Risk Reward (RR) Addon Summary

To facilitate users engaging & interacting with the profile elements and efficiently assess a Risk/Reward projection for their trade plan scenarios; we have developed a toolset to support this very important part; if not the most important thing to learn in trading and for this to be an integral aspect of your trading process. This has been designed for both NON Algox users and with benefits also to AlgoX users in their pre-trade process & design of their Algos.

Background

It is important to be as efficient as possible with Risk sizing thus having this **Risk Reward** (hereinafter referred to as **RR**) tool integrated with and be dynamic for each profile you enable this for.

Making this a habitual part of your trade analysis helps to ensure consistency with Risk vs Reward in each of your trades that are part of your trade plan / **Edge**. This process helps to prevent you from risk sizing based on your gut alone.

An edge is where you have identified a scenario that provides a higher probability of one outcome happening over another.

Anything can happen in the market and the best way to address this is by keeping your conviction strong and keeping risk small is key. From reviewing the **Risk of Ruin Tables (see below)** you don't need to know exactly what is going to happen next in order to make money ; I now understand I can be wrong more times than I am right and still make money. There being a random distribution between winners and losers for any given set of variables that define my edge, one needs to account for the fact that your edge which does have positive expectancy can and will go on its periodic losing streaks. **Every moment in the market is unique**, this allows one to understand that every trade you execute is unique and independent of one another so therefore you must risk size every trade the same as each trade has its own equal opportunity. The moment you risk size based on your gut feeling or intuition is a moment you sabotage your trades or shoot yourself in the foot ; and you realise you can't forsee which trades will be the big winners and those trades which will be the big losers. With this process you have learnt to care much less if you are right or wrong ; which trades are right and which trades are wrong. This progresses to being OK with taking a trading loss and being prepared to lose the amount you are risking with the contract size for this trade. A specific reason to Calling it Risk size vs Position size even though in essence it means the same thing ; calling it Risk size is so that subconsciously it reminds you that you are accepting the fact that every trade you put on is fully at risk and you are ok with the fact that you can lose it all.

Finding a good and favourable Risk to Reward entry is very important but one realises it is not the most important ; we have all let winning trades turn to losing ones in the past and or now ; so when this actually happens how important is the actual entry ? It didn't make any money thus one can deduce that managing positions is far more important than finding the entry signal ; entering is the easy part, it is what you do after that pays the bills.

Risk Sizing with reference to the Risk of Ruin Tables (Summary on following page 5 and expanded versions at end of this document) : Lets see how we can use statistics and a simple map to stack the odds on your side when Risk Sizing using the Risk of Ruin charts as a foundation. Standard recommendations are to not risk more than 2% of account balance at any given time but in most cases the go to risk size is 1%. Illustrations of 5% and 10% are provided for comparison with the 1% & 2%.

As you can see below in the tables for **2% and 1% Capital Risked per trade** and if you were to risk 2% and your goal is to hit 3 to 1 (3:1) return average and all your **winners are 35%** of your trades ; You have 0% change or risk of ruin. A comparison to the 1% table, at 3:1 RR you have a **30% win rate** and 0% chance of risk of ruin. With the spread that small between 2% and 1% one can err on the side of caution and give yourself an extra 5% of Win Rate wiggle room.

Risk sizing can be one of the main effective mechanisms that work to cut your losses short on every single trade and it is Price that tells you in advance that you are wrong on that trade. Here is the catch, in hindsight it is very easy to see that you get clipped on a huge winning trade by a few ticks or even that one single tick. A very frustrating scenario but one learns to accept this as just another losing trade by going back to the trading mantra that **every moment in this market is unique** & understanding the your premise for taking the trade at that very specific moment in time did not work even if it just missed by a single tick. If you can only lose 1% of your account on each and every one of your losing trades then you don't fall into the category of a catastrophic loss. If 1 loss accounted for 50% of your trading account this would mean that as a struggling trader you would then have to have a return of 100% just to break even; in fact more than 100% because of the cost of commissions involved that many traders ignore.

Just putting into perspective the Maths and probability of success behind scenarios it's self-explanatory that the number one tool in a traders toolbox is Capital. Without it you cannot trade another day and go to work, a magic holy-grail indicator cannot even help you with that one.

Whether you are a novice or experienced trader, in our opinion risk sizing needs to be your best friend and the most integral part of your trading plan ; which at the very least it will allow you to stay in the game a lot longer than if you did not use/employ it. It is our belief that risk sizing is the main thing we can think of that can literally change your trading, because risk sizing protects you from yourself or any self-sabotage or trading implosion and you are in a stronger position to be grinding your account balance down than blowing it up in a few trades or a few days.

Not respecting Risk and not planning the loss and you do not take it will hurt in your trading

In utilizing **risk reward** as part of every trade opportunity and with concentrated effort you can learn to tolerate uncertainty and ride out the discomfort of draw downs; so as to reach a greater level of success. In doing so over time you can learn to trade focusing on present moment without concern for your emotions or past mistakes. This allows you to take appropriate risk, to balance your risk and to size your risk and tolerating the uncertainty of the risk.

Summary of Background

Paradigm Shift

- Anything can happen in the markets
- I don't need to know exactly what is going to happen next in order for me to make money
- There is a random distribution between winners and losers for any given set of variables that define an edge
- I need to have an edge
- Every moment in this market is unique

Mindset NOW	**THEN**
Knowing in advance how much money I can lose on any given trade	Thinking about how much money I can make on any given trade
Trading my plan with specific rules & my Edge	Not sticking to my trading plan rules
Understanding that making money is about mastering risk and exit management	Believing that making money is all about finding the perfect entry
Taking responsibility for every trade I make and learning from it	Looking for any reason, someone, or something is to blame for my loss

Risk sizing the most important aspect of trading	**Trading is simple**
Cut your losses short	Understand its just a game of probabilities
Know risk of ruin probability	Let your winners run and cut your losses short
Catastrophic loss prevention	Know your risk of ruin probability
Power of compounding **ALGOX**	Plan your trade and trade your plan When you see your setups – just trade it

Human Emotions are a P&L killer	**Exit management**
Always in search for the perfect system or entry	Money is made exiting trades, not entering them
Taking profits too soon and holding onto losers	If a successful trader is a rule based trader when entering trades why should it be any different when exiting trades
Risk of what – I only feel ruined if I don't make money	Automate exits based on mathematical ratios **ALGOX**
Trade your plan until you don't When you see your setups – its paralysis by analysis or gun shy ?	Targets to plan your exit management ahead of entering trade

Algox Users Compounding note reference : This is a reminder mainly applicable to **AlgoX Addon** users of how the compounding aspect fits and works automatically within the AlgoX process. Non Algox users can still benefit from the power of compounding process, however you will need to manually determine the # of contracts your trade risk will permit for the % of capital risked per trade you allocate for the size of your account.

The power of compounding is a double edge sword, when you are winning your growth curve can go parabolic. When losing it works the same way. Here is how one can utilise risk sizing to take advantage of compounding on both sides of the equation. With winning streaks you can **dynamically** leverage more contracts to trade based off of your account size rising using **AlgoX algos and the AlgoX process**. When compared to a fixed contract risk size as you win and go on winning streaks you actually minimise the profit potential because as your account size rises you are now leveraging less than your desired percent allocation. When you go on the inevitable losing streak you now use less contracts (**managed in AlgoX sizing**) and can now **dynamically** reduce your risk size based on your diminishing/declining account balance. This is absolutely critical to understand in the beginning stages of building your account.

www.OrderFlowAnalytics.com

RISK SIZING : Know Risk of Ruin Probability and the Power of Compounding

Risk of Ruin					
Capital Risked per trade 2%					
Win Ratio%	RR 1:1	RR 2:1	RR 3:1	RR 4:1	RR 5:1
10%	100%	100%	100%	100%	100%
15%	100%	100%	100%	100%	100%
20%	100%	100%	100%	100%	2.2%
25%	100%	100%	100%	0.266%	0%
30%	100%	100%	0.163%	0%	0%
35%	100%	8.37%	0%	0%	0%
40%	100%	0%	0%	0%	0%
45%	100%	0%	0%	0%	0%
50%	100%	0%	0%	0%	0%
55%	0%	0%	0%	0%	0%
60%	0%	0%	0%	0%	0%
65%	0%	0%	0%	0%	0%
70%	0%	0%	0%	0%	0%

Risk of Ruin					
Capital Risked per trade 1%					
Win Ratio%	RR 1:1	RR 2:1	RR 3:1	RR 4:1	RR 5:1
10%	100%	100%	100%	100%	100%
15%	100%	100%	100%	100%	100%
20%	100%	100%	100%	100%	0.0485%
25%	100%	100%	100%	0%	0%
30%	100%	100%	0%	0%	0%
35%	100%	0.701%	0%	0%	0%
40%	100%	0%	0%	0%	0%
45%	100%	0%	0%	0%	0%
50%	100%	0%	0%	0%	0%
55%	0%	0%	0%	0%	0%
60%	0%	0%	0%	0%	0%
65%	0%	0%	0%	0%	0%
70%	0%	0%	0%	0%	0%

The Most Important Aspect of Trading : Cut your losses short : Know risk of ruin probability : Catastrophic loss prevention : Power of compounding.
Cyan 0% values highlighted represent 0% risk of ruin for that win ratio / risk reward combination. Eg in the above 1% table a 30% Win ratio with a 3:1 risk reward results in 0% risk of ruin ; for only being correct 30% of time in your trades. **Red 100%** highlight represents combinations leading to catastrophic loss for that capital risked per trade % table reference.

Risk of Ruin					
Capital Risked per trade 10%					
Win Ratio%	RR 1:1	RR 2:1	RR 3:1	RR 4:1	RR 5:1
10%	100%	100%	100%	100%	100%
15%	100%	100%	100%	100%	100%
20%	100%	100%	100%	1000%	46.6%
25%	100%	100%	100%	30.5%	16.3%
30%	100%	100%	27.7%	10.2%	6.1%
35%	100%	60.9%	8.2%	3.53%	2.33%
40%	100%	14.2%	2.5%	1.24%	0.888%
45%	100%	3.41%	0.761%	0.426%	0.329%
50%	100%	0.813%	0.226%	0.141%	0.116%
55%	13.40%	0.187%	0.0635%	0.0438%	0%
60%	1.73%	0.0401%	0%	0%	0%
65%	0.205%	0%	0%	0%	0%
70%	0%	0%	0%	0%	0%

Risk of Ruin					
Capital Risked per trade 5%					
Win Ratio%	RR 1:1	RR 2:1	RR 3:1	RR 4:1	RR 5:1
10%	100%	100%	100%	100%	100%
15%	100%	100%	100%	100%	100%
20%	100%	100%	100%	100%	21.7%
25%	100%	100%	100%	9.33%	2.67%
30%	100%	100%	7.67%	1.03%	0.372%
35%	100%	37.1%	0.672%	0.124%	0.0544%
40%	100%	2.03%	0.0623%	0%	0%
45%	100%	0.116%	0%	0%	0%
50%	100%	0%	0%	0%	0%
55%	1.81%	0%	0%	0%	0%
60%	0%	0%	0%	0%	0%
65%	0%	0%	0%	0%	0%
70%	0%	0%	0%	0%	0%

<u>Key Features/Benefits of RR tool & Risk Sizing process</u>

Profile Entry and Stop elements based on Dynamic Profile elements (Eg. CWAP,VWAP and all the 6 new Advanced Profile elements (for Advanced Profile users) & Evolving/Developing profile data lines eg Standard Deviations) provided in drop downs with user controls to efficiently assess Risk/Reward for your trade plan ideas and identify price location for targets. This incorporates :

Dynamic Calculation and Display of Risk/Reward (Take Profit) & Entry Lines for Profiles using a set of user defined Risk/Reward Ratio Multiples defined in the OFA Indicator & these can be **dynamically** adjusted in the RR Menu. A number of dynamic parameter settings can be specified to qualify which Entry/Stop combinations qualify our trade entry conditions. Users can then map their filled orders and ATM Take Profit and Stop levels to the Profile Elements and generated Stop & Risk to Reward Multiple target lines. Algox users can then readily select the best suited/best fit algos from their built algos and or design new ones before deploying the algo for the current market.
MIN & MAX RISK filters are provided in order to filter out any entry & stop/risk combinations that fall outside of your risk tolerance (Max risk) and minimum risk levels.

Additionally 2 entry components are provided **BIDENT** (Current Bid Entry Price) & **ASKENT** (Current Ask Entry Price) for users who want to track the current market price relative to the stop/size off selected. This provides dynamic projections of the risk reward lines based on the risk between the current bid/ask and the stop/size off. Certain traders and strategies can use this for fast market entry moves that align with their **entry** rules that may not include one of the profile elements.

Option to change settings to handle **FX instruments** pricing precision ; this adjusts the slider control values to handle the greater tick/pip precision required for these instruments.

Ability to Attach an Order to the OFA Indicator for an **Active Profile** on the chart.
Under certain conditions a specific user selected Profile can be designated to attach an Order to an **Active Profile Entry Price** when using the Chart trader. This facilitates users being able to attach their **ATM strategies** to this process and to the **ENTRY** price specified to one of the Risk Reward Dynamic Elements. Thus pending orders will automatically update to the dynamic value of the Entry Price which is attached to a user specified Profile Element eg CWAP or VWAP etc. or any of the additional new elements for users of the Advanced Profile Addon. When the order is filled the stop order can additionally be attached to the stop profile element that has been assigned by RR stop/size dropdown selection. This however is only applicable to ATM strategies that have no stop strategy assigned or enabled for this ATM strategy. If you wish to use the ATM stop strategy you can simply move the ATM stop to the initial RR stop element and allow the ATM to work the stop with the ATM stop strategy in place.

This Addon is for users of the CORE OFA Volume Profile product and has additional profile elements to work with for users with the Advanced Profile Addon (6 additional elements illustrated later in document in the Enter & Stop/Size off entry fields of RR menu tool)

Some of the Benefits and Value of this Addon are :

- Ability to visually track and review patterns of how your contract/(instrument volume) interacts with the various existing volume profile elements (Core OFA) & for advanced profile users that now show the evolving data points and the 6 NEW additions to this data set. To help you become more acquainted with the characteristics of the contracts/instruments you trade and their propensity for reaching the projected targets

- Facilitates the planning and building of Algos for AlgoX users and also for users of Ninjatrader ATM strategies or simple order entry tools ; with dynamic Risk/Reward projections and calculations based upon user selected Entry And Stop profile variables. This greatly facilitates the **pre-trade** planning process and in reviewing historical profiles greatly improves confidence as to which profile elements can be used for entry and stop/risk zones for your trade plan/strategies.

- Seeing a projection of your RR prepares you to be OK to take the trading loss – Are you prepared to lose the amount you are risking taking into account the contract size for this trade? Look left to identify any key prior decision point profiles or volume transitions and other identified levels which are part of your trading and key wholesale price levels related to your instrument/contract 50 levels 0 levels eg CL 56.00 : 56.50. Are there any road blocks with regard to structure or prior & current session highs and lows & other levels you monitor as part of your strategy ; that may limit the profit potential of the entry/risk stop combination you are currently assessing.

- Dynamically assess with market structure and current profile evolution where price needs to be to make 2:1 & 3:1 at a minimum and the where the risk / stop would be in this instance relative to the elements of the profile – the basic list and the extended list for users of Advanced Profile. This helps you to follow the principles of the **risk of ruin table** and keep you engaged to maintain your average risk reward target to win rate combination.

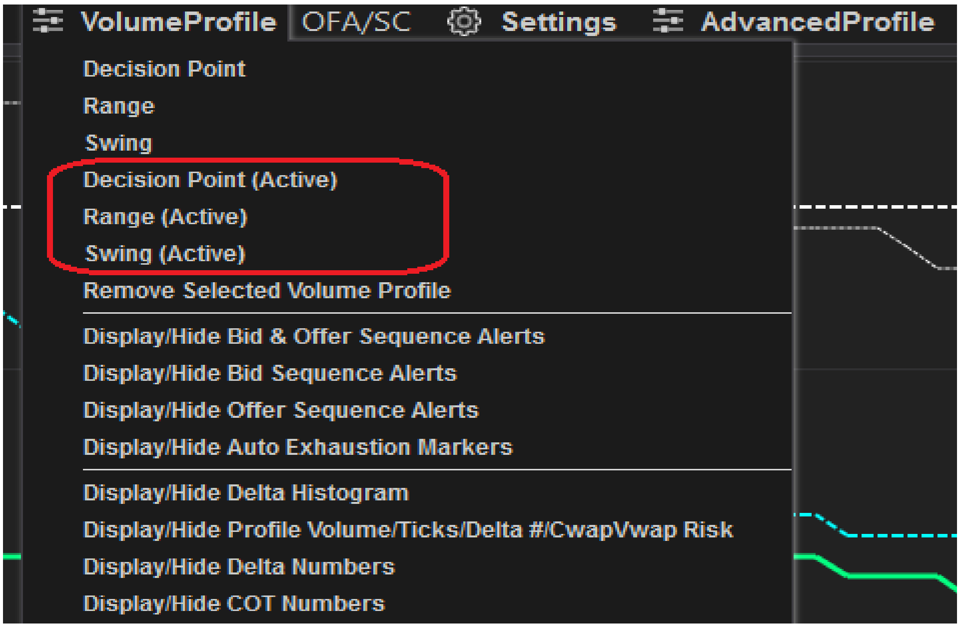
- In locating good risk reward opportunities that fit with your trade setup / edge and then scaling this with more contracts ; we can then understand that the smaller risk to reward is a scaleable proposition as opposed to random gut feel stops with unknown targets in mind. That approach is not scaleable and will lead to catastrophic loss and large drawdowns, your account cannot sustain.

How to Setup up Profile to work the Risk Reward Menu

The Risk Reward Menu is designed to connect to the Volume Profiles in the following two ways :

1. By setting the Profile to being an Active Profile. AlgoX users will already be familiar with this process and this same process is now used for the Risk Reward Addon. This can be achieved in the following ways :

To add a Risk Reward to a chart, click on the Volume Profile Menu and select from among the 3 Active Profiles grouping available:

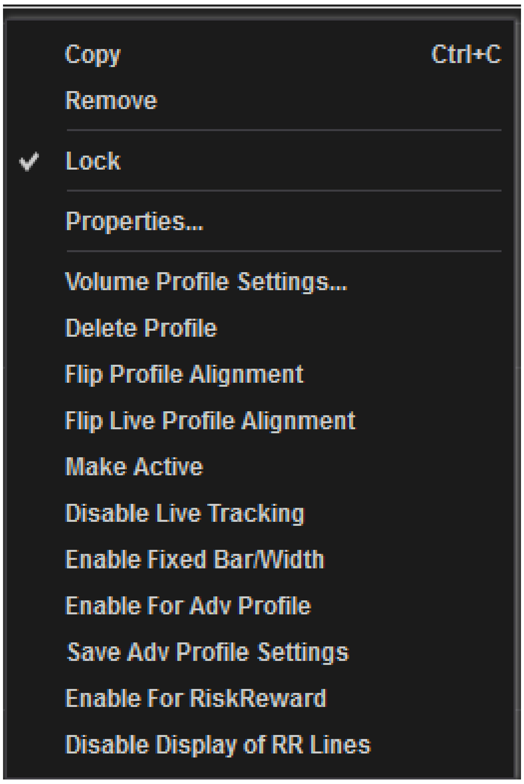


One placed on the chart this profile will override any other Active profile and become the dataset connected to the Risk Reward Menu Interface. If the parameter ***'Enable Make Active Profile Message Window'*** in the AlgoX section of the OFA parameters set is set to enabled ; a pop will appear if there is an existing Active profile on the chart. This pop up can be disabled by unchecking the check box for this parameter. This also applies if the 'Make Active' context menu item for a selected Volume profile is chosen for a non active profile as explained in the next section.

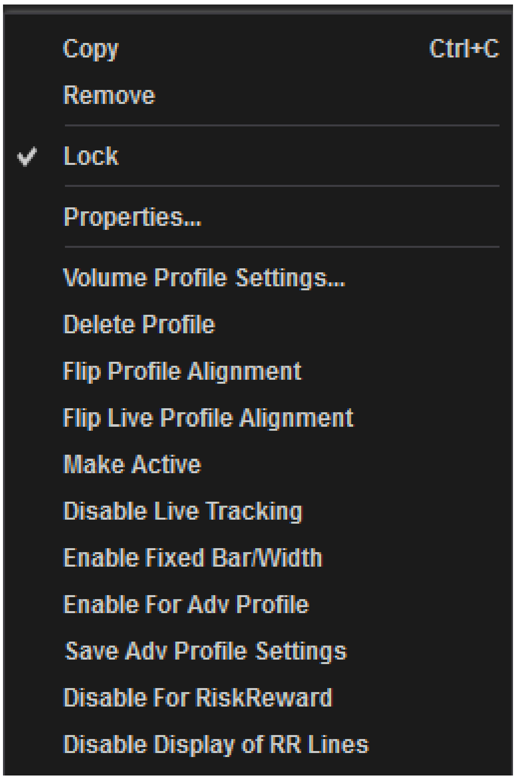
In addition any non active profile can be made active by right clicking on the profile and selecting Make Active from the pop up menu for the volume profile just selected. Active Profiles are easily identified by the transluescent background fill – the color of which can be set in the OFA indicators parameters. By designating a profile to be Active then allows the user to know specifically which variables will be used when using the **Chart Trader : Attach To Indicator process for the Entry Order.** The key component of this is that only

ONE profile can be designated as the Active Profile for the current chart. This feature will be covered in a separate section in this document.

2. By right clicking on the profile and selecting **'Enable For RiskReward'** (See Fig A below) – this allow the Risk Reward Menu options to be connected to this profile.If a profile has been enabled in this way it can also be disabled from being connected to the Risk Reward Menu by selecting **'Disable For RiskReward'** option (See Fig B below) when right clicking the Profile and selecting this from the context menu.



(Fig A)

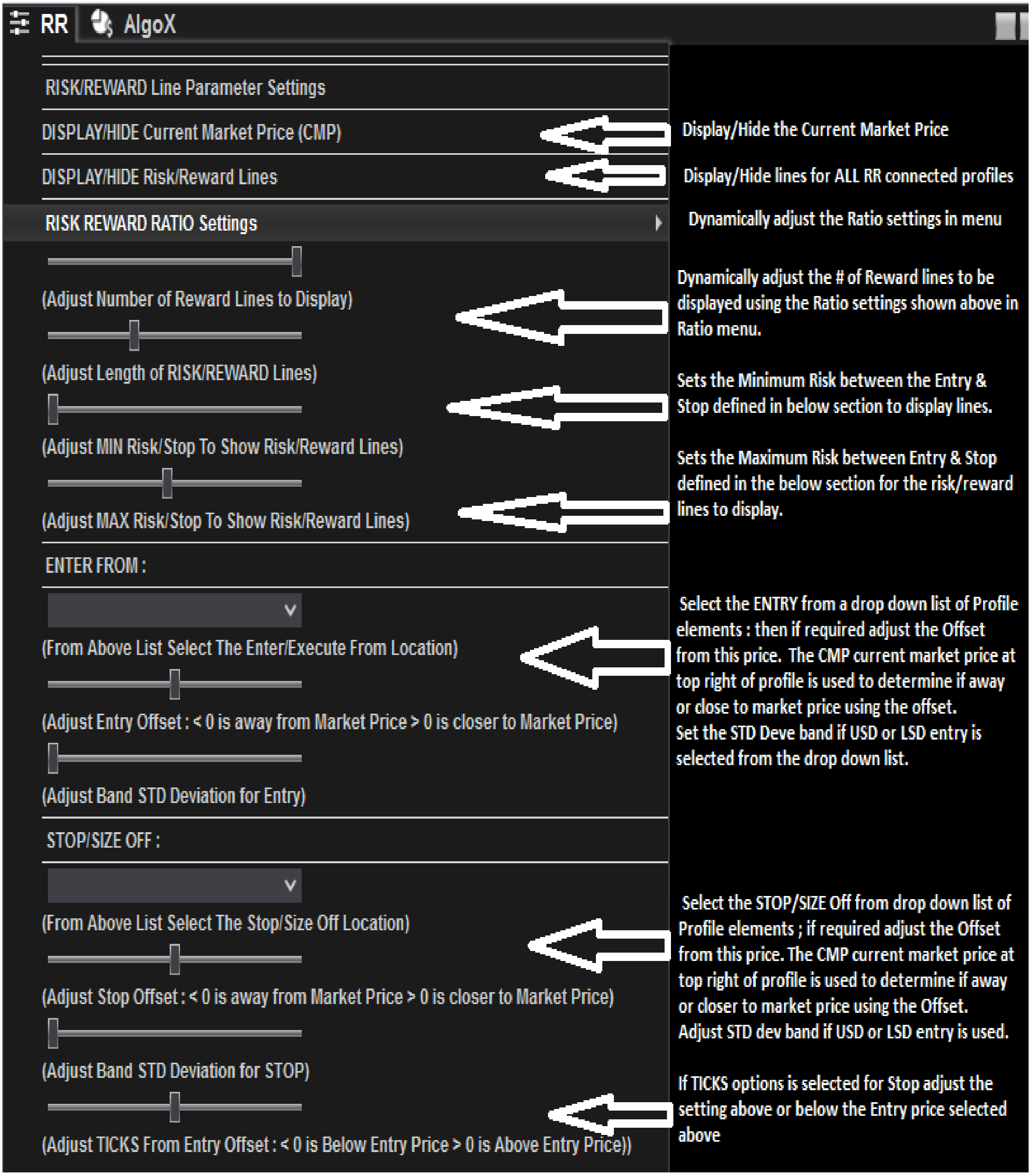


(Fig B)

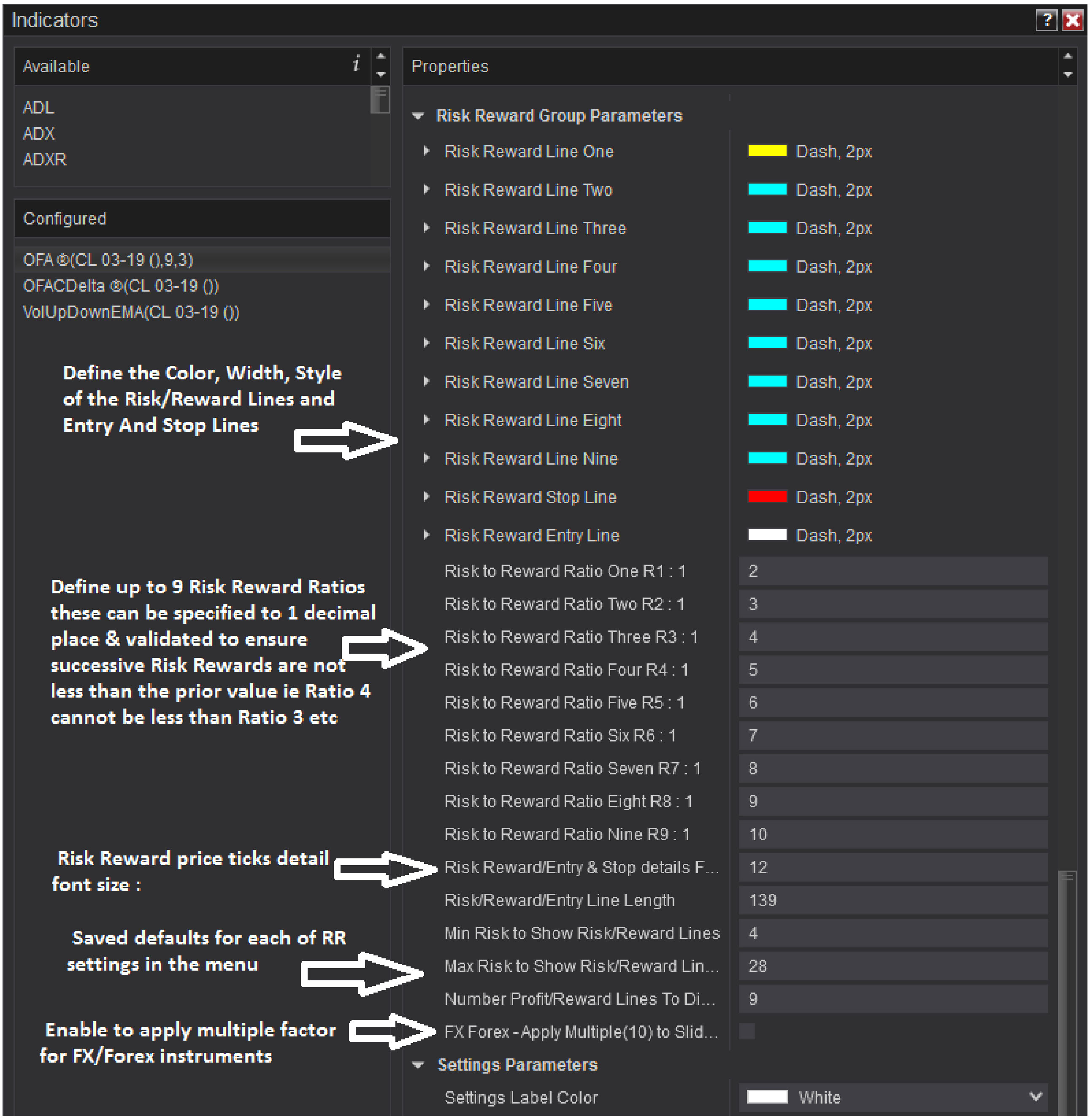
Additionally you will see above in the context menu that the '**Disable Display of RR Lines**' option is just below the 'Enable / Disable for RiskReward'. By default for each profile this will be enabled in order to view the risk reward lines for the entry and stop/risk selections made in the RR menu. You can temporarily hide the line detail by toggling this context option but having the profile remain connected to the RR menu.

This will mean that the RR menu Display/Hide Risk/Reward Line option will exclude those profiles which have their line detail set to disabled.

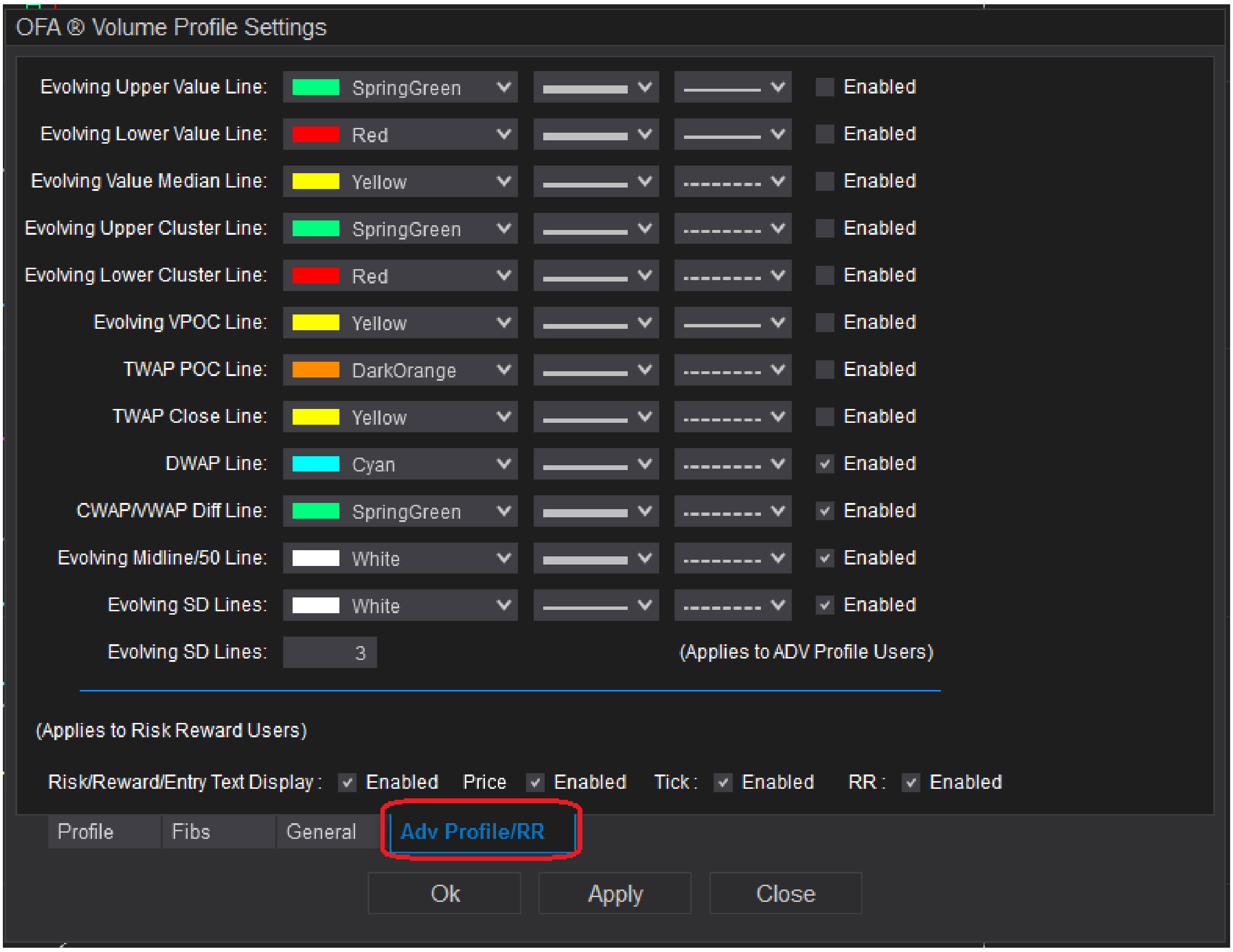
Risk Reward Menu Dropdown Items/Option



Risk Reward Parameter Settings in OFA Indicator Parameters



Risk Reward Tab in the Volume Profile Settings



All the settings are in the same format as the other volume profile settings in other tabs : Color/Width/Style and Enabled settings for the above outlines all the available settings for the Advanced Profile and the Risk Reward settings shown in last line above. Each Line option is covered earlier in the document.

Check boxes are available to configure which detail to be included in the Risk/Reward Lines. The first check box 'Text Display' will enable/disable ALL the following elements.

To have 1 or 2 elements display the 'Text Display' checkbox must be enabled.

To save the current settings for the current Profile Type – select Apply.

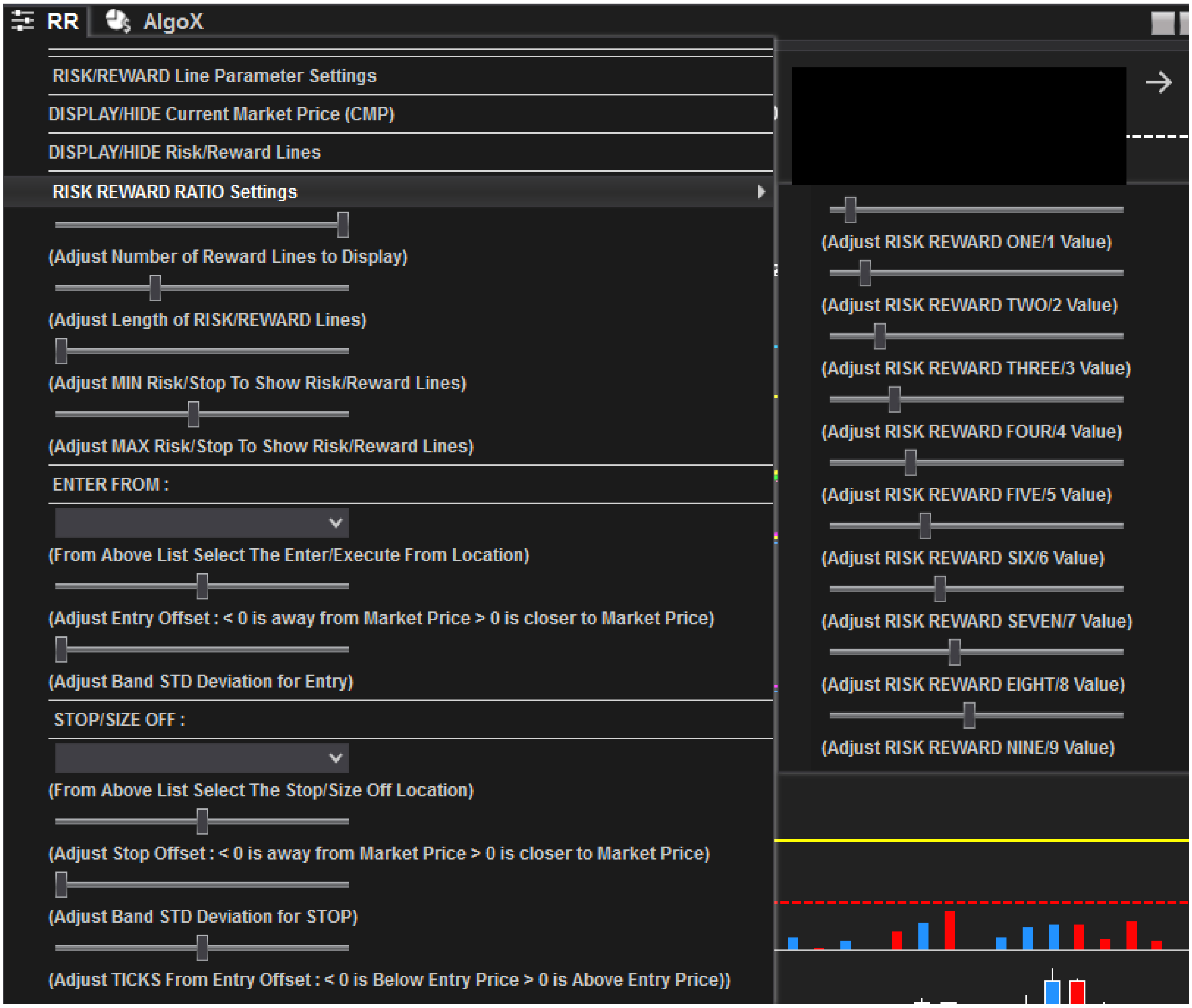
To only apply the settings for this selected Profile – select OK.

Process for Adding Entry & Stop and Risk Reward Lines to the Profile

Each of the Risk/Reward Ratios : currently up to 9 available are defined in the Risk Reward Section/Group of the OFA Indicator which was illustrated earlier in the document on page X. Ratios can be defined to 1 decimal place and specify multiples of Risk to Reward. EG. we can define **2.5 : 1** (this is a 2.5 multiple of our risk & will set the Reward Price level)

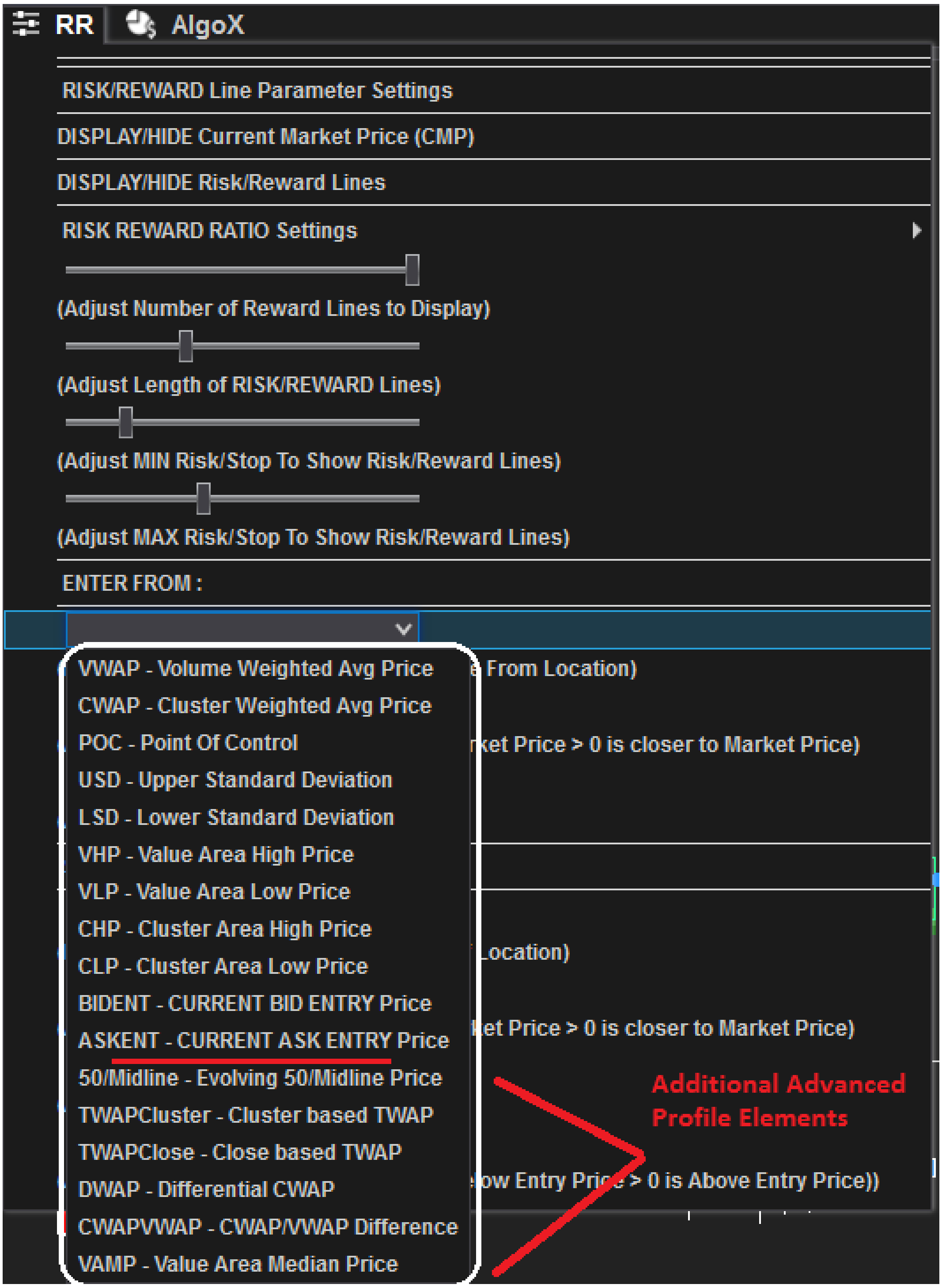
Additionally you can dynamically adjust these values from the RR menu item Risk Reward Ratio Settings as seen in below graphic. As with the OFA parameter input values these changes are checked to ensure each successive risk reward value cannot be set to a value less than a prior value. Eg risk reward FOUR cannot be set to a value that is less than THREE.

The ENTER FROM & STOP/SIZE OFF dropdown elements available to select from will vary depending if you are Authorised for Advanced Profile Addon. The following illustrations show the full set of profile elements available with Advanced Profile Addon – the **standard list of variables will be visible for those with the Core OFA product**.



In the above extract from the Risk Reward Menu the steps to add our Entry / Stop and Risk to Reward lines and detail to the profile are as follows :

From the **ENTER FROM :** Section and the following drop down choices appear :



Choose from the available Profile elements shown above that were previously described.

All users will see the top 11 options for the Enter From selection ; those users who are authorised for Advanced Profile Addon will additionally see the lower 6 additional profile elements.

The **BIDENT & ASKENT** selection options for the **Entry** are convenience options if you want the entry to track against the current market price @ Bid or @ Ask. For certain trade styles and users you may want to actively monitor the risk reward based on a dynamically moving profile and current market price ; with the risk reward lines and projections dynamically updated to assess the risk before entering a trade at market for example.

The next step is to define a Tick Offset from this Price using the Entry Offset Slider. The convention is to set a value < 0 : which means X ticks from Entry Price away from Current Market Price and a value > 0 : means X ticks from Entry Price closer to Market Price.

If our Entry Price was selected as CWAP for the CL contract and the CWAP price is showing as 69.23 and current Market Price is 69.35 :

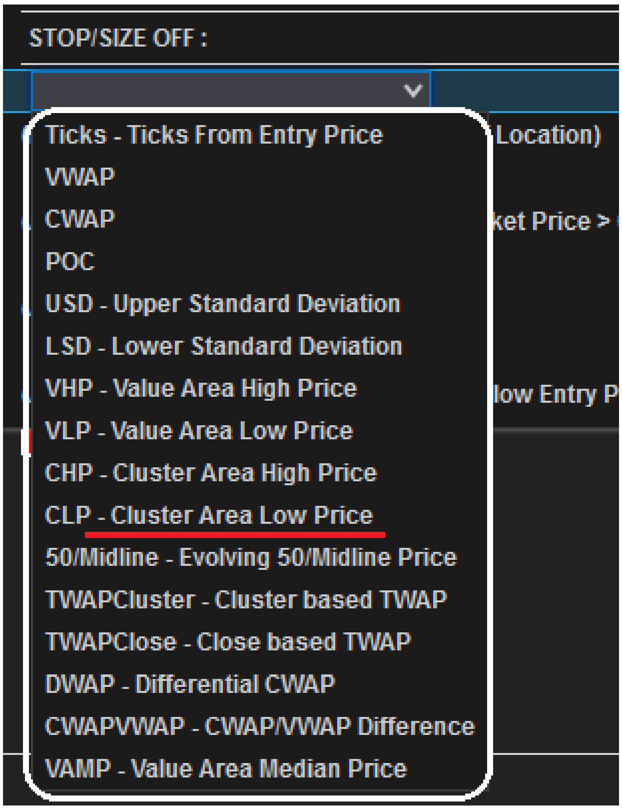
an Entry Offset of -2 would adjust the entry Price to 69.21 (This is away from market price)

an Entry Offset of +2 would adjust the entry price to 69.25 (This is close to market price)

This follows the same convention to the **AlgoX Addon** product process. Please bear in mind the Entry Offset is typically used for the Active Profile (or profile enabled for Risk Reward) at the right edge of the chart that you plan to trade from. This offset setting can be used for historical profiles that a user wishes to trade from also but for any profile that is out of view of the current market price at the right edge ; This is where the **CMP** (Current Market Price) RR menu option display comes is useful so that you know which offset (+ or -) to use based on the CMP and how you would have traded the historical profile trade entry. For historical profiles to keep it simple initially it is recommended to leave the Offset as a 0 value.

If either USD or LSD for the Upper / Lower Standard Deviation are selected then we define which of the SD bands apply from the slider selector below the Entry Offset.

The **Next Step :**



From the **STOP/SIZE Off** Section and the following drop down choices appear

Choose from the available Profile elements shown above previously described.

All users will see the top 10 options for the **Stop/Size Off** selection ; those users who are authorised for Advanced Profile Addon will additionally see the lower 6 additional profile elements.

The next step is to define a Tick Offset from this Price using the Stop Offset Slider. The convention is to set a value < 0 : which means X ticks from the Stop Price away from Current Market Price and a value > 0 : means X ticks from the Stop Price closer to Market Price.

If our Stop Price was selected as VWAP for the CL contract and the VWAP price is showing as 69.15 and current Market Price is 69.32 :

a Stop Offset of -2 would adjust the Stop Price to 69.13 (This is away from market price)

a Stop Offset of +2 would adjust the Stop price to 69.17 (This is close to market price)

Again this follows the same convention to the **AlgoX Addon** product process. Please bear in mind the Stop Offset is typically used for the Active Profile (or profile enabled for Risk Reward) at the right edge of the chart that you plan to trade from. This offset setting can be used for historical profiles that a user wishes to trade from also but for any profile that is out of view of the current market price at the right edge ; This is where the **CMP** (Current Market Price) RR menu option display comes is useful so that you know which offset (+ or -) to use based on the CMP and how you would have traded the historical profile stop value. For historical profiles to keep it simple initially it is recommended to leave the Offset as a 0 value.

If either USD or LSD for the Upper / Lower Standard Deviation are selected then we define which of the SD bands apply from the slider selector below the Stop Offset.

In the case of the STOP/SIZE OFF : drop down an additional element is added **'TICKS from Entry Price'** which in conjunction with the slider selector below defines **the number of Ticks above or below the Selected Entry Price** element to place the Stop price level. Note this Tick adjustment offset is **relative to the Entry Price** and in this instance is NOT related to where the current market price is.

Now that we have defined our Entry and Exit we can now specify any Risk levels we wish to use for our trade.

Using the **Min / Max** Risk/Stop slider controls we can define :

The Minimum number of Ticks between our Entry and Stop price levels in order for the Risk/Reward/Entry Lines to Show for the profile. So the difference between Entry & Stop price must be >= (greater than or equal to) the current MIN setting.

The Maximum number of Ticks between our Entry and Stop price levels in order for the Risk/Reward/Entry Lines to Show for the profile. If we decide we dont want to see the lines if the risk is set to 12 : then the lines will show if the difference between Entry & Stop is <= (less than or equal to) 12. Ie less than or equal to the current MAX setting.

<u>So in Summary the Process is typically :</u>

Select the **Entry From** element and make adjustments to the Entry Offset

Select the **Stop/Size Off** element and make adjustments to the Stop Offset and Tick Offset if Ticks from Entry is selected

Adjust the Min / Max Risk/Stop settings to define the risk parameters for the profile for the Entry and Stop. This determines when the lines are shown for An Active Profile or a Profile enabled via the context menu setting 'Enable for RiskReward' (see below)

Adjust the number of Reward Lines you wish to see ; based up on the number of contracts you plan to trade or to see where the Risk Reward Multiples Price Levels are projected to be based on your Risk/Reward Ratio settings.

Process of Attaching an Order to the Indicator

The Profile you want to be used to connect to the ATM/Order in Chart trader MUST be set to **Active** by following the above process in the earlier section of the document.

Again only one profile can be set to/designated as **Active** on the chart.

Using the Chart trader options with Chart Trader Opened (or hidden whichever your preference) :

Please follow this next section carefully and practice the process in SIM or Replay Account before using in your Live Account.

This has been implemented to work with the current functionality of the **Ninjatrader Attach order to Indicator** process which in its current form has limited scope. A feature request has been submitted to be able to validate and filter values for the attachment process.

To enter a **LONG** trade the 2 main options (with variations) are :

Buy Limit below current market price & **Buy Stop** above current market price

If the Active Profile entry becomes invalid whilst in pending mode ie the Max Risk/Stop has been exceeded relative to our Menu setting value :

The Risk/Reward/Entry lines will **clear/disappear** from the Active Profile & The **attached order price will NOT be updated**. This is an opportunity & recommendation to manually cancel the order and review & reassess your trade plan & the Risk Profile of Entry and Stop for your trade.

To enter a **SHORT** trade the 2 main options (with variations) are :

Sell Limit above current market price & **Sell Stop** below current market price

If the Active Profile entry becomes invalid whilst in pending mode ie the Max Risk/Stop has been exceeded relative to our Menu setting value :

Similarly the Risk/Reward/Entry lines will clear/disappear from the Active Profile & The **attached order price will NOT be updated**. This is an opportunity & recommendation to manually cancel the order and review & reassess your trade plan & the Risk Profile of Entry and Stop for your trade.

Rejection Scenarios to be aware of :

If you enter and place a Buy Stop above market price and then try to attach this order to an **Active Profile** with an entry below market price this attempt to move the order to this Entry Price below market will be rejected in Ninjatrader.

If you enter and place a Sell Stop below market price and then try to attach this order to an **Active profile** with an entry above market price this attempt to move the order to this Entry Price above market will be rejected in Ninjatrader.

It is important to follow the above guidelines and in line with Ninjatrader and their order entry guidelines ; it is the users responsibility to ensure familiarity with the use of the different order types and placing orders on the chart.

The next two graphics illustrate process when right clicking on the chart trader order line :

We next locate the OFA indicator in the Indicator drop down of the Attach to Indicator Properties

This corresponds to the Entry value as set in our Risk Reward Menu Entry setting in the Profile that has been set to Active (which can be noted with the background color – which can be changed in the OFA parameters)

Once order filled follow the same process to attach the ATM stop order to the Profile Stop in the Attach Order to indicator process. Please not that if using ATM strategy the stop strategy must be disabled for the current selected ATM strategy.

The Alternative to attaching the stop order to profile variable : move ATM stop to the stop line in the Risk Reward lines and allow ATM to manage the stop component.

Once entry is filled we can now move our ATM take profit lines to the pre-determined targets based on the risk sizing

For algox users we can now deploy the best fit take profit algo & management algo that aligns with this particular setup and the characteristics of this contract/.instrument for reaching target. This allows greater refinement and assessment of the current market conditions and structure to make our profit target assessment before setting up our Algox Algos for execution.

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RISK SIZING : Know Risk of Ruin Probability and the Power of Compounding

Risk of Ruin							Risk of Ruin					
Capital Risked per trade 10%							Capital Risked per trade 5%					
Win Ratio%	RR 1:1	RR 2:1	RR 3:1	RR 4:1	RR 5:1		Win Ratio%	RR 1:1	RR 2:1	RR 3:1	RR 4:1	RR 5:1
10%	100%	100%	100%	100%	100%		10%	100%	100%	100%	100%	100%
15%	100%	100%	100%	100%	100%		15%	100%	100%	100%	100%	100%
20%	100%	100%	100%	1000%	46.6%		20%	100%	100%	100%	100%	21.7%
25%	100%	100%	100%	30.5%	16.3%		25%	100%	100%	100%	9.33%	2.67%
30%	100%	100%	27.7%	10.2%	6.1%		30%	100%	100%	7.67%	1.03%	0.372%
35%	100%	60.9%	8.2%	3.53%	2.33%		35%	100%	37.1%	0.672%	0.124%	0.0544%
40%	100%	14.2%	2.5%	1.24%	0.888%		40%	100%	2.03%	0.0623%	0%	0%
45%	100%	3.41%	0.761%	0.426%	0.329%		45%	100%	0.116%	0%	0%	0%
50%	100%	0.813%	0.226%	0.141%	0.116%		50%	100%	0%	0%	0%	0%
55%	13.4%	0.187%	0.0635%	0.0438%	0%		55%	1.81%	0%	0%	0%	0%
60%	1.73%	0.0401%	0%	0%	0%		60%	0%	0%	0%	0%	0%
65%	0.205%	0%	0%	0%	0%		65%	0%	0%	0%	0%	0%
70%	0%	0%	0%	0%	0%		70%	0%	0%	0%	0%	0%

The Most Important Aspect of Trading : Cut your losses short : Know risk of ruin probability : Catastrophic loss prevention : Power of compounding

Risk of Ruin							Risk of Ruin					
Capital Risked per trade 2%							Capital Risked per trade 1%					
Win Ratio%	RR 1:1	RR 2:1	RR 3:1	RR 4:1	RR 5:1		Win Ratio%	RR 1:1	RR 2:1	RR 3:1	RR 4:1	RR 5:1
10%	100%	100%	100%	100%	100%		10%	100%	100%	100%	100%	100%
15%	100%	100%	100%	100%	100%		15%	100%	100%	100%	100%	100%
20%	100%	100%	100%	100%	2.2%		20%	100%	100%	100%	100%	0.0485%
25%	100%	100%	100%	0.266%	0%		25%	100%	100%	100%	0%	0%
30%	100%	100%	0.163%	0%	0%		30%	100%	100%	0%	0%	0%
35%	100%	8.37%	0%	0%	0%		35%	100%	0.701%	0%	0%	0%
40%	100%	0%	0%	0%	0%		40%	100%	0%	0%	0%	0%
45%	100%	0%	0%	0%	0%		45%	100%	0%	0%	0%	0%
50%	100%	0%	0%	0%	0%		50%	100%	0%	0%	0%	0%
55%	0%	0%	0%	0%	0%		55%	0%	0%	0%	0%	0%
60%	0%	0%	0%	0%	0%		60%	0%	0%	0%	0%	0%
65%	0%	0%	0%	0%	0%		65%	0%	0%	0%	0%	0%
70%	0%	0%	0%	0%	0%		70%	0%	0%	0%	0%	0%

Risk of Ruin

Capital Risked per trade 10%

Win Ratio%	RR 1:1	RR 2:1	RR 3:1	RR 4:1	RR 5:1
10%	100%	100%	100%	100%	100%
15%	100%	100%	100%	100%	100%
20%	100%	100%	100%	1000%	46.6%
25%	100%	100%	100%	30.5%	16.3%
30%	100%	100%	27.7%	10.2%	6.1%
35%	100%	60.9%	8.2%	3.53%	2.33%
40%	100%	14.2%	2.5%	1.24%	0.888%
45%	100%	3.41%	0.761%	0.426%	0.329%
50%	100%	0.813%	0.226%	0.141%	0.116%
55%	13.40%	0.187%	0.0635%	0.0438%	0%
60%	1.73%	0.0401%	0%	0%	0%
65%	0.205%	0%	0%	0%	0%
70%	0%	0%	0%	0%	0%

Risk of Ruin

Capital Risked per trade 5%

Win Ratio%	RR 1:1	RR 2:1	RR 3:1	RR 4:1	RR 5:1
10%	100%	100%	100%	100%	100%
15%	100%	100%	100%	100%	100%
20%	100%	100%	100%	100%	21.7%
25%	100%	100%	100%	9.33%	2.67%
30%	100%	100%	7.67%	1.03%	0.372%
35%	100%	37.1%	0.672%	0.124%	0.0544%
40%	100%	2.03%	0.0623%	0%	0%
45%	100%	0.116%	0%	0%	0%
50%	100%	0%	0%	0%	0%
55%	1.81%	0%	0%	0%	0%
60%	0%	0%	0%	0%	0%
65%	0%	0%	0%	0%	0%
70%	0%	0%	0%	0%	0%

Capital Risked per trade 2%

Win Ratio%	RR 1:1	RR 2:1	RR 3:1	RR 4:1	RR 5:1
10%	100%	100%	100%	100%	100%
15%	100%	100%	100%	100%	100%
20%	100%	100%	100%	100%	2.2%
25%	100%	100%	100%	0.266%	0%
30%	100%	100%	0.163%	0%	0%
35%	100%	8.37%	0%	0%	0%
40%	100%	0%	0%	0%	0%
45%	100%	0%	0%	0%	0%
50%	100%	0%	0%	0%	0%
55%	0%	0%	0%	0%	0%
60%	0%	0%	0%	0%	0%
65%	0%	0%	0%	0%	0%
70%	0%	0%	0%	0%	0%

Capital Risked per trade 1%

Win Ratio%	RR 1:1	RR 2:1	RR 3:1	RR 4:1	RR 5:1
10%	100%	100%	100%	100%	100%
15%	100%	100%	100%	100%	100%
20%	100%	100%	100%	100%	0.0485%
25%	100%	100%	100%	0%	0%
30%	100%	100%	0%	0%	0%
35%	100%	0.701%	0%	0%	0%
40%	100%	0%	0%	0%	0%
45%	100%	0%	0%	0%	0%
50%	100%	0%	0%	0%	0%
55%	0%	0%	0%	0%	0%
60%	0%	0%	0%	0%	0%
65%	0%	0%	0%	0%	0%
70%	0%	0%	0%	0%	0%