Pyramid Matrix

The Pyramid Matrix is a Bullalgo Trading Systems, Inc. add-on Pyramiding strategy that is applicable to any existing system or strategy which uses EasyLanguage in TradeStation. This Matrix allows the user to build automated "fade in" trading strategies that accurately accumulates shares/units throughout the life of an existing trade. This unique Pyramiding Matrix by Bullalgo has the ability to add shares following a pullback from initial entry allowing the user to add shares/units to those trades that pull back slightly but don't quite hit a Stop Loss. It also has a built-in final Pyramid Profit Target. Using Bullalgo's Pyramid Matrix will take anyone's automated trading strategy building to new heights by allowing them to automate share accumulation practices into an existing trade according to their unique automated trading style.

Pyramid Matrix Profile

Can be used in conjunction with any strategy
Up to 5 Long & 5 Short Pyramid Setups
Volatility Adjustments
Gauge Adjustments
Brake Adjustments

Pyramid Matrix

Pyramid Attack Mode
Multi-Method Volatility Options
Gauge Volatility Controls
Brake Volatility Controls
Pyramid Scale Up/Down Modes
Number of Shares Increased/Decreased
Floor Inputs
Retracement Controls
Adjusting Stop Loss Controls
Overall Profit Target

Product Support, helpful tips, and other Pyramid Matrix users are hanging out in Bullalgo's trading forums "The War Room" located at www.bullalgotradingsystems.com. Come visit us!

Ryan Fuda
President/Developer
Bullalgo Trading Systems, Inc.
www.bullalgotradingsystems.com
Pyramiding is a strategy in which a trader increases the size of his/her position by buying/shorting additional shares throughout the life of a trade. This is done to capitalize fully on a trade that is performing well. Although additional shares are purchased at a higher premium due to the fact that there is an increase in price action since the initial trade entry, the ultimate goal is to increase the overall return the user expects over the full life of his/her trade. This type of trading strategy is considered lower risk due to the scaling in of an existing trade versus the taking on of a full position all at one time. In Bullalgo Trading Systems Pyramid Matrix, there is the option to average down by entering -1 into the selected "Pyramid_Attack_Mode". This is a higher risk approach to Pyramiding and it is advisable to proceed with caution if choosing to do so.

Throughout the life of a Pyramid trade (including initial entry), the Stop Loss orders are adjusted each time a new Pyramid threshold "Floor" is breached. This helps control risk and capture profits to protect assets. If price action moves through a given pyramid Floor and into the next Pyramid Level, then the new level will become active to ensure that the user does not miss their future entries.

"Redefining automated trading systems for everyone! Not just for the select few any longer..."
Getting Acquainted with the Pyramid Matrix

*To permit TradeStation to allow Pyramiding follow these NECESSARY steps:
Setup = Format>Properties for All>General Tab>Position Limits>Chose the option for desired pyramiding.
The pictures above show the *Pyramid Matrix* in action accumulating shares/units into winning positions which reduces initial entry risk and maximizes overall profit potential.
**Chart order name labels**

le = Long Entry  
se = Short Entry  
x = Long Exit  
sx = Short Exit

<table>
<thead>
<tr>
<th>Order Name</th>
<th>Definition</th>
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<tbody>
<tr>
<td>le.Pyra#1</td>
<td>Long Pyramid Entry #1</td>
</tr>
<tr>
<td>le.Pyra#2</td>
<td>Long Pyramid Entry #2</td>
</tr>
<tr>
<td>le.Pyra#3</td>
<td>Long Pyramid Entry #3</td>
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<tr>
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<td>Long Pyramid Entry #4</td>
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<td>le.Pyra#5</td>
<td>Long Pyramid Entry #5</td>
</tr>
<tr>
<td>lx.Pyra_SL#1</td>
<td>Long Pyramid Stop Loss from Pyramid Entry #1</td>
</tr>
<tr>
<td>lx.Pyra_SL#2</td>
<td>Long Pyramid Stop Loss from Pyramid Entry #2</td>
</tr>
<tr>
<td>lx.Pyra_SL#3</td>
<td>Long Pyramid Stop Loss from Pyramid Entry #3</td>
</tr>
<tr>
<td>lx.Pyra_SL#4</td>
<td>Long Pyramid Stop Loss from Pyramid Entry #4</td>
</tr>
<tr>
<td>lx.Pyra_SL#5</td>
<td>Long Pyramid Stop Loss from Pyramid Entry #5</td>
</tr>
<tr>
<td>se.Pyra#1</td>
<td>Short Pyramid Entry #1</td>
</tr>
<tr>
<td>se.Pyra#2</td>
<td>Short Pyramid Entry #2</td>
</tr>
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<td>Short Pyramid Entry #3</td>
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<td>se.Pyra#5</td>
<td>Short Pyramid Entry #5</td>
</tr>
<tr>
<td>sx.Pyra_SL#1</td>
<td>Short Pyramid Stop Loss from Pyramid Entry #1</td>
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<tr>
<td>sx.Pyra_SL#2</td>
<td>Short Pyramid Stop Loss from Pyramid Entry #2</td>
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<td>sx.Pyra_SL#4</td>
<td>Short Pyramid Stop Loss from Pyramid Entry #4</td>
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<td>sx.Pyra_SL#5</td>
<td>Short Pyramid Stop Loss from Pyramid Entry #5</td>
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<tr>
<td>lx.Pyra_PT</td>
<td>Long Pyramid Profit Target</td>
</tr>
<tr>
<td>sx.Pyra_PT</td>
<td>Short Pyramid Profit Target</td>
</tr>
</tbody>
</table>
**Inputs Definitions**

*Pyramid_Master_Off_On* = Pyramid Master Off/On Switch. "0=Off; 1=On". If this input is < or = 0, then *Pyramid_Master_Off_On* completely disables the entire Pyramid Matrix. This action is similar to clicking its Status to OFF. The *Pyramid Matrix* is enabled if the input value is > or = 1.

(Times are entered in a 24-hour format. Ex: 4:00 pm = 1600. Enter -01 to disable any time input.)

**Entry_StartTime**\#1 = 1st Entry start time that begins new trade entries for the day.

**Entry_EndTime**\#1 = 1st end time that stops all new entries for the day.

**Entry_StartTime**\#2 = Optional 2nd start time for trade entries. Use this input to break up a trading day.

**Entry_StartTime**\#2 Example: No new trade entries will be entered from 1100-1300. To do this, set **Entry_EndTime**\#1 to 1100 and **Entry_StartTime**\#2 to 1300. Existing trades taken before 1100 will be held until completion.

**Entry_EndTime**\#2 = Optional 2nd end time for **Entry_StartTime**\#2.

**FinalExit** = This is a final exit of the day to close a position prior to the closing bell. To close a position at the end of the trading day properly, this input must correspond correctly to the chart interval the user selected for his strategy build. A 10-minute interval chart must have a **FinalExit** time of 1550 to close the position correctly at the Close of the bar before the final closing bell.

**Exit_StopTime** = This input stops all new exit orders from being generated according to the time set.

**Exit_StopTime Note**: This input is particularly important when holding overnight positions and using 24 hour or pre and post market data. Without placing an **Exit_StopTime** at 1550 for example, the *Pyramid Matrix* will try to generate orders during pre and post market session times when swing trading.

**Exit_StartTime** = Resumes all new orders according to the time set.

**BacktestDateStart** & **BacktestDateEnd** = Enter dates in the MMDDYYYY format; -1 if unused. These inputs are used while running optimizations. They are designed to start any interval selected to the same start date for more accurate results while comparing intervals. Without these inputs, if "maximum number of bars study will reference" (MaxBarsBack) is set to 50 bars then backtesting in TradeStation will count 50 bars of that particular interval being analyzed before showing actual historical "in sample" trading. Therefore, when comparing a 5-minute chart to a 30-minute chart, the 30-minute chart will start a day later while comparing historical data. These inputs resolve this issue by starting historical trading on the same day while backtesting.

**BacktestDateEnd** can be used to reserve a portion of the data set as a final walk-forward validation after optimization. Input your desired back date and from that point forward you will be able to review "out of sample" data to review your TradeStation optimization results.
**Pyramid Attack Mode** = -1 = "Short" take short positions only; 0 = "All" take both long and short positions; 1 = "Long" take long positions only.

**Pyramid Method** = This input selects the “Method” used to calculate Volatility. An input value of 1 uses a “Standard Error” calculation, 2 uses the "Standard Deviation of the Close", 3 uses the raw Average True Range ("ATR"), 4 uses "ATR Gap" (any gap on the session break removed) and 5 uses the "ATR Gapless" (all gaps are removed from the calculation).

The standard "Average True Range" is the larger of the High of the bar or the Close of the previous bar minus the smaller of the Low of the bar or the Close of the previous bar.

**Pyra_Method_Length** = The Length (often referred to as “Period”) in bars used by Method calculations.

**Pyra_GaugeBrake_Off_On** = If this input = 0 then the “GaugeBrake” calculation is Disabled. If > or = 1 then the GaugeBrake is enabled and will reduce soaring volatility controlled by the next two Inputs (MethodGauge and MethodBrake). Be sure to use the Bullalgo Trading Systems Volatility Gauge indicator to monitor the Pyra_GaugeBrake.

**Pyra_MethodGauge_Pcnt** = This input controls the raising or lowering of the volatility level at which the GaugeBrake becomes active. It’s default setting is 100 (100%).

**Pyra_MethodBrake_Pcnt** = This input controls how much volatility above the “MethodGauge” is used to adjust the final Volatility calculation for the Brake. It's default setting is 50 (50%).
-Pyra Level Settings-

**Pyramid#1 Mode** = The 1st Pyramiding level that adds to the Initial Trade Entry. -1=Average Down; 0=Off; 1=Scale Up. -1=Average Down is to add shares/units to a negative position. 1=Scale Up is to add shares/units to a positive position.

**Pyra#1_NumOfShares** = The number of shares that Pyra#1 will add to an existing Initial Trade Position.

**Pyra#1_FloorMult** = This input uses the Pyramid Method chosen from above to calculate a "Pyra#1" Floor setting. The input value chosen here is multiplied by the Pyramid Method to create the threshold that price action must break through to activate the Pyra#1 level. A FloorMult value of 2 would be 200% (Pyramid Method x 2).

**Pyra#1_FloorMult Example**: If you are using the ATR Pyramid Method and choose FloorMult = 2 then Price must move 2 ATRs from the Initial Position Entry and touch or break the 2 ATR threshold Floor to activate this Pyra level.

**Pyra#1_Retrace_Pcnt** = Retrace_Pcnt is an input that is used to subtract a percentage amount from the Pyra#1 Floor to create a "Floor Breach Pullback Entry".

**Pyra#1_Retrace_Pcnt Example**: An input value of 25 here is a 25% retracement of the volatility method subtracted from the Pyra#1 floor. When price action falls from the Pyra#1 Floor by 25% of the volatility method selected then the Pyramid Matrix will fill an Ie.Pyra#1 Entry Order.

**Pyra#1_StopLoss_Pcnt** = This StopLoss_Pcnt is an input that is used to subtract a percentage amount from the Pyra#1 Entry to create a Stop Loss.

**Pyra#1_StopLoss_Pcnt Example**: An input value of 25 here is a 25% retracement back from the Pyra#1 Entry toward the Initial Entry before Pyra#1 takes an Ix or sx Pyra.SL#1 exit. The distance between the Initial Entry to the Pyra#1 Entry = 100 or 100% StopLoss_Pcnt. When price action falls from the Pyra#1 Entry by 25% of the distance back to the Initial Entry then the Pyramid Matrix will Stop Loss Exit the entire trade position.

**Pyramid#2_Mode** = The 2nd Pyramiding level that adds to the Initial Trade Entry and Pyra#1 position. -1=Average Down; 0=Off; 1=Scale Up. -1=Average Down is to add shares/units to a negative position. 1=Scale Up is to add shares/units to a positive position.

**Pyra#2_NumOfShares** = The number of shares that Pyra#2 will add to the Initial Trade Entry and Pyramid#1 positions.
Pyra#2_FloorMult = This input uses the *Pyramid Method* chosen from above to calculate a "Pyra#2" Floor setting. The input value chosen here is multiplied by the *Pyramid Method* to create the threshold that price action must break through to activate the Pyra#2 level. A *FloorMult* value of 2 would be 200% (*Pyramid Method* x 2).

**Pyra#2_FloorMult Example:** If you are using the ATR *Pyramid Method* and choose *FloorMult* = 2 then price action must move 2 ATRs from the Initial Trade Entry and touch or break the Floor to activate this Pyra level.

Pyra#2_Retrace_Pcnt = *Retrace_Pcnt* is an input that is used to subtract a percentage amount from the Pyra#2 Floor to create a "Floor Breach Pullback Entry".

**Pyra#2_Retrace_Pcnt Example:** An input value of 25 here is a 25% retracement of the volatility method subtracted from the Pyra#2 floor. When price action falls from the Pyra#2 Floor by 25% of the volatility method selected then the *Pyramid Matrix* will fill an le.Pyra#2 Entry Order.

Pyra#2_StopLoss_Pcnt = This *StopLoss_Pcnt* is an input that is used to subtract a percentage amount from the Pyra#2 Entry to create a Stop Loss.

**Pyra#2_StopLoss_Pcnt Example:** An input value of 25 here is a 25% retracement back from the Pyra#2 Entry toward the Pyra#1 Entry before Pyra#2 takes an lx or sx Pyra.SL#2 exit. The distance between the Pyra#1 Entry to the Pyra#2 Entry = 100 or 100% *StopLoss_Pcnt*. When price action falls from the Pyra#2 Entry by 25% of the distance back to the Pyra#1 Entry then the *Pyramid Matrix* will Stop Loss Exit the entire trade position.

Pyramid#3_Mode = The 3rd Pyramid Level that adds to the Initial Trade Entry, Pyra#1, and Pyra#2 position. -1=Average Down; 0=Off; 1=Scale Up. -1=Average Down is to add shares/units to a negative position. 1=Scale Up is to add shares/units to a positive position.

Pyra#3_NumOfShares = The number of shares that Pyra#3 will add to the Initial Trade Entry, Pyramid#1, and Pyramid#2 positions.

Pyra#3_FloorMult = This input uses the *Pyramid Method* chosen from above to calculate a "Pyra#3" Floor setting. The input value chosen here is multiplied by the *Pyramid Method* to create the threshold that price action must break through to activate the Pyra#3 level. A *FloorMult* value of 2 would be 200% (*Pyramid Method* x 2).

**Pyra#3_FloorMult Example:** If you are using the ATR *Pyramid Method* and choose *FloorMult* = 3 then price action must move 3 ATRs from the Initial Position Entry and touch or break the Floor to activate this Pyra level.
**Pyra#3_Retrace_Pcnt** = *Retrace_Pcnt* is an input that is used to subtract a percentage amount from the Pyra#3 Floor to create a "Floor Breach Pullback Entry".

**Pyra#3_Retrace_Pcnt Example:** An input value of 25 here is a 25% retracement of the volatility method subtracted from the Pyra#3 floor. When price action falls from the Pyra#3 Floor by 25% of the volatility method selected then the *Pyramid Matrix* will fill an le.Pyra#3 Entry Order.

**Pyra#3_StopLoss_Pcnt** = This *StopLoss_Pcnt* is an input that is used to subtract a percentage amount from the Pyra#3 Entry to create a Stop Loss.

**Pyra#3_StopLoss_Pcnt Example:** An input value of 25 here is a 25% retracement back from the Pyra#3 Entry toward the Pyra#2 Entry before Pyra#3 takes an lx or sx Pyra.SL#3 exit. The distance between the Pyra#2 Entry to the Pyra#3 Entry = 100 or 100% *StopLoss_Pcnt*. When price action falls from Pyra#3 Entry by 25% of the distance back to the Pyra#2 Entry then the *Pyramid Matrix* will Stop Loss Exit the entire trade position.

**Pyramid#4_Mode** = The 4th Pyramid Level that adds to the Initial Trade Entry, Pyra#1, Pyra#2 and Pyra#3 position. -1=Average Down; 0=Off; 1=Scale Up. -1=Average Down is to add shares/units to a negative position. 1=Scale Up is to add shares/units to a positive position.

**Pyra#4_NumOfShares** = The number of shares that Pyra#4 will add to the Initial Trade Entry Pyramid#1, Pyramid#2, and Pyramid#3 positions.

**Pyra#4_FloorMult** = This input uses the *Pyramid Method* chosen from above to calculate a "Pyra#4" Floor setting. The input value chosen here is multiplied by the *Pyramid Method* to create the threshold that price action must break through to activate the Pyra#4 level. A *FloorMult* value of 2 would be 200% (*Pyramid Method* x 2).

**Pyra#4_FloorMult Example:** If you are using the ATR *Pyramid Method* and choose *FloorMult* = 4 then price action must move 4 ATRs from the Initial Position Entry and touch or break the Floor to activate this Pyra level.

**Pyra#4_Retrace_Pcnt** = *Retrace_Pcnt* is an input that is used to subtract a percentage amount from the Pyra#4 Floor to create a "Floor Breach Pullback Entry".

**Pyra#4_Retrace_Pcnt Example:** An input value of 25 here is a 25% retracement of the volatility method subtracted from the Pyra#4 floor. When price action falls from the Pyra#4 Floor by 25% of the volatility method selected then the *Pyramid Matrix* will fill an le.Pyra#4 Entry Order.
**Pyra#4_StopLoss_Pcnt** = This *StopLoss_Pcnt* is an input that is used to subtract a percentage amount from the Pyra#4 Entry to create a Stop Loss.

**Pyra#4_StopLoss_Pcnt Example**: An input value of 25 here is a 25% retracement back from the Pyra#4 Entry toward the Pyra#3 Entry before Pyra#4 takes an lx or sx Pyra.SL#4 exit. The distance between the Pyra#3 Entry to the Pyra#4 Entry = 100 or 100% *StopLoss_Pcnt*. When price action falls from the Pyra#4 Entry by 25% of the distance back to the Pyra#3 Entry then the *Pyramid Matrix* will Stop Loss Exit the entire trade position.

**Pyramid#5_Mode** = The 5th Pyramid Level that adds to the Initial Trade Entry, Pyra#1, Pyra#2, Pyra#3, and Pyra#4 position. -1=Average Down; 0=Off; 1=Scale Up. -1=Average Down is to add shares/units to a negative position. 1=Scale Up is to add shares/units to a positive position.

**Pyra#5_NumOfShares** = The number of shares that Pyra#5 will add to the Initial Trade Entry Pyramid#1, Pyramid#2, Pyramid#3, and Pyramid#4 positions.

**Pyra#5_FloorMult** = This input uses the *Pyramid Method* chosen from above to calculate a "*Pyra#5"* Floor setting. The input value chosen here is multiplied by the *Pyramid Method* to create the threshold that price action must break through to activate the Pyra#5 level. A *FloorMult* value of 2 would be 200% (*Pyramid Method* x 2).

**Pyra#5_FloorMult Example**: If you are using the ATR *Pyramid Method* and choose *FloorMult* = 5 then price action must move 5 ATRs from the Initial Position Entry and touch or break the Floor to activate this Pyra level.

**Pyra#5_Retrace_Pcnt** = *Retrace_Pcnt* is an input that is used to subtract a percentage amount from the Pyra#5 Floor to create a "Floor Breach Pullback Entry".

**Pyra#5_Retrace_Pcnt Example**: An input value of 25 here is a 25% retracement of the volatility method subtracted from the Pyra#5 floor. When price action falls from the Pyra#5 Floor by 25% of the volatility method selected then the *Pyramid Matrix* will fill an le.Pyra#5 Entry Order.

**Pyra#5_StopLoss_Pcnt** = *StopLoss_Pcnt* is an input that is used to subtract a percentage amount from the Pyra#5 Entry to create a Stop Loss.

**Pyra#5_StopLoss_Pcnt Example**: An input value of 25 here is a 25% retracement back from the Pyra#5 Entry toward the Pyra#4 Entry before Pyra#5 takes an lx or sx Pyra.SL#5 exit. The distance between the Pyra#4 Entry to the Pyra#5 Entry = 100 or 100% *StopLoss_Pcnt*. When price action falls from the Pyra#5 Entry by 25% of the distance back to the Pyra#4 Entry then the *Pyramid Matrix* will Stop Loss Exit the entire trade position.
**Pyramid_PT_Off_On** = Pyramid Profit Target Off/On switch. 0=Off; 1=On. 0 disables Exit, 1 enables Exit.

**Pyra_ProfTarg_Mult** = Enter an overall Profit Target multiple for all pyramiding to conclude based on the multiple of the method chosen.

**ShowCmtry** = *ShowCmtry* (Show Commentary) must be set to TRUE (not case sensitive) to enable this feature. Enabling Analysis Commentary, Expert Commentary or Expert Analysis, (the name has changed over the years) can give you some insight into which switches are enabled/disabled and what orders are being placed on the Open of the following bar. All orders are generated on the Close of a bar to be executed during the life of the following bar. *ShowCmtry* is recalculated from the first bar of available data and up to the bar that you clicked the cursor. The ShowCmtry report is generated to show the strategy action for the current bar.
The Bullalgo Volatility Gauge Indicator is designed to visually observe the Gauge and Brake functions when using MGB. The Gauge and Brake halt volatility when it becomes excessive which can set "Method" Profit Targets and Stop Losses completely out of reach and unreasonable. When markets open, excessive volatility happens almost everyday. This is Bullalgo's solution to manage excessive volatility by gauging it and then putting the brake to it.
**Pyramid Study/Indicator Setup**

To use the Pyramid Study, insert the Bullalgo *Pyramid Matrix Indicator* into your chart. Next, double-click one of the indicator's points in the chart, or you can click Format > Analysis Techniques > select Bullalgo Pyramid Matrix > Format. Then input the same optimized values from your Format Strategies inputs pop-up window for the Pyramid Matrix Study.
Color Reserved Word/Legacy Color Value

Below are the Color Reserved Words and Legacy Color Values for the PTSL Matrix study _Color Inputs_. The Legacy number values can be used in place of the Color Reserved Words.

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<tr>
<th>Color Reserved Word</th>
<th>Legacy Number</th>
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<table>
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All Bullalgo products come equipped with programmed *Analysis Commentary* for visual play by play action of the product being used. At the bottom of any Bullalgo Trading Systems, Inc. product input list the user may set Analysis Commentary to "True" or "On". Then click the Analysis Commentary icon on the toolbar in TradeStation (pictured above). Next, click any bar in a chart and the Analysis Commentary window will display important information including what Entries or Exits are coming soon, Stop Losses approaching, Custom Indicator Parameters and so much more.
Past trading results are not indicative of future results. Past price patterns may not repeat in precisely the same way and subsequently trading systems may not achieve profits/losses similar to past actual or hypothetical results. There are just too many variables in the markets to accurately forecast future results for any system or trader.

CFTC DISCLAIMER

HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM.

ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING CONDITIONS. IN ADDITION THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE MANY OTHER FACTORS RELATED TO THE FINANCIAL MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS, ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

THE RISK OF LOSS IN TRADING FUTURES, OPTIONS, COMMODITIES, AND STOCKS CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. IN CONSIDERING WHETHER TO TRADE OR TO AUTHORIZE SOMEONE ELSE TO TRADE FOR YOU, YOU SHOULD BE AWARE OF THE FOLLOWING: IF YOU PURCHASE OR SELL A FUTURE, OPTION, YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS AND ANY ADDITIONAL FUNDS THAT YOU DEPOSIT WITH YOUR BROKER TO ESTABLISH OR MAINTAIN YOUR POSITION. IF THE MARKET MOVES AGAINST YOUR POSITION, YOU MAY BE CALLED UPON YOUR BROKER TO DEPOSIT A SUBSTANTIAL AMOUNT OF ADDITIONAL MARGIN FUNDS, ON SHORT NOTICE. IF YOU DO NOT PROVIDE THE REQUIRED FUNDS WITHIN THE PRESCRIBED TIME, YOUR POSITION MAY BE LIQUIDATED AT A LOSS, AND YOU WILL BE LIABLE FOR ANY RESULTING DEFICIT IN YOUR ACCOUNT. THE PLACEMENT OF CONTINGENT ORDERS BY YOU OR YOUR TRADING ADVISOR, SUCH AS A “STOP LOSS” OR “STOP LIMIT” ORDER, WILL NOT NECESSARILY LIMIT YOUR LOSSES TO THE INTENDED AMOUNTS, SINCE MARKET CONDITIONS MAY MAKE IT IMPOSSIBLE TO EXECUTE SUCH ORDERS.

THE HIGH DEGREE OF LEVERAGE THAT IS OFTEN OBTAINABLE IN FUTURES AND OPTIONS MARKETS CAN WORK AGAINST YOU, AS WELL AS FOR YOU. THE USE OF LEVERAGE CAN LEAD TO LARGE LOSSES AS WELL AS GAINS. THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISK AND OTHER SIGNIFICANT ASPECTS OF THE FINANCIAL MARKETS.
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