

THE ESSENTIAL GUIDE TO SYSTEMS TRADING

(FOR NON-PROGRAMMERS)



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WHAT IS SYSTEMS TRADING AND HOW DOES IT WORK?

Systems trading refers to trading in a mechanical manner without discretion.

For example:

Go long if the price breaks above the 50-day high. There's no discretion to this statement.

You buy when the price breaks above the 50-day high — not the 49-day or 51-day, but, the 50-day high.

In other words, systems trading only deals with things that can be quantified.

If there's subjectivity involved, then it's not systems trading.

So things like drawing Support & Resistance, Trendlines, Chart Patterns, etc. are not systems trading.

Make sense?



THE BENEFITS OF SYSTEMS TRADING

As a systems trader, there are benefits that come with it which you won't get from discretionary trading.

I'll tell you more...

You can validate your trading strategy in a few seconds

Unlike discretionary traders which takes a few months to validate a trading system, systems traders can accomplish it in a fraction of the time.

Here's why...

You can code your trading system in machine language and run it against historical data.

This means you don't have to manually backtest your trading system as the machine does the work for you (and it usually takes less than a minute).

Now, I'll be honest.

Writing the code for your trading system takes time and it can't be done within a few minutes. And if you don't know how to code, that makes things worst.

But don't worry, there's a solution for it and I'll tell you more later.

No more second-guessing yourself (or your trading system)

Let me ask you:

Have you ever analyzed a chart and wondered to yourself...

"Should I buy right now?"

The market looks like it's ready to move higher but, you're uncertain because there are "things" which could cause the price to reverse against you.

So, you hesitate.

The next thing you know, the market took off like a rocket and you wished you were in the trade — ouch.



So here's the deal:

If you don't have a quantified trading system you'll always second guess yourself with what ifs, should haves, and could haves.

But if you have a proven trading system, then it's a matter of execution, following the rules — with zero subjectivity.

You have the freedom to do the things you love

As a discretionary trader, you can't help but watch the charts regularly.

For example:

If you trade off the 1-hour timeframe, you'll need to check the charts once every hour.

If you trade off the 15-minutes timeframe, you'll need to check the charts once every 15minutes.

But as a systems trader, things are different.

You have the freedom to do the things you love without being glued to the screen.

Why?

Because once you've developed your trading system, the machine does the hard work for you.

This includes scanning thousands of markets for your trading setup, placing orders on your behalf, and even managing your trades from start to finish.

It's crazy.



The richest traders in the world use this trading method

I was mind blown when I found out about this...

David Harding, founder of Winton Capital has a personal fortune of US\$1.5 billion, at the age of 55.

John Henry is known as the trader who bought the Boston Red Sox for \$700m.

Jim Simons, founder of Renaissance Technologies earned \$1.7 billion in 2006, \$2.8 billion in 2007, and \$1.2 billion in 2014. And according to Forbes, he has a net worth of \$20 billion as of 2018.

Now...

What do these traders have in common?

They adopt a Systems Trading approach.

Yes, you read me right.

The richest traders in the world are not discretionary traders but, Systems Traders.

They execute trading systems which allowed them to amass huge fortunes in the markets.

Now, I can't guarantee you'll make billions of dollars (nobody can).

But what if you could achieve 1% (or even 0.1%) of what they did?



THE DISADVANTAGES OF SYSTEMS TRADING

It's not fair of me to paint you a beautiful picture of systems trading without sharing the downsides.

So, here are the disadvantages of systems trading that you must be aware of...

It requires more work at the start

If you're a discretionary trader, you can add a few indicators, draw a few lines, and trade immediately.

But, for systems trader, it requires more work at the start because you only put on a trade after your trading system is validated.

And to do so, you need things like:

- Data feed
- Backtesting platform
- Trading system in machine language
- Etc.

Clearly, the work involved is a lot more than just clicking a mouse.

It requires capital investment

Unlike discretionary traders who have access to a variety of free tools, systems trader requires capital investment because you must invest in things like data, backtesting platform, etc.

You might be thinking:

"But I manage to find free data and backtesting platform!"

Yes, there are free options but, it's not recommended because the free data you find is filled with errors and the backtesting platform has limitations to what you can do with it.

But the good news is, these things aren't expensive.

You can get it under \$1000 (and I'll share my suggestions later).



You must know what you want

Most of us would walk a similar trading path.

Take me for example...

When I first started trading, I devoured all the trading knowledge I could find. You know, things like Support & Resistance, Candlestick Patterns, Trading Indicators, Chart Patterns, etc.

Clearly, I didn't know what I was looking so I explored whatever is out there.

But as a systems trader, you don't have that privilege.

Because to develop any trading system, you must be clear with the exact trading rules. This includes the market conditions, entry trigger, stop loss, trade management, risk management, exits, and markets to trade.

In other words, you must know what you want before you can develop a trading system, or else you'll be wasting your time.

Moving on...



IS SYSTEMS TRADING FOR YOU?

At this point, you've learned the pros & cons of systems trading.

So now the question is, how do you know if this trading methodology is for you?

Let's find out...

Systems trading is not for you if:

You want to use your own discretion in trading

If can't give up things like Support and Resistance, Candlestick Patterns, Trendlines, etc, then systems trading is not for you.

There's nothing wrong with these tools but, they're meant for discretionary traders, not systems traders.

You're not willing to invest money in your research & development

For discretionary traders, you'll have to invest time to validate your trading strategy (via manual backtesting).

For systems trader, you'll have to invest money for your research & development.

So whether you're a discretionary trader or systems trader, you'll have to sacrifice something — money or time.

Systems trading is for you if:

You hate staring at charts

There are traders who get tired the moment they look at charts. Maybe because the price seems random, it's too subjective, or it doesn't make sense to you.

If that's the case, then systems trading is an alternative.

You want to trade in an objective manner

If you prefer to trade in a mechanical manner with clearly defined rules, then systems trading is for you.

There's no subjectivity, no second-guessing yourself, and no grey areas. Everything is black and white.



You're a math and logic person

Left-brained people tend to be more analytical in their thinking whereas right-brained people tend to be more creative.

So for left-brained people, you'll enjoy math, statistics, and logic — which makes systems trading highly suitable for you.

Now you might be wondering...

"I don't have programming knowledge, is systems trading still for me?"

That's a good question.

If you love programming or have programming knowledge, then systems trading will complement your skillset.

But it's not a requirement because you can delegate it to someone else (and I'll show you how later).

For now, let's move on...



THE RETT FRAMEWORK: HOW TO GET STARTED IN SYSTEMS TRADING EVEN IF YOU HAVE NO TRADING EXPERIENCE

So you've learned what systems trading is about and how it works.

Now you're probably wondering:

"So how do I get started?"

Then let me introduce to you... The RETT Framework.

Here's what it means:

1. Read trading books that contain backtest results
2. Extract the trading concepts
3. Test the trading system
4. Tweak the trading system

I'll explain...

1. Read trading books that contain backtest results

First, you want to find trading books that come with backtest results.

This way, the hard work has been done and you've got a "template" to work with.

Here are some books to get you started:

- *Following the Trend* by Andreas Clenow
- *Unholy Grails* by Nick Radge
- *Mean Reversion Trading Systems* by Howard B Bandy

Pro Tip:

It doesn't have to be just books, it can be blog posts, research papers, anything!



2. Extract the trading concepts

Now, just because someone shares with you their trading system doesn't mean you trade it immediately.

Instead, you must understand the logic and concepts behind it.

So ask yourself questions like...

1. What's the core principles behind this trading system?
2. Why does it work?
3. When does it underperform?
4. Is this something that will suit me?

3. Test the trading system

Once you understand the concepts behind the trading system, then you want to test it out for yourself to make sure your findings are similar to the backtest results shown.

Now, it's unlikely you'll get identical results due to the data feed. So if you get close 80% similarity, it's good enough.

To do the testing, you'll need a few things: 1) Backtesting platform 2) Data source 3) Code for your trading system

Don't worry if you don't know where to get a backtesting platform or data source because you can find my recommendations in the Tools & Resources section below.

4. Tweak the trading system to your needs

After you've validated the trading system, then it's time to tweak and adapt it to your own needs.

For example:

You might have tested a long-term Trend Following system that uses a 10 ATR trailing stop loss.

But if you don't want to ride a long-term trend, you can tweak it to a medium-term term Trend Following system by using 5 ATR trailing stop loss.

Then, test your "new" trading system and see how the numbers stack up and whether it's within your expectations.

Make sense?

And there you have it! The RETT Framework to get you started in systems trading.

I know it can be a blur as I've shared quite a number of concepts. So, let me give you an example of how I used The RETT Framework to develop a profitable trading system.

Read on...





A TREND FOLLOWING SYSTEM THAT WORKS (USING THE RETT FRAMEWORK)

Recall:

The RETT Framework stands for...

1. Read trading books that contain backtest results
2. Extract the trading concepts
3. Test the trading system
4. Tweak the trading system to your needs

So here's what I did...

Read Following The Trend by Andreas Clenow

This is an amazing Trend Following book written by Andreas Clenow.

It shares a Trend Following system that's been backtested and walks through the "ups and downs" a trader would face when trading this system.

Extract the concepts of Trend Following

The principles of Trend Following can be broken down into these five things:

- Trade in the direction of the trend
- Buy high sell higher (or sell low cover lower)
- Trail your stop loss so you can ride the trend
- Trade a variety of markets to increase your odds of capturing a trend
- Risk a fraction of your capital so that losses are minimal

Clearly, when the markets are trending, Trend Followers will do well. And if the markets are ranging, Trend Followers go into a drawdown.



Test a Trend Following system

Next, let's backtest a trading system using the concepts of Trend Following.

You can use the same trading system that was shared in the book or, come up with your own (but still follow the concepts of Trend Following).

So here's a Trend Following system I came up with...

The Rules (long):

- Go long when the price closes the highest over the last 200-days
- 6 ATR is your trailing stop loss
- You risk 1% on each trade

The Rules (short):

- Go short when the price closes the lowest over the last 200-days
- 6 ATR is your trailing stop loss
- 1% risk per trade

Markets traded:

- Gold, Copper, Silver, Palladium, Platinum
- S&P 500, EUR/JPY, EUR/USD, MXN/USD, GBP/USD
- US T-bond, BOBL, BUXL, BTP, 10-year Canadian bond
- Heating Oil, Wheat, Corn, Lumber, Sugar

The backtest period is from 2000 till 2019. That's 20 years of data including the dot-com bubble and 08-09 financial crisis.

**Results:**

Winning rate: 44.93%

Average gain to loss: 2.15

Annual return: 7.08%

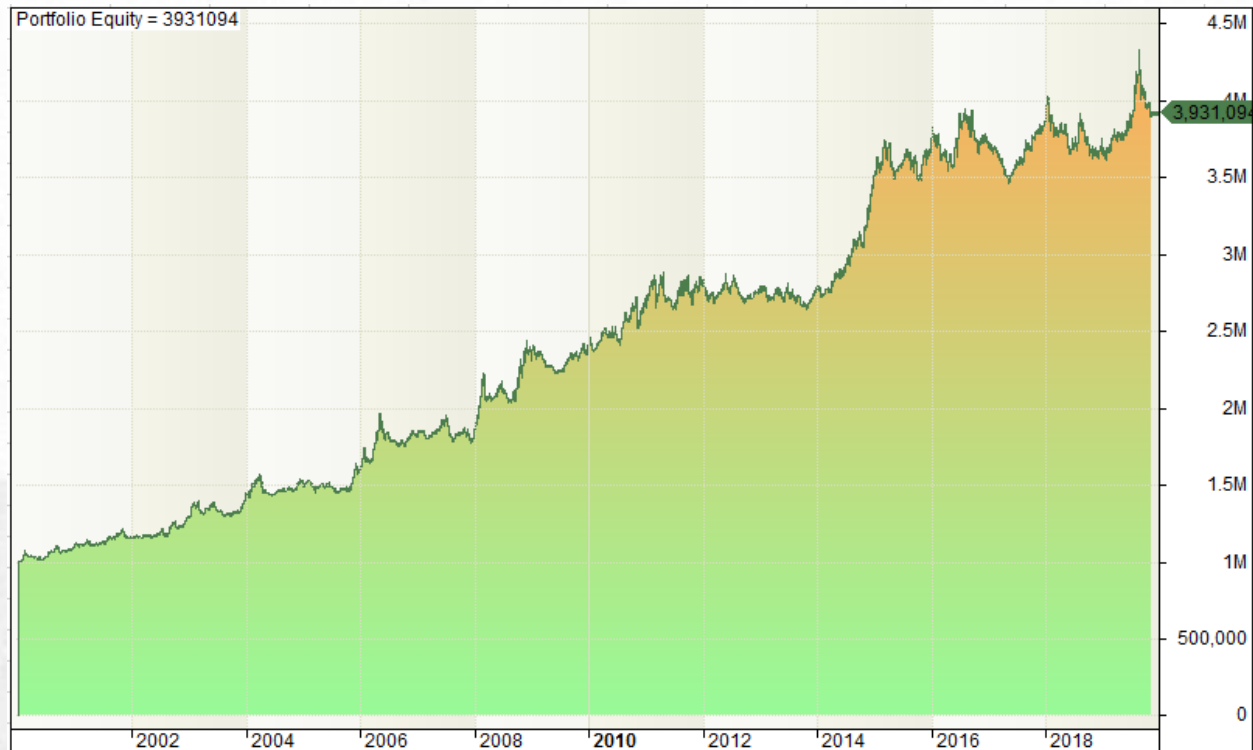
Maximum drawdown: 12.51%

Here's the breakdown for every month and year:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yr%
2000	1.60%	4.00%	-1.40%	-0.50%	-2.10%	1.70%	3.30%	2.00%	-2.00%	0.20%	1.60%	1.50%	10.20%
2001	0.80%	0.60%	2.10%	-2.60%	0.30%	2.30%	0.80%	0.80%	1.40%	2.80%	-3.50%	0.30%	6.10%
2002	0.00%	0.20%	0.30%	0.00%	0.30%	0.70%	-0.70%	1.90%	4.80%	-2.10%	0.10%	5.90%	11.70%
2003	4.70%	0.70%	-3.40%	1.60%	1.60%	-1.70%	-1.40%	-1.40%	-0.70%	2.20%	0.20%	5.50%	7.80%
2004	1.80%	5.80%	3.10%	-6.20%	-1.10%	-0.50%	2.20%	-0.40%	0.90%	-0.70%	2.20%	2.00%	9.00%
2005	-0.50%	-1.00%	-1.30%	0.70%	-0.50%	0.70%	-2.20%	0.50%	0.50%	-0.40%	6.10%	2.00%	4.40%
2006	6.90%	-3.30%	3.20%	7.70%	1.70%	-1.60%	-2.80%	-1.10%	0.70%	0.60%	3.00%	-0.40%	15.00%
2007	1.10%	-1.60%	0.00%	0.60%	1.40%	1.90%	-3.60%	-1.60%	2.30%	1.40%	-3.30%	-0.10%	-1.80%
2008	8.40%	12.00%	-5.00%	-0.70%	0.50%	3.70%	-3.90%	-1.90%	2.50%	7.10%	4.20%	2.00%	31.40%
2009	-0.70%	-0.20%	-1.60%	-1.50%	-1.00%	-0.30%	0.30%	3.00%	1.20%	-1.80%	3.50%	-0.80%	0.00%
2010	0.90%	0.50%	2.50%	1.50%	-0.80%	1.20%	-2.50%	7.10%	-1.10%	2.90%	-4.20%	5.90%	14.20%
2011	1.80%	2.50%	-1.80%	4.10%	-5.70%	-2.70%	2.80%	0.50%	3.20%	-3.80%	2.50%	1.60%	4.50%
2012	-2.40%	-1.10%	-0.60%	1.30%	3.70%	-3.80%	2.60%	-2.60%	-1.20%	0.70%	0.90%	0.60%	-2.20%
2013	0.40%	-3.10%	1.10%	1.60%	-1.50%	2.20%	-1.20%	-2.10%	-0.90%	-0.60%	2.40%	2.40%	0.50%
2014	-0.60%	-0.30%	0.60%	3.00%	1.50%	0.30%	1.10%	5.50%	-0.10%	0.50%	6.00%	4.70%	24.30%
2015	5.20%	-1.10%	2.50%	-3.20%	-0.60%	0.30%	2.30%	-2.40%	1.40%	-3.10%	4.90%	0.00%	6.00%
2016	2.50%	0.60%	-3.30%	-1.50%	-0.60%	6.10%	2.80%	-1.60%	1.90%	-6.20%	2.40%	-1.10%	1.50%
2017	-0.60%	-0.70%	-1.20%	-2.20%	-1.70%	2.30%	2.00%	1.00%	0.70%	2.10%	1.30%	0.40%	3.40%
2018	2.80%	-3.80%	-1.00%	0.80%	-1.50%	-1.00%	-0.60%	4.70%	-2.40%	-1.50%	-0.70%	0.40%	-4.10%
2019	-1.10%	0.90%	3.10%	-0.10%	0.00%	0.90%	3.20%	7.80%	-5.40%	-0.90%	-1.90%	0.60%	6.60%



And the equity curve of it:



This Trend Following system has slightly lower returns compared to a buy and hold approach but, the drawdown is only a fraction of it. Not too shabby.



Tweak the trading system

Now, how can you tweak this trading system to suit your needs?

Here are a few things to consider:

Instead of having a 6 ATR trailing stop loss, you can go with a 3 ATR trailing stop loss (if you want to ride a shorter-term trend).

Instead of trading 20 markets, you can expand your universe and trade 50 markets (to increase your odds of capturing a trend).

Instead of risking 1% on each trade, you can risk 0.5% (if you want to have a lower drawdown).

What you're doing here is to adjust the parameters to suit your needs. The last thing you want to do is add too many rules to the trading system where you end up curve fitting it to past data.

In other words, if you're adding a new rule to your trading system but you don't have a reason for it (besides making the backtest results look good), then it means you are curve fitting the trading system.

Moving on...



HOW TO GET STARTED IN SYSTEMS TRADING (TOOLS AND RESOURCES)

At this point, you've seen the power of systems trading and how you can use it to beat the markets.

And if you're serious about it, you must invest in quality trading tools and resources.

But here's the thing...

There are so many tools and resources out there. Which one should you focus on?

Well, that's what I'll cover in this section...

Backtesting platform

A backtesting platform "combines" the code and data together. In return, it gives out statistics, numbers, and the equity curve of your trading system.

I don't recommend the free ones because there are limited amount of things you can do with it and it's not enough if you want to do this at a professional level.

So, you must invest in a proper backtesting platform and these are the ones I recommend...

[Amibroker](#) – This is the platform I use for my own trading because it allows me to backtest my trading systems on a portfolio level. This means you can run a trading system across many markets and study how your portfolio value changes over time. So if your trading systems require you to trade multiple markets, I recommend Amibroker.

[TradeStation](#) – This is another popular platform among algorithmic traders. Its strength lies in backtesting individual markets and not on a portfolio level. So, if you have any specific trading system that you want to test on a particular market, this is a good platform to consider.

[MultiCharts](#) – Similar to TradeStation and allows backtesting on a portfolio level.

[RightEdge](#) – Another one worth checking out.

Next...



Data source

A data source provides historical data which your trading system will run against.

I don't recommend free data sources because these are usually filled with errors (and doesn't take into account de-listed stocks).

So here are my recommendations...

[Norgate Data](#) – This is the data source I use for my own trading. It covers US stocks, Australian stocks, Forex, and Futures.

[CSI Data](#) – This is another good data source to consider. It covers US stocks, Australian stocks, Forex, Futures, LSE, and Canadian stocks.

Next...

How to find a programmer

Next, you'll need to convert your trading system into machine language so the backtesting platform can understand it.

If you have programming knowledge, great! You can skip this step.

But if you're a programming idiot like me, then here's how to find a programmer...

1. Decide on a backtesting platform to use
2. Search on Upwork or Google



Let me give you an example...







Let's say I'm using Amibroker and I want to find a programmer who can code in Amibroker.

So, I'll search for "Amibroker programmer" on Google.



Here's what I found...

 All  Images  Videos  News  Shopping  More Settings Tools

About 515,000 results (0.45 seconds)

Ad · www.toptal.com/ ▾

Freelance Programmers for Hire | Guaranteed to Succeed
Vetted & Handpicked For Your Needs. Focus On Your Project, Not Hiring. 95% Trial-To-Hire Success. \$0 Recruiting Fee. Top 3% of World-Class Talent On Demand. Trusted by Thousands. 2.1 Interviews Per Hire. Available Today. Avg Match in under 24hrs.

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Turn Your **AmiBroker** Problems into Solutions, Now. Stop Losing Money and Start Testing Trading Ideas with Expertly Written **AmiBroker** Code. EquityCurve ...

forum.amibroker.com ▸ hire-an-amibroker-coder ▾

Hire an AmiBroker coder - AFL Programming - AmiBroker Community Forum
I would like find an **AmiBroker** Coder to help me with strategy development and coding. Assistance is greatly appreciated.

forum.amibroker.com ▸ updated-list-of-afl-coders-for-hire ▾

Updated List of AFL Coders for Hire - AFL Programming - AmiBroker ...
1 answer
Nov 19, 2018 - Hello, I Am trying to get some scripts/adjusted coded, i have put jobs on Freelancer and Upwork (and got hardly anything back) The Chartist ...

forum.amibroker.com ▸ how-do-i-learn-afl ▾


How do I learn AFL? - AFL Programming - AmiBroker Community Forum
Programming in **AmiBroker** Formula Language (AFL) is not that different from **programming** in any other language. If you are looking for general introduction to ...



And when I search on Upwork, here's what I found...

SEARCH MY HIRES SAVED (14)

✕ ✓ 🔍



Yaroslav G.
Automation trading strategies

📍 Ukraine


💰 \$30.00 / hr \$30k+ earned 📊 100% Job Success

📄 Have experience from 2004 and developed more than 1000 different strategies. Platform supported: MT4, MT5, Tradestation, Multicharts EL and others. Have professional knowledge in technical analysis o ...

🔖 Suggested because they worked on 1 job that matches your search.

MetaTrader 4 • Forex Trading • MQL 4 • TradeStation

📌 Invite to Job



Sandip S.
Product Manager

📍 India


💰 \$25.00 / hr \$500+ earned

📄 Trading Software Development Professional Amibroker, TradeStation, MultiCharts, MetaTrader, Interactive Broker, FXCM API/FXCM FIX protocol, CURRENEX FIX Protocol, HOTSPOT Fix Protocol Programmer ...

🔖 Suggested because they worked on 2 jobs that match your search.

C++ • Microsoft Visual C++ • C# • VB.NET

📌 Invite to Job



Stephen A.
Fast. Reliable. Accurate

📍 Indonesia

💰 \$25.00 / hr \$30k+ earned 📊 98% Job Success

★ Specializes in Desktop Software Development

📄 Programmer with good analytical / problem solving skills. 1. Metatrader (MT4) - Expert Advisors - Indicators, Scripts - MT4 dll plugin 2. Amibroker AFL - Exploration, Backtesting ...

📁 Desktop Software Development Deliverables • Application Installer • 3 more

📁 Databases • MySQL

📌 Invite to Job



Now when you hire a programmer, you must be clear with your needs.

This means your trading rules must be in black and white with no room for discretion.

Here are some things to consider...

- Markets you want to test on
- Exact trading rules
- Timeframe
- Risk management
- How an indicator is supposed to be calculated (e.g. is it Simple or Exponential Moving Average?)
- Data source to use

Next...

Trading books and white papers (with backtest results)

Now you can read through hundreds of trading books to filter out those with backtest results (that's what I did).

But I want to make your life easier, so here is a list of trading books and white papers which comes with backtest results...

- *Following The Trend* by Andreas Clenow
- *Stocks On The Move* by Andreas Clenow
- *Unholy Grails* by Nick Radge
- *Dual Momentum* by Gary Antonacci
- *Entry and Exit Confessions of a Champion Trader* by Kevin Davey
- *Short-Term Trading Strategies That Work* by Larry Connors and Cesar Alvarez
- *Finding Consistent Trends With Strong Momentum* by Arthur B. Hill
- *A Century Of Evidence On Trend-Following Investing* by Brian Hurst, Yao Hua Ooi, et al.

There's a lot more out there. But these should be enough to get you started on your systems trading journey.



BONUS TIPS

Before you begin your systems trading journey, I want to share with you a few tips that have proved useful to me over the years...

#1: Test everything

One golden rule when it comes to trading is this:

“Never trust anything, always test everything.”

If you’re unsure, let the backtest results speak for itself.

If you’re sure but you don’t have the numbers to back up your “theory”, backtest it anyway — you’ll be surprised how often your “theory” is actually wrong (happened to me many times).

So, go ahead and test everything. There’s no excuse since the machine does the hard work for you.

#2: Your trading system must be backed by logic

Here’s the thing:

Systems trading is not the holy grail, nothing is. So, expect drawdown to occur regularly.

However, the difference between riding out a drawdown and giving up on the trading system lies in your belief.

How much do you believe in the trading system, and why?

If your trading system isn’t backed by logic but some “good numbers” from backtesting, then you’ll likely abandon the trading system when the drawdown comes (as you’ll wonder if the system has stopped working).

But, if you believe your trading system because it’s backed by sound logic, then you’ll likely stick to it even during difficult times.

For example, Trend Following works because markets have a tendency to trend over time. So, the only way for Trend Following to stop working is if markets stop trending. Is it possible? Yes, but unlikely.

And that should instill your confidence in Trend Following.



#3: Your trading system must be robust

A robust trading system means you can change the parameters of the trading system and it's still likely to work.

That's because your trading system is based on proven principles, not curve fitted to past data.

So, one way to test for robustness is to change the parameters of your trading system and see how it fares.

For example:

Let's say you have a profitable Trend Following system that buys the 200-Day breakout.

Now, change it to a 210-Day breakout and analyze the results.

If the trading system still makes money, then it's robust.

If it breaks down and loses money, then it isn't robust and you want to avoid trading it.

Pro Tip:

The fewer rules you have in your trading system the more robust it'll be. And the more rules you have, the less robust it'll be.

#4: Your backtest period must include different market conditions

When you backtest your trading system, you want to test it across different market conditions like bull markets, bear markets, range markets, recessions, etc.

Because if a trading system can survive different market conditions, then it's likely to continue working in the future.

So, if your trading system is based on the daily timeframe or higher, a good backtest period would be 2007 – 2017. It has the 2008 financial crisis, range market in 2015, and a bull market in 2017.

And because you backtest your trading system across different market conditions, you can identify when it performs well and poorly — then make adjustments to improve on it.

For example, if you know your trading system doesn't do well in bear markets, then you can have a filter to avoid taking trades in such market conditions.

Make sense?



#5: You can combine trading systems and improve your trading results

Now you might be wondering:

“How does it work?”

Look at the table below...

	STF	PST
2000	25.80%	14.00%
2001	14.20%	0.00%
2002	17.60%	0.00%
2003	35.00%	29.10%
2004	20.20%	35.70%
2005	3.10%	18.00%
2006	23.30%	7.20%
2007	22.10%	10.10%
2008	91.70%	-7.70%
2009	-0.80%	1.50%
2010	34.80%	51.90%
2011	20.00%	8.10%
2012	-4.40%	16.30%
2013	4.20%	41.70%
2014	78.90%	11.60%
2015	4.20%	3.20%
2016	3.90%	-1.20%
2017	5.00%	32.30%
2018	-3.50%	9.00%

You can see the results of 2 trading systems from 2000 – 2018.

On its own, their trading results are decent with a few losing years in between.

But, when you trade both systems (by allocating 50% of your capital to each), that’s where the magic happens.



Look at this next table below...

	STF	PST	Net (50-50)
2000	25.80%	14.00%	19.90%
2001	14.20%	0.00%	7.10%
2002	17.60%	0.00%	8.80%
2003	35.00%	29.10%	32.05%
2004	20.20%	35.70%	27.95%
2005	3.10%	18.00%	10.55%
2006	23.30%	7.20%	15.25%
2007	22.10%	10.10%	16.10%
2008	91.70%	-7.70%	42.00%
2009	-0.80%	1.50%	0.35%
2010	34.80%	51.90%	43.35%
2011	20.00%	8.10%	14.05%
2012	-4.40%	16.30%	5.95%
2013	4.20%	41.70%	22.95%
2014	78.90%	11.60%	45.25%
2015	4.20%	3.20%	3.70%
2016	3.90%	-1.20%	1.35%
2017	5.00%	32.30%	18.65%
2018	-3.50%	9.00%	2.75%

Previously, you had losing years for both systems.

But when you combined them together, you have 0 losing years.

Now, I'm not saying you'll never have losing years because the future is uncertain.

But one thing is certain is this...

When you trade multiple trading systems, you improve your performance and reduce your risk.

Pro Tip:

For this to work, you must trade trading systems which have little-to-no correlation with one another.

Because trading multiple systems which are correlated will only amplify your risk.



SUMMARY

I know I've covered a lot in this systems trading guide.

So, here's a quick recap to what you've learned today:

- There's no discretion when it comes to systems trading because the rules are objective
- Systems trading allows you to validate a strategy in minutes, doesn't require you to spend all day in front of your monitors, doesn't involve any guesswork, and is adopted by the richest traders in the world
- Systems trading requires more work at the start, capital investment for your tools, and you must be clear with what you want
- This is for you if you hate staring at charts, want to trade in an objective manner, and you're a math person
- RETT Framework: 1) Read trading books with backtest results 2) Extract the concepts 3) Test the trading system 4) Tweak the system to your needs
- To get started in systems trading, you need a backtesting platform, data source, and a programmer (which you can hire)

THANK YOU SO MUCH!

I hope you've enjoyed this guide as much as I loved writing it for you. I can't thank you enough for your continued support for [TradingwithRayner](https://www.tradingwithrayner.com) and everything I do.

Cheers,

Rayner Teo

