the opposite may happen as well, having a small loss becoming a large one.

Generally Forex Robots having large potential losses (even if they turn finally into profits) are the ones destined to lose everything and erase your account. This is true even if before this tragic end there is a large list of winning trades.

### **Warning:**

You will never recognize a potential loss until it is too late.

## How can you detect those Forex Robots and Trading Strategies destined to be big losers?

You have to look at every trade and follow every minute after the trade to look for the maximal loss incurred, even short-lived, incurred until the trade closed. This is the maximal equity drawdown, which is measured generally in pips.

The larger the Equity Drawdown is, the highest the risk you have to lose it all.

Remember these words (or even write it on the wall):

*"I will rather go for a small Drawdown robot than for a one with a large ROR". Period!*

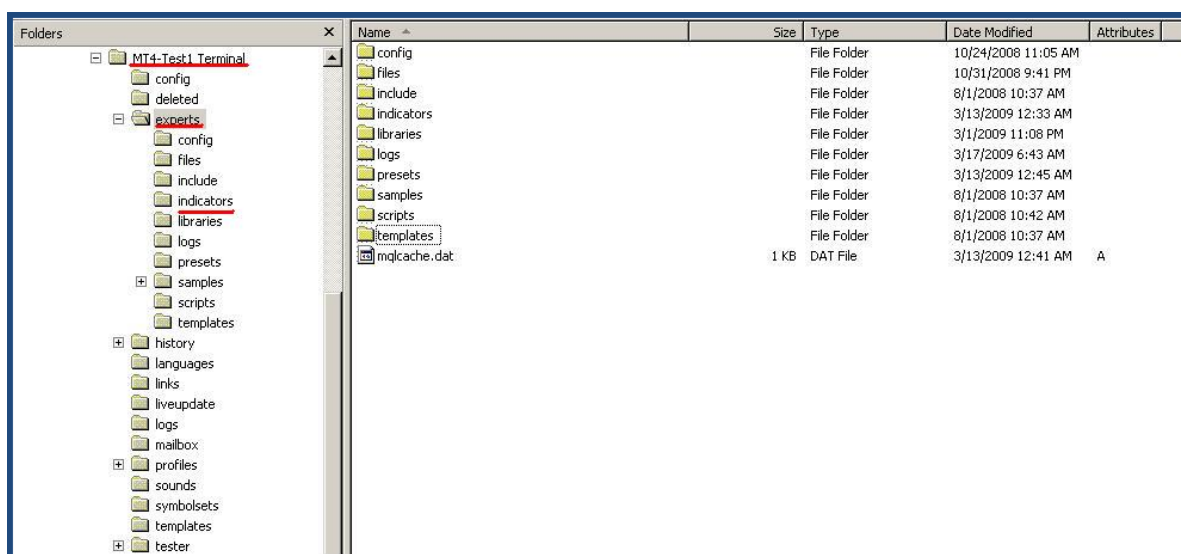
Now let me show you a Winning Trading Strategy. This strategy will either; (a) tell you not to use a given robot/mechanical trading system due to its high risk; or (b) advice you to use a given robot/mechanical trading system with a specific set of parameters.

As you can see both outcomes are favorable to you, in the first a loss will be avoided (a penny you don't lose is a penny you earn), in the second you'll maximize your profit with the correct settings.

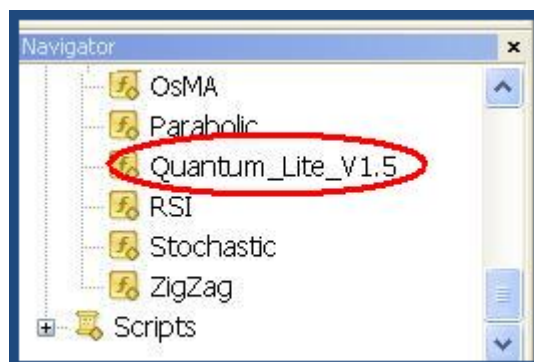
At this point I want to show you how to install the [Quantum™ Lite](#) software. Then I will let you know how you should interpret its results.

## Quantum™ Lite Installation

1. Copy the **Quantum\_Lite\_V1.5.ex4** file which is included together with this guide into the **experts/indicators** folder of your Metatrader 4 software.



2. Then close the Metatrader4 and open it again. You'll find the Quantum indicator under Custom Indicators.

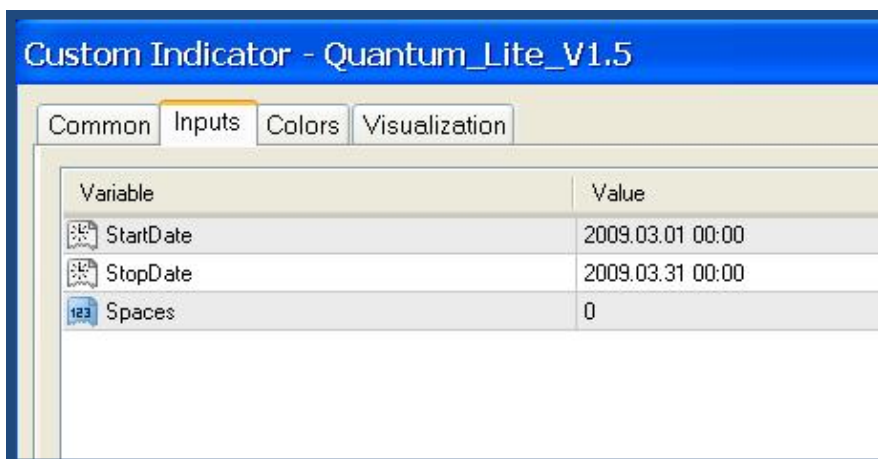




3. If for example you have an Expert Advisor running in the EUR/USD chart, open a new EUR/USD chart in the M1 time frame, never mind in which time frame your Expert Advisor runs.
4. Drag and drop the Quantum™ Lite into this M1 chart.
5. Make sure that the settings are like in the following screenshot:



6. Go to the **Inputs** tag and enter the following parameters:



a. StartDate:

Date and time at which the scan for maximal drawdown will start.

b. StopDate:

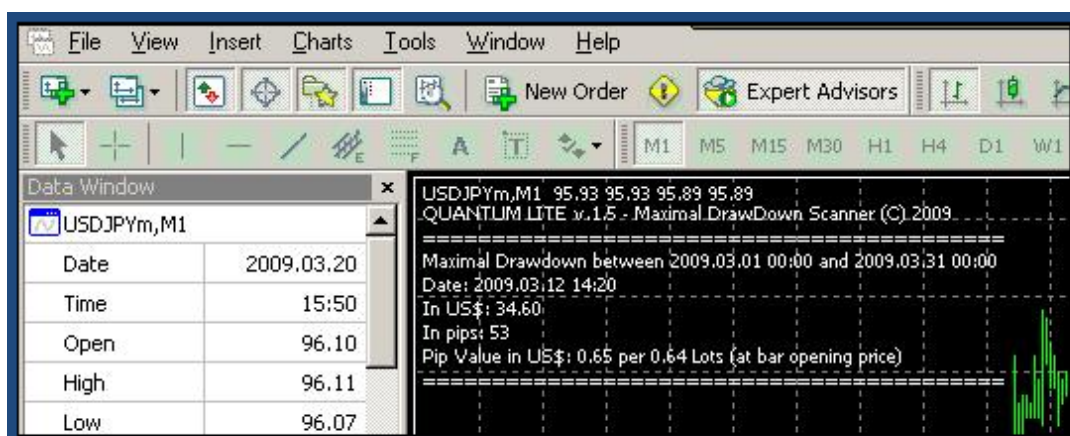
Date and time at which the scan for maximal drawdown will end.

c. Spaces:

Number of spaces from the top of the screen to the information box of the Quantum™ Lite robot. This can be normally zero. This is useful to pull the information box down the screen in case the information box falls in a chart place in which the graphs difficult its visualization.

7. Press OK.

8. An information box will appear in which the following information is given:
  - Maximal drawdown time period scanned
  - Date & time of maximal drawdown: when did it occur?
  - Maximal drawdown in US\$
  - Maximal drawdown in pips
  - Pip value and number of lots in the trade eliciting the maximal drawdown.



9. You can leave the Quantum™ Lite robot operating in the background or you can right-click on the chart, select Indicators List, then select Quantum and delete it. This will remove the Quantum™ Lite robot from the chart. You will be able to reapply it at any time by going back to step 3.

# Quantum™ Lite Interpretation

Let's analyze the information:



1. This is the scanned period; the stop date should be a future date, so that the Quantum™ Lite robot will continue scanning.
2. This is the date and time in which the maximal equity drawdown occurred.
3. This is the maximal equity drawdown expressed in US\$. This is not to say that such a loss actually happened. It means that during the aforementioned date and time, an open trade had this loss (maybe the loss reverted to a win thereafter). The bottom line is that this is a potential loss of this Expert Advisor/trading strategy, and you should relate it to the most important measure of risk.

4. The same as in 3 but expressed in pips.
5. The pip value is a result of dividing the drawdown in currency by the number of pips:  $34.60 / 53 = 0.65$ . The number of lots in that particular trade was 0.64 lots.

## Quantum™ Lite STRATEGY

1. When selecting an Expert Advisor or Trading Strategy to trade in a real-money account, be sure to scan at least 1 to 2 months of activity (in demo) with the Quantum™ Lite robot.

You don't need to leave the Quantum™ Lite robot for 1-2 months. You may plug it to scan the trades after that trading period has finished.

Just give the Quantum™ Lite robot the appropriate dates to scan.

2. Relate to the maximal equity drawdown as a fact. Then if for example the Expert Advisor you used to trade had a Maximal Equity Drawdown of US\$540 for a US\$1000 account (Maximal Equity Drawdown=54%) you should never use it. Never mind that the ROR in the 2 months scanned was 50% (meaning that you finished the 2 months with US\$1500 instead of \$1000). It's only a matter of time before the Expert Advisor you used wipes out your account erasing any potential profits.

3. For a Maximal Equity Drawdown to be acceptable it should never exceed 20% of the starting account balance. Otherwise it's too risky.
4. Once you have some Expert Advisors or trading strategies with low Maximal Equity Drawdown (less than 20% of the starting balance), you can relate to the ROR and select the one between them with the largest ROR.
5. A robot that demonstrated a high Maximal Equity Drawdown may be tested again with different settings. Different settings may change the behavior of the robot, and you may relate to it as a different robot. You may also trade simultaneously the same robots with a number of different settings in demo and use the [Quantum™ Lite](#) robot after 1-2 months to scan for the Maximal Equity Drawdown in each. Then you can go live with this robot using the less risky settings if the Maximal Equity Drawdown was low and if the Rate of Return was also good.

Good luck! ☺