

# Strategy and Settings for Tradonator® nextGen!

## Introduction

Tradonator® nextGen! is the successor of the Tradonator® Cash Pro Expert Advisor, an automated trading system.

On any timeframe two trading pools are created in the respective direction of the trend, according to independently managed settings. Upon reaching a preset overall profit target the pool is closed.

An indicator is used to optimize the entry point. The current trend at multiple time frames can be seen. With every trade the profit targets for the relevant pool are recalculated.

No Martingale components are used here!

Whether the Take Profit is placed with the broker or managed by the EA itself, it can be adjusted as an "absolute pain threshold", in which the Expert opens a corresponding hedged position to neutralize any open pool imbalance and preserve equity. This is almost like a global stop (without loss).

The trading range can be freely adjusted, including the number of open trades within each range. In combination with the selected time frame, this allows the user great latitude with regard to assumed risk.

In its default state, the Expert matches the H1 timeframe, and uses moderate settings, with a recommended balance on a micro account of at least \$3000.00 (4000 or more is better) free equity per pair traded.

### **RiskLockDown mode**

This mode is enabled by default. It prevents the trader from accidentally selecting the wrong time frame or trading with excessively low equity leading to inevitably high-risk trades. It also forces the trader to use preconfigured moderate risk settings.

When it is turned off you will have 'free reign' to make riskier trades.

The risk level is continuously checked and displayed in real-time in the lower right corner of the chart, whether RiskLockDown is on or off. When RiskLockDown is on, however, you will see a somewhat different display since now the risk setting is by definition moderate and lot size settings are calculated and displayed.

**When RiskLockDown mode is off the EA does not dynamically adjust lot size.** You will have to make any desired changes to lot size manually.

Below the notification area there is a button "clean my chart" that ensures a clear view when many trades are open. When clicked it filters out distracting lines like buy and sell levels. To view these lines again, just click the button once more.

# Settings

## Trading Parameters

### *RiskLockDown*

As mentioned above, when this setting is set to 'true' it forms a 'risk barrier' that prevents the Expert Advisor from trading on any timeframe besides H1, or with a *LotSize* greater than 0.01 per 3000 equity, or with a trading range less than 15 pips. If any of these conditions are violated the EA is automatically removed from the chart accompanied by an appropriate warning message.

This is for your protection and effectively prevents unintentionally high risk.

At the same time one could consider this feature as advanced money management because the EA manages the traded lot size by itself according to the recommended settings.

### *LotsFix*

If you set *RiskLockDown* to 'false' then you can select your own lot size. A notification of risk level when deviating from the recommended settings is displayed at the bottom right of the chart. You can ignore this at the cost of increased risk.

In *RiskLockDown* mode the risk indicator will always be green, because the lot size displayed corresponds to the calculated current trading volume per trade, which I regard as moderately risky with existing equity at that moment.

Please do not trade more than one currency pair at a time in this setting because the calculations are always based on the entire existing equity and one single instance of the EA!

So if you want to trade multiple currency pairs simultaneously, *RiskLockDown* should be switched off and *LotsFix* has to be adjusted manually!

The default setting is *LotsFix* = 0.01. This fixes the traded lot size at 0.01 lots. You should use 0.01 lots per 3000 (4000 or more is better) equity per pair traded and not exceed that amount. If you still choose to do so, your risk is rated correspondingly high and you will see it in the notification area.

### *InitialTP = 15*

Here the initial take-profit level is determined, in pips, for the first two trades of each pool. From trade number three onward, the TPs are converted and equalized in a common profit target pool. In other words, after the third trade, all trades from each pool have a common take profit level, thus the entire pool will be closed at a profit upon achieving that level.

### *Pool Target Points = 15*

This determines the profit target for each pool in pips. The average purchase price of orders plus the surcharge results in the selling price. Until this objective is achieved, the EA will not close the pool!

### *Virtual Profits = false*

With this setting you can determine whether your broker sees your take-profit target or not. The most common and safest option is to leave the take-profit with the broker. This protects you against technical problems such as computer crashes or connection problems, because the broker has the order to close the open trades at a specific price.

In case you don't want the broker to see the take-profit level, then the Expert can manage it on its own. If this setting is activated it requires you to have a stable Internet connection, and poses a certain amount of technical risk.

**You must set this to "true" when trading on a timeframe equal to or less than M15**, since the profit targets are recalculated with each new trade, which generates at least three lines in the communication protocol between Metatrader and the broker per trade in all time frames. For example, every 5 minutes, for 40 accepted trades, 120 lines are sent back and forth between your trading client and the broker. Sooner or later your broker will call and complain because this can overload their system in extreme cases.

### *Trend Time Frame = 60*

The trading time frame is set in minutes, with the initial direction determining the trend direction. It mostly makes sense to use a higher time frame than the one currently traded. For example, trade in M30 and evaluate the trend direction in H1.

This way the small bumps in the trend are filtered out. Sometimes, however, the market also requires carefully observing the active chart. You have to decide based on your own feelings and observations. In each case, the observed trend should not be in a lower timeframe than the traded timeframe.

Entering 0 in this field will use the timeframe of the current chart, but it may interfere with the appearance of the info window.

### *VolaMeasure = true*

The Expert thrives on volatility. The Vola monitor prevents trading during weak phases of the market, unless that is already being done by the range limit.

### *MaxSpreadPoints = 8*

Maximum tolerated spread. With this setting you can avoid buying during an unexpected spread widening (terrorist attack or other big news events).

You should set this to the usual spread of your chosen pair. The default setting is 8 so exotics can be traded out of the box.

### *Range limit trading range Points = 15*

Here, the range is determined in pips, for each pool, the minimum pip value before opening a new trade. The default setting opens one new trade in each pool a maximum of every 15 pips. With the range limit you can fine tune the risk and trading behavior, since it has a direct influence on the activity of Experts. This setting will have a direct impact on your success! The value should normally be 10 to 25

### *MultiChart UseMultiChart = false*

This turns the MultiChart strategy on or off. The MultiChart strategy is an approach to operate the same Expert on several charts in different timeframes, going from fast to slow. It will act more quickly and be more active in volatile markets, and automatically hit the brakes when this approach fails.

As an example suppose you have 5 trades with a small profit target and less range in the M5 timeframe, 10 trades with a slightly higher profit target and slightly larger range in M15, 15 trades with an even harder profit target and range in M30, 20 Trades in H1 with the target settings. The trade count is defined in the parameters of each chart.

### *StartsWith Trade Count = 0*

Specifies a valid starting value for the chart. A setting of 0 would indicate that this is the first (lowest timeframe) chart. The count begins at 0 and ends with the final value for this chart. That value becomes the starting value used on subsequent (higher timeframe) charts. In our example above it would be:

### *EndWithTradeCount = 5*

The final value for the first chart. In the example above, the entries would look like this: M5 = 0 to 5, M15 = 5 to 15, M30 = 15 to 30, H1 = 30 to 50. Ideally, the Expert then remains in the low timeframes and earns quick money. If it does not work perfectly, it will switch to a higher timeframe automatically with slower but bigger profits. In the worst case, you end up with a pool under H1, with no more than 50 open trades. The MultiChart setup is less complicated than it sounds. In the Preset folder look for an example setup which you can load in each chart. I also recommend you visit my Youtube channel at <https://www.youtube.com/channel/UCWq65lsBFVuGJcKGVvT9gfg>, where you can watch several videos that describe the process.

### *Auto Hedging UseAutoHedging = false*

You can turn auto-hedging on or off. The Expert basically works without stop loss. That sounds dangerous, but it would completely contradict the logic of the strategy to use a stop loss. Instead, there is the Auto-Hedge function. You can enter an absolute amount, representing your "pain threshold" in terms of unbearable book losses. If this amount is reached, the Expert will promptly evaluate the existing pools and open a correspondingly large counter-position to neutralize the loss of equity in the account up to that point. Thus the problem is not yet solved, but at least we have gained time to deal with it. With a stop loss, however, the loss would be fixed and unalterable. The Expert has some built-in mechanisms to resolve these hedged positions.

**The best case scenario is achieved by using moderate capital settings without the need of opening any hedge position!**

### *AutoHedgingValue = 1000*

Enter the absolute amount of your "pain threshold" at which point the Expert automatically opens a position at a size that adjusts the pools and thus freezes the current equity.

### *AutoHedgingSL = 0*

Here you can enter a Stop Loss in pips for the hedged position at which point it is automatically dissolved. However, you must then promptly adjust a little more generously while hedged, the absolute value of the previous parameter, so that a new position will be opened immediately after closing the hedged position!

### *Hedge Breakeven = 20*

Here you can set in pips when the Stop Loss of the hedged position is automatically triggered on the purchase. Again, you must adjust the absolute amount when it comes time to start a hedged position.

I personally try to avoid hedged positions entirely. They are useful if you need time but then I close them out manually. Usually I stop the Expert until the situation is cleared up.

### *AutoTradeOut = true*

AutoTrade Out means that at certain times such as weekends, no more positions are opened. This of course makes sense only if a pool was previously closed. If so, no new orders are opened for that pool. Usually it's desirable on Fridays to have no more open positions. AutoTrade Out does not mean, however, that the Expert actively excludes orders.

### *AutoTradeOutDay = 4*

This determines the day of the AutoTradeOut event. In Metatrader the days are counted as follows: zero equals Sunday, one equals Monday, two is Tuesday, three is Wednesday Four is Thursday five is Friday, Six equals Saturday .

### *AutoTradeOutHour = 12*

This is the time of AutoTrade Out mode in 24 hour time. So 12 stands for High Noon, 12 noon.

### Comments

The comment functions are extremely important and must be assigned individually for each instance. An instance in this case means: the Expert on a given icon in the accompanying charts. Through unique comments the Expert can identify its own trades.

### *Comment String = nextgen*

This is the comment placed with an order.

### *Comment String Hedge = nextgenH*

*This comment indicates the chart executed hedge orders*

Another example of this: If you want to trade two pairs, one of them in the hourly chart, EURUSD, and the other in the MultiChart strategy with GBPUSD, then you should set the comments as follows.

For the hourly chart EURUSD (instance 1): nextgen\_eurusd and nextgenh\_eurusd, for MultiChart GBPUSD (instance 2) -and indeed on all charts!! -: nextgen\_gbpusd and nextgenh\_gbpusd

### *UseDebugOutput = true*

This parameter has no implications for the trade itself. When set true it adds more detail to the log file in the Expert tab. In strategy tests, it is recommended to set this false, for faster testing. In normal trading I will always better understand any incidents if this is set true.

### **Caution:**

RiskLockDown mode = false disables the automatic review the by Expert with its recommendations for LotSize in relation to equity, trading range and time frame. If your risk increases as a result, you will get an appropriate note in the lower right corner. This should help inadvertently entering into high risk. It is then up to you alone to reconsider the settings and adjust them again, or to ignore this note! I strictly recommend to keep RiskLockDown = true!

A few useful links:

Last current version / update, see

<http://www.tradomat.de/files/nextgen.zip>

Further information on

<http://www.tradomat.de>

Tradomat at youtube

<https://www.youtube.com/user/tradomat>

Tradomat at facebook

<https://www.facebook.com/tradomat>

Good luck in everything you do!

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*PS: Thank you Clemmo for translating!*