

Jason Hitchings ([00:00:00](#)):

Hello everyone. Thank you for joining. Very excited to have you here. There's the Man, I'm Amanda's here as well. She's our head of support and she's awesome. Thanks again everyone for being here. Very excited to be able to show you a little bit about Trade Machine today. Today's session is really focused on brand new users. We had the privilege of welcoming some simpler trader members to our community, so welcome and yeah, we're going to focus just on someone's first look at trade machine, understanding some of the big pieces of functionality. We're not going to try to dive into all of the details, but we're going to try to give you a good sense of what's there and how to learn more. And then we do these sessions about once a week. This week we're actually going to have two, and so on Thursday we'll kind of be the part two of this session and we'll go into some of the more power user features.

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But today is really going to be focused on just getting started. So we always start with the disclaimers. This is not a solicitation to buy or sell any security ever. This is not advice. You should read the characteristics and risks of standardized options. The results here are provided for general information purposes. As a convenience to the viewers, the materials are not a substitute for obtaining professional advice from a qualified person, firm, or corporation. Trading futures and options involves the risk of loss. Please consider carefully whether futures or options are appropriate to your financial situation. Only Risk capital should be used when trading futures or options investors could lose more than their initial investment. Past results are not necessarily indicative of future results. The risk of loss in trading can be substantial. Please carefully consider the inherent risks of such investment in light of your financial condition.

([00:01:52](#)):

Okay, awesome. So my name is Jason Hitchings. I'm the CTO at Capital Market Labs. I was also the author of Trade Machine from a software perspective, from kind of a product and strategy perspective. It was really collaboration between me and phe. Going back oh 6, 7, 8 years now, I've been in the financial markets and in FinTech for a long time, trained by market makers. PHE was on the floor with some of the same market makers who got me started in this world long ago and I've been working in options modeling and calculations and trading and tools in this space for a long time.

([00:02:39](#)):

Okay, so here's kind of the agenda for today. We're going to start with just a big concept of what back testing is. You might be very familiar with it, you might be very familiar with a lot of what's going on today, but trade machine is a tool that can be used by anyone from someone really just starting out in options and trading all the way through some really hardcore power users. It's kind of our philosophy is to bring, you might've heard this tagline but before, so apologies if it sounds canned at this point, but our mission is really to bring institutional quality tools to investors. We've worked at big institutions, hedge funds, brokerages, and we see the power of the tools that the insiders or the high frequency shops have, and our mission is to make a lot of that same power available to people that are building up their retirement funds and just saving for a nicer house, saving for their kids', college, all that kind of stuff. So this is a quick breakdown of the main topics we'll cover. The first thing I'm going to do is we created a little video. It's about five minutes long. You may have seen it, so feel free to grab a cup of coffee or it's five, so no judgment passed if it's something other than coffee that you're going to choose to enjoy. But I'm going to start by showing this video, which is going to give a little kind of conceptual view of what trade machine is. I'm going to share my sound. Let's see here. They always,

Ophir Gottlieb ([00:04:27](#)):

I think you need to unshare your screen and then share it again, and when you share it, select the sound.

Jason Hitchings ([00:04:32](#)):

Gotcha. Thanks for the tip there. I feel like they changed some of these features and it's never that helpful. Okay, bear with me just one moment here. Share sound. Perfect. Okay, so this will just be about four and a half minutes and then we'll kind of dive into the tool itself.

Ophir Gottlieb (video audio) ([00:05:17](#)):

John got great news. He just bought a new house and he's in a whole new neighborhood. Now that he's all moved in, he realized he has to figure out the best way to get to the grocery store. Little did John know his quest for the best grocery route is about to offer him insights into something much bigger, much like the world of stock trading. On his first trip, he figured the fastest way to get there would be a straight line, and he tried that way first. Pretty confident he was all set, but it turns out that way has a 10 mile per hour limit, and even worse, it's a speed trap. His 10 minute drive turned into a 20 minute problem, so then John tried the next shortest route. After all, you can't get unlucky twice, right? He went west and then he went north.

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This will work. He thought, and that was a really good route. He was all set, but later in the week he faced a new challenge. A school at the corner meant unpredictable traffic patterns during weekdays, much like unforeseen market fluctuations, and that meant every Monday through Friday, both early in the morning when school started or in the afternoon when school got out, this was just as bad as the slow speed trap. This route worked once, but when conditions changed, it didn't work at all. So then John Thaw, he would take the path that went north and then west and that would be the way he got to the grocery store. He could just take this route every time and not worry about changing conditions or days of the week. Well, that route worked fabulously well on the weekdays, but John soon discovered that on the weekends this route had massive traffic jams.

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Months later, anyone watching John could see why he was so happy. He knew which route to take on which day and what time to get to the grocery store. Now he gets to the grocery store easily now that he has a plan, a plan that is based on his experience in the past, his failures and his successes. Ultimately John reaped his goal when he learned from his history. It took a lot of drives to the grocery store for John to figure it out, but now he's happy. Now he knows exactly how to get to the grocery store and exactly when and exactly which roads not to take. But in reality, there's many homes and there's many grocery stores and they're all over, and it's not just grocery stores, it's every other store and his friend's houses and work. And there are many paths to take many times on different days in different seasons in different weather, figuring out what route to take on which day and at which time.

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Then also understanding which routes not to take and which places not to go on certain days and times. Well, this is all called the backtest. John used the past to help him decide what to do in the future to get from his house to the grocery store. Imagine for a moment these everyday destinations homes, grocery stores, workplaces as stocks in the market and instead of roads, think of these routes as different ways a stock can move. Just like John's routes, the stock market has many paths. A stock can be above the 200 day moving average or below the 200 day moving average. It can be above the 200 day moving average, but below the 50 day moving average, but above the 10 day moving average all at the same time.

Stocks, much like roads have their ups and downs. They can be on an upward trend or experiencing a downturn affected by seasons, market events and earnings reports.

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There are hundreds of millions of different patterns in the stock market for just a single stock and there are tens of thousands of stocks in the market each moving together and separately at the same time. Just as choosing the wrong road at the wrong time can lead to delays. Choosing the wrong stock at the wrong time can lead to financial setbacks. So how do you navigate this complex network? Enter trade machine, your financial GPS, it's a backtester designed to identify the most promising patterns. It tests hundreds of millions of different opportunities and patterns and shows you historically which ones did the best. And then we layer on our proprietary artificial intelligence on top of it. Our proprietary AI goes a step further. It doesn't just learn from historical patterns. It anticipates adapting to new market conditions. A bit like John's evolving understanding of his neighborhood's traffic flows because when it all comes down to it, while option trading can be very complex, all we really want to know is how to get from home to the bank.

Jason Hitchings [\(00:09:41\)](#):

Great. So that just was to give a conceptual understanding of what backtesting is and what trade machine is. What we're doing is we're simulating the entire market across all kinds of different industries across the entire market. We're running hundreds of thousands of these tests to see what's been successful historically, and we're testing technicals and earnings events and as mentioned, we have our own AI that we layer on top of it to add additional juice or edge to the signals. And then after simulating everything happening in the market, one, we give you the power to create your own and to get notified, but we take all of these signals and then we surface them. We say not only has this performed well in the past, but all of the conditions are true right now in order for you to enter this trade if you choose to, it could be a little bit like if you're looking to drive an hour away, we're letting you know, hey, this is the best time of day for you to hop in the car and make that journey because you're going to get there the fastest. There's a huge amount of power in trade machine behind the scenes and we're just going to do a quick overview of some of the most important pieces and then which each of these sessions will get deeper and deeper into what's really inside that engine. Before I dove into the tool, I just wanted to make a quick point about our philosophy about what's going to allow you to be the most successful trader, both with trade machine and your own trading careers independent of trade machine.

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The first piece is to have a plan and to execute the plan. It's very easy for the psychology of the market to push you in or out of trades at the wrong time to start getting you. If you see a negative p and l in a trade to get stressed or to get overexcited and place a bunch of trades in something that seems hot that you read about on Reddit or whatever, that's a hard way to have a long term successful trading career. So we're firm believers in having a plan, writing it down, writing when you're going to get in and when you're going to get out and then sticking to your plan.

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We think about the right number of trades where you're going to start to see success is to have ballpark, and this is just our own personal experience and opinion. Something like 10 trades spread out over something like 10 weeks, two, three months and trying a couple different strategies. Ideally some that are perhaps an earning strategy, perhaps something which relies on something bullish or something bearish, but having some diversity in your trades and then spreading those out a little bit over time as you're learning about the tool and learning about the strategies inside the tool or the strategies that

you've made yourself. For instance, last week had you tried to form conclusions about trade machine or a certain trading strategy last week if you were bearish, you would've thought your strategy was brilliant and if you had a bunch of Ebola strategies, you were likely to have a tough week.

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You can't draw a lot of conclusions off of placing two or three trades when SP 500 is down five, six days in a row for the first time in years. So picking a few different strategies to learn and understand, placing not just two or three trades, but placing 10, 15 trades spread out over two or three months is going to really start to give you a grasp of what strategies are working and whatnot, and we think you're going to start to see your p and I heading in the right direction. And then my personal viewpoint, and this is just completely my own view, is that starting small, once you start racking up some wins, then start kind of building on the size of your trades based on having a positive p and I just takes a lot of the stress out of it once you kind of know you're playing with house chips.

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So when it comes to writing it down, this is a simple example, just open date, close date, a little description of what you're doing. You can have a share link, I'll talk about those and just making a note about when you're going to get out, if you have a limit, if you have a days to earnings and then just tracking it over time. Okay, so I'm going to dive into trade machine. I have some slides here and I'm going to kind of follow along showing the actual in a trade machine tool and bouncing back and forth for these slides where they are helpful. So when you first log into trade machine, this is the today tab and there is so much power that goes into what you're seeing here. Each one of these strategies has been tested against hundreds of thousands of back tests. They've been tuned.

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We've tested stops and limits, we've tested earnings, we've tested deltas, we've tested exiting a trade after a certain number of days. So much has gone into finding trades that have edge. It's the same power that you have as a trade machine member. And each one of these strategies uses different technical settings and different earning settings and we run hundreds of thousands of tests and then we find the basket of stocks that have performed the best with these particular settings. And then behind the scenes all the time we're running all of these strategies and then only when we're finding that all of the conditions are true. For instance, if a 50 day moving average crosses up through a 200 day moving average and we're seven days before earnings or any other sort of technical settings that we've created. Once all of those conditions are true, then we surface the trade on this today tab.

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All these trades have winning track records in that stock. All these trades have winning track records in a basket of similar stocks. They also have some minimum average returns and a lot of other quality filters that we put in place to make sure that these are trades that meet the standards of our platform. Now there's a lot here I think for these options strategies. At the top, I think there's approximately 13 different strategies. You'll note a little text here that sometimes we'll say advanced or sometimes we'll say beginner. That's really about how many legs the strategy has more than anything. Basically all the beginning strategies will have a single leg, like a call or something like that. And then we have calendar spreads and other straddles and other things like that ranked as kind of intermediate and advanced. So by each one of these strategies, there's a little question mark and if you click on the question mark, it'll pop up additional information or sometimes it'll lead you to an article about it For this particular strategy, this bullish bursts, there's a video here which has all of the details of what's involved in that strategy and it goes into the sort of philosophy and thought process behind it.

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And there's a lot there. There's one sort of takeaway slide in the middle of the presentation, and this is kind of showing you the technical setup. If you're not a big technical trader, not to worry. I mean we're doing a lot of this technical analysis ourselves. You can tweak and modify any one of these, but if it's showing up in the today tab, that means at that moment in time, during the day, all of the conditions were true. It doesn't necessarily mean that they're going to be true all day. And so we have a nice feature built into the tool which will let you see if the conditions are true at that moment. So taking for example, this VRTX, I am going to click this in just a second and look at all the details. One other thing I wanted to draw your attention to in this tool at the today tab, which is really sort of meant to condense a lot of the power and make it really fast and easy to use, you can filter either by symbol groups or we just introduced this feature to annual platinum subscribers and we'll probably release it to everyone before long is this liquidity filter.

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And basically what this is saying is how tight the markets are in terms of the bid ask spread and the options. And so there's a whole help article on this that you can find in the learn tab. I might even pull that up a little later. But if you are at a three plus or a four plus, then you can be pretty confident that the markets are going to be tight and you're not going to have a hard time getting in and out and you're not going to lose a ton of edge and placing those trades. It also will filter out if you're above three, it's going to filter out any stocks that are trading below \$5 as well. So I'm just going to click on this VRTX and what that's going to do, it's going to pull up a back test, it's going to pull up the actual history using these technical settings that resulted in this trade.

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Every time you pull up a back test that has this share link at the top, all of the settings for that back test are recreated. So all of the settings here, the strategy, your long or short, the earnings handling, technical conditions, all of these settings are set newly no matter what you were doing previously, they're all getting overwritten by that share link that includes the start date and the end date. We typically look at a three year timeframe for these strategies. In terms of the one we're showing, one of the additional kind of nice benefits of this is that we actually look over multiple timeframes to make sure that these are profitable over multiple timeframes. So if the three-year results are great, but the five-year results are terrible, they probably will not show up here. It's strategy by strategy. We've gone through and sort of fine tuned these things.

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So now I've pulled up this what we call a share link in the tool, and what this is saying is that this is the results for this symbol Vertex pharmaceuticals, if you had these technical entry points set and you traded this for the last three years. And so just looking at this real quick, this is saying that we're long a 40 delta call that we're looking for options that are expiring approximately 14 days into the future and that we have these technical conditions set, which I'll go into in a minute, and we also have some earnings rules in place. The earnings rules for this particular strategy are to just not hold the stock through earnings. And that means if you're two days before earnings, you would exit no matter what's happening with your p and I in that specific trade and then starting two days after earnings, then it would start looking again to enter the trade as soon as the technical conditions are true. Again, anytime you see one of these tiles, you can click on it and you can get additional details and you can go down into the individual trades and you can see what the stock price was at the time, what the price of these options were, and you can go through trade by trade, you can even download into Excel and really do some deep analysis if you like to go to that level.

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Okay, so for this particular trade, it's saying that we want to do a 40 delta call. Now for those of you who have been in the options world a while, Delta is probably a pretty familiar concept. If not, no worries. We have a ton of learning resources around Delta. What Delta is basically saying is how far out of the money or in the money something is. If it's 50 delta, it means it's at the money as it goes to a lower and lower delta, it means that it is getting further and further out of the money. So that would be a higher strike for calls and a lower strike for puts.

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So if you saw this, you can note this triggered indicator. This is a really cool and important feature and this is pretty new. And what it says is that not only earlier today were all the technical conditions true, but right when you ran this back test, they were also true. And if you ran a back test that ended a week ago, you can test lots of different periods of times if you choose to, it's still going to tell you if it's active right now. So this isn't saying whether the back tester just enter, just found the trade to enter in its sort of history of trades. It's saying imagine that we are entering the trade today that we had no history that we had no positions on, and is this position available to jump into right now?

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So I'm going to point you towards a little bit more learning resources on Delta. If you click this learn tab and then you just type what is Delta? This learn tab has a ton of resources. We actually have a whole four-part options course. They're each about 90 minutes long and they go really depth into all kinds of different concepts. So we definitely encourage you to dive into the learn tab and just go deep on here. There's some options, education, but yeah, there's a great article here that will help you start to grasp that if Delta is a newer concept for you. Okay, so then from there, if you wanted to place this trade, there's a little show options chain here and you can do the exact same thing in your brokerage and I'll show you both ways of doing it. We know we're looking for options that expire about 14 days in the future and we know that we're looking for about a 40 delta call.

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So if I click this options chain, it'll pull up those options. And then what I'm going to do here is all of these explorations are listed by how many days in the future we're going to look. So we know we want 14 days, but it's unlikely that we're going to have something exactly 14 days in the future. So we have a choice between something 11 days in the future or 18 days in the future. In this case, 11 days is a little bit closer to our mark of 14 days. So we're going to look at the 11 day options.

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Now we're looking at calls on the left-hand side of the montage. And so right here we have the delta listed, and so we're going to go down here and try to find the option that is closest to 40 delta for that expiration. And that comes up with this May 3rd, 4 0 5 call. And so that's involved in for a single leg strategy if you wanted to execute it for annual users and for anyone who started as a monthly user, you can switch to annual anytime you actually get a little savings over time. And it helps us with how we get our data subscriptions and license our servers and all that kind of stuff. So when I click show options, it's actually going to show me that exact call. When it comes to a single call, it's a small time savings but not a huge one when it comes to multi leg strategy is actually pretty awesome to be able to just click it and say, okay, in this moment, what are the options that I would want to look at if I wanted to place that?

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So now I'm going to pull that strategy up. This is the web version of Thinkorswim. It's just kind the simpler version. I have both, but I oftentimes use the web version online just a little has a fewer bells and whistles and a little simpler to grasp. So you're just looking at the delta, you're picking an expiration, which is closest as you can to 14 days. And then once you find that delta, then you just know you want

that four or five strike. So for me, I would click on the ask as mentioned, you can just click the show options to do that and then it pulls up this little thing. It says, where do you want to be in the spread? I click the ask. So it starts at the ask price, but I would move down to the midpoint. I normally try to get a midpoint fill, just a matter of preference, and then I change it from 10 contracts to five contracts and I sent the order through and then as the day went on, I got filled and now I've entered that trade. And then of course importantly I write it down, I write down what my exits are, et cetera.

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So let's look back at the back test tab for a second. So I just mentioned what the exit points are. If you look up in the top corner here, you see it says a 60% stop and a 40% limit. So if we start to see if this position has losses at 60% of the initial trade size, then we would exit. And once we have a 40% gain, we would exit as well. And you can set those directly within your trading platform as well, which I frequently do at least for one of the other of them. And you can see that the setting that is set right down here, these are the close conditions for the trade.

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When if I have gains of 40% or if I have losses of 60%, we get asked a lot why these numbers. These vary strategy by strategy and we pick these numbers after testing hundreds of thousands of different back tests to figure out for this strategy what was working best at that moment. We looked over various timeframes, but when we created the strategy, these were basically getting the most profitable results. Sometimes we might favor having a higher win rate, but we're trying to create a strategy that has a good success rate and good profitability and we're trying to balance out all of those features. So I just want to take another second or two to talk about a couple things in this back test, which are worth noting just for any time that you're looking at a back test. And then before too long, I have a couple more slides, but then before too long we're going to dive into any questions that people have.

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So we notice here that the ticker VRTX has a little comma here. That's because you can enter multiple tickers if you wanted to test strategies, test that strategy on different tickers next week or next Thursday, next session later this week, we're going to look at portfolio back testing where you can actually test a whole basket of stocks all at once. But I wanted to make note that it's choosing this 40 delta based on a setting that's in this little settings gear here. So when you click that settings gear, now you can choose the number of contracts you can choose if you want to look at mid-market or halfway to mid or however you want to trade it, you can put in your commissions and then these are the deltas that it's using and every time you click a share link, it's going to update all of these things because every time you go to that back test, we want to replicate exactly how that was saved originally.

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This has a whole range of deltas and if you're looking at a single leg strategy, it's just would look at the ones at the top. I'm going to show you something. So if I take out this little comma, this is a little, it's a good part of the tool, but it's a little bit something new to figure out at first, if I'm just testing a single ticker, it will actually test a range of deltas for me and so that you can analyze what you think is the best sort of overall profitability. So in this case, you might look at the 40 delta versus 30 delta and decide to jump into the 30 delta for this particular strategy because this looks like it has winning results. Something to note here, some people might say, well, how do you have more trades just from changing the delta, just from going a little bit more out of the money? How does that make sense? The reason is because we're actually exiting this trade based off of when we have profits and losses. So if you hit your stops or limit sooner, then you're available to enter the trade again sooner. So just by changing when

you're exiting, then you're available to enter the trade again soon. So you might not see exactly the same number of trades in each one of these strategies.

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So if you're testing a single ticker, if you're testing multiple tickers, I'll just use a MD again, you'll notice it's only doing one for each. And when it's doing that one, it's choosing that middle delta and because it's only a single leg strategy, it's choosing the middle one and it says Deltas with multiple ticker back tests. So I just wanted to point that out. Sometimes if you're trying to do a call spread, if these are both set to 40, it's not going to like it because it's saying you're doing a call spread, but you're trying to buy and sell the same option for instance. So even though it seems like a little bit down the details, it's a pretty important feature that I wanted to point out to everyone. So these are a bunch of included strategies in the product. We can also create your own, I'm going to go into some more detail on this in the next session, but you can add whatever kind of times to expiration for calendars or long puts, calls, deltas.

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You can even add stock to the strategy so you can get as deep into those strategies as you want to. And then you'll notice, rather than me trying to recreate all of those settings right now, this would've just been a call, but you can always just go back to the share link and if I go back to the share link, it just pulls up all of the details of the strategy as it was then. So going down here, it shows that we're long. It says that we're never going to trade earnings, and I wanted to look at this technical open condition. So you see we have some models here, some squeezes, and there's some information on the bowl and bear mammoth. This will probably change to be a little bit more robust in the future, but I wanted to look at this technical open. When you click the technical open, this is going to give you a breakdown of all of the technical conditions.

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This says that the stock is going to cross up through the 10 day EMA that the stock is above the 200 day EMA, that the simple moving average is above the stock price that the RSI is below 70. So all of the technical conditions are there, and if you wanted to add new technical conditions, you can simply add one that way. And if you want to say that the VIX is above or below a certain level, you could add it there. So you can kind of go as deep on those technical settings as you want to. You can also have technical closing conditions. So if you say, as soon as the stock crosses back down to the 200 day moving average, I want to exit, you can put that in there and you can even say, I just want to exit after seven days, regardless of what's happening.

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So when you scroll down here, now you can kind of see the actual technical details like this is the RSI. When you hover over, you can see all the information. Kind of the last thing on the back test I want to show you is down here, if you actually grab this little scroll bar and slide it across, it'll sort of zoom in on the chart so you can look at more detail and really see what's happening on a day by day basis. And you can kind of get as granular there as you want to. So I just want to pop over to community for a second.

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So community, it's all just members of trade machine or if you're a CML Pro top picks member, then you'll see CML Pro at the top. So I'm going to click on trade machine. So this is just an area for people to ask questions, to share ideas, to say what they've found that's working and not working for them in the market. Not only that, but we actually have sort of an ambassador to the product. His handle is chat uncle Pops, and he is on there at least an hour or two a day with the mission of answering questions and making trade machine easier for you to use. So just hop in anytime and ask a question. You'll find it a

very friendly community. People here are really trying to support each other and trying to win together. We we have a philosophy and we really enforce it through a code of contact that we're just, we keep it positive.

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This is not a good place to air your political frustrations. This is just about being successful together as traders. So you can see all these kind of posts, you can see share links. If you click a share link, it's going to open that back test, and then you can kind of get right inside of what people were talking about and see the strategy they were looking at. If you click show comments, then you can see everyone's asking about, but you can just really get in here and there's a lot of cool trading ideas in here and a really supportive community. I saw this one earlier today. So this is a strategy for a particular, particular that particular ETF working off the RSI. And I wanted to pull this up to look at the custom strategy. So this is one of our power users has developed this strategy. He's like, Hey, there's a really cool phenomenon that's happening if you're trading the RSI. And he goes into some detail on this post. He's saying, Hey, anytime it gets down below 35, it's a great time to enter.

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So when I click that share link, it pulls up his trade, but right now it's after the market. So even if I love the trade, I can't do it. So I'm going to show you how you can be alerted when you do want to place the trade. So this is a custom strategy, and so if I want to understand the details, he has his own notes, so he comes up with this name, but if I want to see the details, I click edit and then I can see exactly what this is. So this is saying you get long of 50 delta call 30 days in the future, and you get short 20 delta call 14 days in the future. So that's his strategy here. And the nice thing is with that share link or anytime you click this little button, which is our share button, you can just copy it to the clipboard, but you see that it's up here and now anytime that you enter that URL, it's going to recreate that exact trade exactly the way that he said it. The end date's going to still be today, but it's going to show you if it's active. So now if you're wondering like, okay, that's great, but what am I going to do? Have a list of 7,000 links and just click them and just wait for 'em to become active all the time. That sounds like a headache. Well, good news, you just click add alert.

[\(00:37:39\)](#):

Now when you click add alert, you can see that the technical conditions are still being maintained and that we actually put the link directly in your notes. Now, it's important to keep this because if you don't have really good notes on exactly what the trade is, you're probably not going to remember what it was, what was the XLV trade that you wanted to do, but if this was profitable diagonal call spread from community, when you write these notes, it will actually send this information to you either via text if you enter your phone number or just via email. And when you click that link, it's going to pull up that entire trade. And so I might say trade it or just leave myself another note, which I find helpful. Now when I add the alert, now this system's going to be working behind the scenes all the time and it's going to tell me once these conditions are true, it's going to notify me and let me know that it's time to jump in and it's going give me this.

[\(00:38:46\)](#):

Any information I enter is going to send to me via text or admin email, and I can just click that and pop that trade open and dive right in. So that's kind of covers the real most essential parts of trade machine that I wanted to touch in today. I'm very excited to take any questions that people have. There's obviously a lot of power to the tool and a lot more we're going to cover the Learn tab. In addition to having a lot of just articles on what the features of the tool and some stuff about option threading, we have this educational courses, but we also have all of the live help sessions. So if you look over here on

the left, you can see the live help session archive. And so we've covered a lot of topics and so if you wanted to see a video version of like, Hey, your amount risk calculation seems strange to me, I don't get it.

[\(00:39:41\):](#)

Well, here's two different sessions on amount risk. This one covers the long amount risk and this one covers the short amount risk. If you wanted, Hey, what's the pro scan tab? That seems cool. I'm interested. I want to hear about and understand about it. So there's a lot of great topics in here. Ask us in community if you have any questions, and also feel free to email support and we can send you resources or answer your questions there. Great. So we try to keep these normally within an hour, but we might will see how if we're having a lot of interesting conversation today. But with that, let me see if we have any, I see there's some comments here and I'll see if there's some questions mixed in.

[\(00:40:26\):](#)

Okay, so see I Edward says, guessing we can do a q and a. I started playing with things today. I saw stocks. Is it possible to use the tool for just stocks? I ask, can I use buy the dip defined stocks for my 401k? I can't do options inside of that. Thank you. Yes, 100%. Not only can you do stocks, there's a stock strategy button here so you can test anything you want to with stocks. But on the today tab we actually have for that VRTX, it's actually been pretty solid strategy in addition to the option strategies at the top here that get a lot of the attention. These are all the same kind of technical breakouts and these are for just pure stock. So yes, absolutely you can do pure stock. This efficiency score is kind of a sense of a return relative to drawdown you had or kind of a way to measure performance.

[\(00:41:25\):](#)

There's a help article on it. When you do a pure stock back test, you're going to see the efficiency score, which is kind of a helpful metric to measure. Sometimes stock might only have a, so this one has a 10% return, but when you're holding it for a shorter period of time, that could actually be a pretty solid return in stock, but it can be a little hard to tell like, Hey, is that a decent return or not? Depending on how long you're holding it and how much risk you took. If you buy a stock and buy it at a hundred dollars, then it goes down to \$20, then it goes back up to \$105. Technically you have a 5% return on that, but that was a rough ride. So efficiency score looks at that and says not only has this been profitable, but how profitable has it been relative to the ups and downs and how big your drawdown was in the stock? But yes, absolutely, absolutely you can use it for stocks.

[\(00:42:22\):](#)

Okay, key trend says, I've been testing trade machines since Saturday after getting to know it from simple trading great product. When I backtest a strategy, if a sample position was shown to enter a few days ago, say on the 18th, can I still use that trade today now that the price of the underlying has changed or do I have to wait when the trigger goes off again? Okay, so that's an awesome question. Just shows that you're really starting to get into what the backtesting is and how to use it. So yeah, I kind of touched on that a little bit, but there's two parts of the question. One is the backtester saying that all the technical conditions are met right now, and so that is answered with this little flag here. The next question is, hey, if it's a day late, is it not a good trade anymore?

[\(00:43:17\):](#)

Let's say that again, the stock crossed up through the 200 day moving average yesterday. Is it not a good trade today? I mean that's very much a matter of personal taste and opinion to me. I would look at it in terms of, well, how long of a trade it is, if it's a three day pre earnings trade, I probably don't want to jump in a day late. On the other hand, if it's a trade that looks like it's going to be held up until it gets a 50% stop or 50% limit and the stock hasn't moved a ton, maybe it's up small on the day, yeah, that

wouldn't personally bother me too much from jumping in. As a matter of personal taste, I tend to only enter things on the day that they are triggered, but that's just my own trading style. So hopefully I kind of helped get some information there. But these back tests would assume you're entering it only on that day. So if you want to follow as closely as possible, then you'd wait until the end of the day. We enter these trades, these simulated trades towards the end of the day and we'd only do it the same day that the technical got triggered.

[\(00:44:34\):](#)

Okay. Will the today tab be filtered by ai? Well, there's a lot of what we'd call an expert system built into the today tab. So there's layers and layers and layers of modeling and statistics and that kind of stuff that came up with these strategies and came up with which ones to show. There are some that have this additional filter or additional signal from ai, and this strategy is a pure AI strategy, which is why you see the little AI flag here. So all of these will always have the ai. Some other strategies will show a little AI lightning bolt, and that means that our artificial intelligence that we built around movement of stock, the way that it tends to jump up or jump down and how often and how much is also true. So what you might see is you might see something that said six wins and two losses, and then you might see the same ticker and it'll say AI next to it and it might say four wins and one loss, and you might see a slightly greater return or a slightly different return.

[\(00:45:46\):](#)

So the ones where the AI is true, that means that in addition to the sort of base level conditions being met, the AI is also true at this moment, meaning these quote unquote skew and ketosis, all that stuff is also active. So those are sort of get extra emphasis as having extra edge in our view and from what we've modeled. So you'll see that indicator throughout several of the different strategies that do have the AI layered within it. And this spread the sell off is pure ai. This is a really cool and powerful strategy and it uses three different legs. It's a broken wing butterfly, it's more of an advanced strategy, and also sometimes this position, it'll initially start to look like it's going to move against you, but sometimes that's when you get some of the best returns just from the way that the position is constructed. So really powerful, cool strategy. Just be aware of that going into that strategy.

[\(00:46:48\):](#)

And I can see that Amanda has actually answered some of these questions, but I am just going through them as well so that everyone can kind of see it first person, some that say Thursday may not be green for today. Yes. Yeah, exactly. So some things might've triggered a few days ago and they may no longer be actively triggered. That's pretty common. Oftentimes if they re-trigger, then you'd see them, it would say today again frequently. So oftentimes if the conditions are true, again, it would actually pop up as being triggered today. If it says Thursday, it probably means that the technical conditions haven't been true since Thursday. Quite a few of these uses like moving averages crossing one another, and it could go up and down and up again and cross each other twice in a short amount of time. But oftentimes it takes a little while before those conditions happen. Again.

[\(00:47:44\):](#)

On the main page where Jason picked VRTX, there are others listed that will have Thursday or Friday next to them. When I was playing with it, if I clicked on them, the trigger wasn't green. Okay. I think we covered that. Let's see. Great, great, great. Some back and forth on these questions. How does it know you entered in the trade? Yeah, good question. So picking something at random, this Backtester is looking at the strategy from the start date to the end date. It's saying if every time the technical conditions were true, if you entered the trade and you exited either when it expired or when it got, this is a never trade earnings, so it would exit if you got up to the earnings date or it would just exit the trade

when the options expired. So this is saying over this period of time, you have entered that trade every single time when those conditions were true. Now you can change these over here. You can say, I just want to look at the last six months. If you want to, you can enter, if you entered something from this because it's not active right now, it won't actually show the trade. But if you want to, you can say, look, I entered this trade on the seventh or whatever the date was, and I just want to see the results since then, that's a perfectly valid thing to do.

[\(00:49:18\):](#)

And so if you wanted to sort of track what your position actually is, you can just enter the date range for your position. Sorry, it keeps resetting to earlier timeframes. Yeah, it's not a valid day of the week. So that's one way to do. It's just to say, okay, starting when I entered, I just want to see how I've performed since I've entered the trade, which you can totally do. You can also, your brokerage account will also tell you how the trade has performed if you actually took the trade. The backtester isn't so much about tracking your trade performance, it's about giving you signals for when to enter a trade. So then you can track that trade in a variety of ways. You can either enter your entry date here or you can just see how it's been doing in your brokerage, but it's really this flag right here, which says whether it's ready today to enter the trade. So for instance, if this trade was still active, so this trade opened on the 19th from the back test that we set up, but this, it'd still tell you it's active. If it was active today, even though the simulator, the market simulator, the backtester started entering this trade on the 19th, that will not stop it from telling you that the strategy is ready to enter if the strategy is ready to enter. So I hope that made sense.

[\(00:50:47\):](#)

Okay, you said that you had tried the product and was having a hard time previously, but I do love the system. Well, I hope you find great resources this time and have a lot of success. Yeah, there's all kinds of learning resources. We have these live help sessions, et cetera. So yeah, if you had tried the product previously and were just feeling like, Hey, there's a lot here. I am not sure I have time to master all of this. I really want someone to talk to. That's why we have the live help session. So please feel free to join us and we can meet this way. And also on community, we have someone that's dedicated that shows up every single day to answer questions. So there's a lot of great learning resources.

[\(00:51:36\):](#)

Steve says, could you click on the CVS trade and show us how it is structured and what the strikes are please? Absolutely. So I'm assuming you're meaning the spread of the sell off here? I can quickly, I think it's the only one on this. There's actually a couple different ones. Okay. That's down in this stock. So I'm assuming you're talking about the spread the sell off? Yeah, so there's actually a whole video on this broken wing butterfly. But yeah, so I clicked on the trade. You can see that it's this one by three by two, but you're like, Hey, what does that mean? So it's saying it's active still. So if you're an annual user, you kind of have a nice little quick shortcut. You can click that and say, this is the actual position. So in this case, you'd be long, the 68 puts, you'd be short, three of the 66 puts, and then these would kind of cover your downside risk with these 62 puts, basically the way the trade is structured is that the stock is moving downward.

[\(00:52:39\):](#)

As you can see, the stock has been moving downward, and it's trying to say, okay, well, let's basically sell a very fancy version of a put spread. Not exactly, but basically you're capturing some of the profit as that stock is moving down up to a point. And then if it goes past your short strikes, then it starts to work against you, but you have some protection at the bottom. But we have a hole video on it. And in fact, if

you just click this little question mark, there's a whole deep dive into it, all the rationale behind it put together. It's a really cool and powerful strategy.

[\(00:53:21\)](#):

Okay, let's see where I left off here. Okay, what if the volume is low as in vr, TX, the 40 delta only has 158 in terms of the volume. We view liquidity as the width of the market. Unless you're BlackRock and you're trading 10,000 contracts, you're trying to put 4 billion into the market, then the vast majority of the time, if you're doing five lots or 10 lots or even 20 lots, the width of the market is really what's going to determine if there's liquidity. A lot of people I know look at either trade volume or open interest, but there's a lot of reasons that that can be deceptive and not exactly what it seems like. And typically speaking, I mean to go into a little detail, a lot of the places that are making markets in these stocks, they have a volatility assumption and then they put a market around it, and so they're happy, even if it only shows that there's two available on the bid or on the offer contracts, that doesn't mean that's all there is. They're taking two, they're offsetting it, they're hedging it with stock or other positions, and then they're putting it back out there again, basically the vast majority of the time, except for in some very rare circumstances in the options market, if the markets are tight, you're going to get all the volume you need unless you're investing millions of dollars.

[\(00:54:53\)](#):

Thanks for the presentation. Can I input the back test, other indicators such as vwa, DMI, et cetera? Yes. So the technical indicators that we cover right now, if you just click technical open, these are the technical indicators that we have right here. We have anchor evaluated, view op, et cetera. There's quite a few, and good news, there's a ton more coming. We actually have about 50 or so additional technical indicators that we're going to slowly work into the product, but there's quite a few of the mainstream ones here. And yes, you can go to town on those.

[\(00:55:28\)](#):

Okay. Someone asked for the CVS trade. Okay, for veteran TM users, are they making several trades per week? How does the professional trader use trade machine? Thank you for this training. I really see the value. Yeah. Awesome. Well, of course it's going to vary person to person in terms of the size of their portfolio and how long the trades are and that kind of stuff. But yeah, I think that's pretty accurate. And also market conditions change. So you might go a week with last week, you might not see a lot of trades that you want to take. I think a lot of people log into the today tab where they get alerts. We actually have webinars that help you set up really powerful alerts, and then they kind of see what is active today. And if they see multiple things they like in a day, they might take multiple trades. And if it goes a few days where they don't see anything they want, then they don't take any of them.

[\(00:56:17\)](#):

Great. Can I enter specific stock and get an option strategy for it? Yeah. So I won't go too deep into the scanner, but that's basically what the scanner does. So if you click on ProScan, you click buy ticker, and I'll cover this in more detail. We actually have a whole webinar on the pro scanner. But yes, if you enter any random stock, then what you can see is for all of our strategies that we've created, you can see which ones have done well historically. You could sort by the average trade return, for example, you could even add filters and say, I only want to look at it as at least three wins. And then this way you can say, okay, well the bull squeeze seems to have done well for a MD. And so yeah, you can do that through the pro scanner. You click buy ticker, and you can actually enter multiple tickers and do it that way. So yeah, there is a way to quickly look across a whole bunch of different strategies for a particular stock if you know the stock you want to trade, and even cooler, if you look at an average trade return, you might look at some of these trades and I'll take it say minimum average trade return, minimum back test

return, et cetera. So you could put some, let's say 6% win rate, minimum average trade return is 10%, et cetera. Filter the scan.

[\(00:57:47\)](#):

Now you can sort by NM wins and you kind of know that the quality is going to be there and you're like Okay. I mean, that's pretty awesome. So now you can say, Hey, that looks great. I want to trade that. You can click on the strategies you like. If you click this, it's going to actually pull up the sock back test with all the details. Now you can just add those alerts directly, so you just click the ones you want. You click add alerts and it will create them directly in your alert system and it'll those alerts to you when they hit.

[\(00:58:22\)](#):

Okay, so that was, can I enter specific trades? Okay. I think this is a perfect time for our last question. It's the last one I'm seeing. Han asked if it includes futures. Well, it currently does not. We've gotten some interested in that. That's possible that we might have a package that would include futures Right now. Right now it's just the ETFs, indices options for North America. Yep. No crypto at the moment though, we do have a version that does backtest crypto, but we haven't made a release on that yet. Our trades placed here or do we place them with our brokerage? Yeah, you just place 'em in the brokerage. We've kept it that way intentionally because we actually like to be more aligned with you guys because as is, there is no benefit to us whether you wait a week or two weeks or three weeks and don't place a trade, or if you place a hundred trades all in a week. We're just trying to give you the best ideas all the time, and if there's not a great trade in the market, that's great. Don't take it generally. It doesn't have to be structured this way, but generally, once people start placing trades to their system, then all of a sudden the system is getting incentivized to have them place more trades. We're not ruling out the possibility of trading through the platform long term, but so far we like to keep arm's length distance from the kind of brokerage side of the business.

[\(00:59:47\)](#):

Yeah, no Fourx directly currently. I mean obviously there's ETFs and things that track those, but the only markets it's currently trading in are equity ETF, index markets, and the options around those. Yep. Okay, awesome. Well, that was exactly an hour. I really appreciate you guys all being here. We're going to do another one of these on Thursday, and then we're going to do one every week and every single day in community you'll find help and we have really all star support team, so definitely reach out to support. We're here to help. We're really excited to be on this trading journey with you. Just want to say thank you everyone for being here.

Ophir Gottlieb [\(01:00:25\)](#):

One last thing in Community Max is a former market maker on the New York Merck, so he's at chat. At chat. Uncle Pops, he's a former market maker, so you have a really good resource to ask questions in community. He's not just like a guy.

Jason Hitchings [\(01:00:41\)](#):

Yeah, yeah, that's a great point. Yeah, we didn't just pick someone, we just picked someone that knows the tool really well and has great trading experience. I mean, I think he's been trading in the markets for 30 plus years, so he knows his stuff. All right. Awesome everyone. Well, thanks for being part of our community and we look forward to seeing you next time. Have a great evening everyone.