Jason Hitchings (00:00):

Thanks for being here everyone. We're just going to give it another minute or two. Actually less than a minute. We'll give it another 30 seconds. We just hit the starting time. Usually there's kind of a last bunch of people that jump in, but yeah, thanks for being here. Hey Max, I dunno if it's Ivan or Yvonne, but welcome. So today I'm going to start by going over just in about a five minute summary, the things we covered last week that if you missed it, actually I say last week, but I really mean last recording on Monday. And so if you missed it could always just go back and re-watch the whole thing. It's kind of meant as a refresher for people that are relatively new to trade machine. They's going to be kind of part two where we're going to go into portfolio back tests and custom strategies, but I'm going to do kind of a quick refresher for people that either missed the last one or who just to kind of keep everything top of mind for people that are new to the platform and have only just started logging in and figuring it all out new.

(01:03):

Alright, well welcome. Glad you could be here. Feel free to put messages in chat. Amanda's here, she might answer some of the questions as we go. And Max is here as well, and so feel free to type questions as you go and then I'll have kind of a dedicated q and a at the end. And as always, I am going to 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.

(01:54):

Past results are not necessarily indicative of future results. The risk of loss in trading can be substantial, carefully considered the inherent risks of such investment in light of your financial condition. So I'm Jason Hitchings. I'm the CTO at Capital Market Labs. I'm the person who wrote the actual code for trade machine. I've also been in the options space since mid two thousands. Met fear back at a company called Val that got bought by sibo. So I've been working in options, analytics and options tools for a long time. As mentioned, we're going to do a quick refresh on what we covered last week just in about five minutes. Then we're going to look at save strategies, portfolio, back tests, adding alerts, and we're going to do some custom strategies in there and then we will answer any questions. Okay, so last week we watched this video on what is backtesting if you haven't seen it just when you log into trade machine.

(02:45):

That's on our homepage, but it has a nice sort of analogy for what backtesting is and what the benefits of it are. So it's a good way to have a mental framework for what the sort of engine behind trade machine is, but we're running hundreds of thousands of market simulations and we're finding strategies that tend to outperform the market in a variety of scenarios. And then we have various ways within the tool to alert you when the right time to enter would be if you want to do that strategy. We also talked about a couple tenets of being a successful trader. Real big philosophy around here is that you should write down the trades that you enter and that you should know when you entered it and when you're going to exit it. This kind of helps calm nerves if the market starts turning against you just to have a plan and stick to it.

(03:33):

It takes a while if you have a strategy that tends to return that wins 60% of the time. And let's just imagine that it's like flipping a coin where every time it lands on heads you double your money and every time it lands on tails you lose. If you could flip that coin a million times, then you're going to have an exponentially growing amount of money, but if you just flipped it twice, the chances are you're going to win one and lose one. And so it really takes a handful of trades especially spread out in different market conditions, ideally with a few different strategies to start having a long-term trend. And when you're writing those things down, you can start to see like, hey, this has been working well for me and I'm going to start investing more time into that strategy. So when you have a little bit of edge, you can really see that edge start to play out over time.

(04:17):

This is just a matter of opinion for me, but I am a big believer in starting small testing. Which strategies are working once you've started building up some wins and some profits, then starting to reinvest those profits to take slightly larger bets is a good way to protect your portfolio. Again, we don't give trading advice or recommendations, but that's a matter of, that's my personal opinion. So this is an example of writing things down. It's just open date, close date when you entered, why you entered the price of your trades if it won or lost and then just sort of tracking that over time. I tend to keep a share link to the backtest as well. We started by looking at the today tab has a bunch of different strategies and anything that has a blue today on it means that it's active, that the conditions were active when that happened, but that could change over the course of the day.

(05:05):

So you can keep an eye on that. Platinum members annual members have this liquidity button at the top so you can filter and only show strategies where the markets are tight and the higher you go the tighter they tend to be. That kind of eliminates some of the noise. Stocks that are trading at $2 that are still, they're 50 cents wide on a $2 stock isn't very helpful. So we looked at bullish bursts, we picked one and just a reminder, there's a little question mark here. You can do a deep dive on any one of the strategies. There's a show options button on the back test tab, so if you click any one of these pieces of text, it's going to open the back tester. It's going to give you some helpful information on that back test tab. There's a show options chain, you can filter by day expiration and then you can go down, you can look up your delta, look up your strikes, and then just the information you need to the trade.

(05:58):

So this is on a thinkorswim web version, kind of same concept. There's a delta and you find the right strike and then you can place your trade. Annual members have a cool feature where you can click show options and it kind of does that work for you. Simplifies things. This can be especially helpful when you have multi-leg strategies or if there's an earnings event. Sometimes one part of the spread needs to expire before earnings and the other needs to expire after. So this can kind of take some of the grunt work out of it. And then last thing I'll note before jumping into new material is just a few things on the back test tab to pay attention to. There's a helpful piece of information at the top here that says when the next earnings event's going to be. If it says unverified, then be very cautious with it.

(06:43):

Then our vendor is sort of guessing based off of previous data. It tends not to be super far off, but it could be things that are verified are concrete and they actually put a little money back guarantee behind each one. So they're extremely rare to be off if it's a verified earnings date. When you load a back test, oftentimes the end date, I mean anytime you save a strategy or have a share link that all of the information from the back test is saved including the end date. So sometimes you might see something from a few weeks ago or even older, so you just want to update the end date. You can click one of the

buttons for back test lengths. One more little thing is and the tickers in the top, if there's a comma, then it will just run the middle delta and if you click the little settings gear at the top of your back test tab shows all the deltas.

And if this use my own deltas as checked, it's going to use these to run the strategies. If you run a single ticker, it will run all of these deltas and it'll use this for the second leg of the spread. But if you have a comma or if you have multiple tickers separated by commas, it will just run the middle one for each. And if these settings get kind of funky and you have maybe you're testing a straddle with a 40 delta on both or the strangle for 40 delta or straddle with 50 delta, if you then switch to a call spread, it's not going to like it because can't buy and sell the same option. So if it's acting a little funky, check out the deltas, make sure that's all making sense. Okay, great. So now we get to dive into the new stuff on the back test tab here and I'll kind of follow along in trade machines.

So I'll just go to the back test tab. When you first log in, you see the today tab here, but if you click the back test tab takes you to a back test and if you haven't clicked a share link then it generally is going to start off pretty fresh. So I'm clicking the saved strategies button and then listed here we have all of these are pretty much the strategies that you see on the today tab. All these that start with CML in the front, everyone has access to these and then you can save your own if you click anytime you have a back test, if you click save, then it will add it down to the bottom here. Just for example, purposes, I'm starting with one of the simpler ones. This bullish burst, it's a single leg and I'm going to load it when load that strategy as I mentioned.

So whenever we added this, all these save strategies, they were a single save back test at that time. And so you can see that the end date here is October of 2023. And so this is how that strategy performed at that time. But if you want to know how this strategy has done as a whole, if you're trying to decide, hey, are bullish bursts like a strategy I want to employ, then first after loading it, you can update the date, but after that you're really going to want to look at more than a single stock and you can enter up to five stocks here, you can enter a few more stocks, but that still doesn't tell you a lot of information. Now you just know how well it worked or didn't work on three stocks. So if you click this portfolios, then what it's going to do is let you test against a basket of stocks.

And so now you can really start to refine your strategies and not just tweak it for an individual stock, but really start to look at strategies across a wider basket and that's going to give you a much better signal on if this is a strategy that's going to really have edge in the market and not just happen to work well in a single stock. So I'm going to click portfolios when I do that. The first one that's loaded is this NASDAQ Qqs. Everyone has access to all of these top ones that start underscore. So it's doing the NASDAQ 100 and because I loaded this saved strategy, it's keeping all of the settings from that bullish burst. So this is the technical setup of the bullish burst. There's a whole video on it. I won't go into a lot of detail, but I was trying to catch things where the stock is prepared to take a sort of short term move in a bullish direction.

So now it's just rerunning that. So question I'm trying to answer right now is do I want to use bullish bursts in my own trading? And so you can see it's going down here and it's doing all these back tests. If this looks faster than what you're used to on your back tester, it's probably because I'm a platinum member and platinum members have access to slightly faster, substantially faster back tests just from

how we license servers and all that kind of stuff. So it's one of the perks of being annual. You can switch, of course I always make the plug, but you can switch to annual anytime and it does help us as we can just lets us normalize and license servers and all that kind of stuff in a way that works well for us. Okay, so in the last year, this strategy which is buying a long call that's a little bit out of the money, it's looking at something approximately 14 days in the future.

(11:30):

It's looking for the expiration closest to that. It'll just choose the expiration closest to that. If it doesn't have weeklies, then it's just going to choose whatever is expiring near there. And this strategy across the whole, across that NASDAQ 100 in the last year has a 50.3% win rate and the average trade return is 14.5% and that's respectful. That's pretty good. The market's been in a good place in the last year, so it's not real surprising that that has had positive results, but it has. You might ask, well, is 50.3% is that really a great win rate? And it's a very good question. In theory, you could be buying very out of the money options that are very unlikely to win, but when they do they win big. So you might be buying 10 delta five delta options that only get to win one in 10 or one in 20 times, but when they do, they might make up for all the losses of the previous trades.

(12:26):

So one delta is kind of telling you how in or out of the money something is something that's 40 delta. One way to look at it is that there's a 40% chance that the stock will end up at that strike price or above. And in order for this to make money, you need to not only reach the strike price, but you need to also reach the strike price plus the options premium. If the option costs $2 to enter, then you're going to have to reach the strike price plus $2 to break even and you're going to have to make another penny in order to have a win. So 50.3% in this scenario actually is pretty respectable because you'd only expect if you're just buying the option with no prior knowledge, you'd expect to win about 40% of the time. Perhaps more importantly, the average trade return is 14.5%.

(13:09):

So that looks like a decent start, but the question is can we do better than that? And so instead of just trading a call, we could pick a different strategy here and we could pick a call spread so that we will buy a 40 delta call, but we'll also sell a 20 delta call and I know it's 20 delta from these custom deltas that I have here in the same expiration. And so I'm just letting that run through and I'll let that do its thing, getting down to the results here and then just save us 30 seconds of time I could kind of jump to the results. And then we see that now the results instead of being about a 50% winner or about a 55% of the time does it win and the average trade return went down slightly with the current settings we have, we also have a stop and limit set in there.

(13:58):

And so now it's kind of a matter of taste. It's like, well, we're winning a higher percentage, which is nice, the average trade return went down, so that's not bad. But what if we decide to hold it a little longer? The default settings on this bullish burst are that if you gain 40% to exit and if you lose 60% of the initial amount you put in, then you would exit. Spreads are a little different, the risks are a little different. So what if we just play with this and I just kind of chose 80 as a test point and so in this strategy here, so I think yeah, you can see this finished same results there. So this gains and losses, when I scroll down on the left, you see it down here, it's set at 40 and 60. I can set that for 80 and let it rerun.

(14:41):

That can save us all a few seconds here. And here's what we see. We see that the win rate went down, went down from 55 to 46 and the average trade return went up. And that actually makes sense if you think about it because if you're setting a limit, when you're starting to look at this thing, and this might

be obvious to a lot of people, but it's interesting to think about it in the context of applying a strategy over a long period of time. When you set a limit, if you set a limit to exit the strategy as soon as you return, if you enter for $2 and you set a limit to exit the trade when you hit $2 and 5 cents or $2 and a penny, if it's penny traded, then a decent amount of the time as the value of that option fluctuates, it's going to hit that limit.

And technically you can lock that in as a win. So if you set a very tight limit, you're going to have a pretty high percentage that at some point hit that limit. But if it's only 5% above price that you entered, then when you win, you're going to win roughly 5%. Now when you lose, if you don't set a similar stop, potentially you could lose the full amount. So you might win a high percentage and your win rate is going to go up, but your average trade return could get hurt because maybe you're going to win 80%, but when you win that 80%, you're winning 5% and a lot of the time you're losing a hundred percent. And so that might not be, even though you have a high winning percentage, it's not a great trade to set it up like that. So this strategy kind of let it run a little longer and we said instead of exiting at 40% exit at 80%, we saw that our winning percent dropped, but our average trade percent went up quite a bit.

And when we're looking at portfolio back testing, it's really these two numbers that we're looking at the most. We're placing the same number of contracts in each one of these stocks. So the total return is a helpful piece of information, but it's going to get is get a little bit skewed by the stocks that just have a higher stock price. So a stock that's trading at 500 or a thousand dollars five contracts, there is going to be a large number. And so the results can look a little funny based off of the kind of big components of that basket having an outsized weight. Whereas the win rate in this average trade percent, this is normalized across all the stocks. And so these are helpful numbers to look at when portfolio back testing total return is absolutely fine to look at, but it's not balanced. So this did what you'd expect it to do.

When we increased the limit, we saw the win rate drop some because we didn't exit our wins as early, we didn't lock in the wins, but our average trade percent went up as a whole, which is that's a good sign. This actually takes into account the wins and the losses in a sense your average trade return. So we can kind of see how that played out. Okay, so let's do the same thing, but now instead of just looking at one year, let's look at two years because the last year has been good, but if you look about the last two years, that's been a much more mixed market, kind of a bad year and a good year. As that plays out, we see that in the good year it did well. And then when you combine both, okay, you are slightly profitable, you still came out ahead in terms of the average trade percent, it went down quite a bit, but it's still from my perspective now that we're in a market that seems to be going the direction you'd hope it hopefully we're kind of venturing into a more bullish period in the market.

The fact that it at least broke even over those two timeframes feels reasonable. So then the question becomes, well, can we do better still? So now instead of just buying a naked 40 delta call, we also sold a 20 delta call. So we had a little bulk call spread, vertical call spread, and we could see the way that that changed the trade. Is there anything else we could do? So now let's look at if we want to get a little more fancy, so if these are the kind of built in strategies within trade machine, but we also have the ability to create our own custom strategies. So when I click custom, there'll be a list here I could choose from of things I've done in the past, but you can also add a new one. So now let's think to ourselves instead of having the option expire in the same month, what if the option I was shorting expired sooner and the option that I was holding expired a little later on but offset some of the cost of owning the

option, the time cost of owning the option and we could just kind of test that scenario and see how it play out.

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So if we wanted to try that, then we could do something like a, so this is the long 50 deltas. Let's try a long 40 delta, let's call it call dag and I'm going to go ahead and do it as five contracts. What a lot of these use as five contracts, but now I'm going to short, but instead of shortening the 20 delta and the same expiration, I'm going to look at a near term expiration. So something like two weeks out and because it's near term, I'm not going to use a 20 delta, I'm going to use a 30 delta in this example because as it's a little near term, there's not going to be quite as much time value built into it. So if I want to recoup a decent amount of time value, I'm going to use something a little tighter and what I'm hoping is that front month option expires and that I have a chance for my slightly longer dated option to continue to make some money.

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So now I'm going to short that 30 delta call and add that and I named my strategy and now I can save it and I can see how that strategy plays out. I did this a little earlier today and so here's this same strategy and when it did this, so this is still in that two year timeframe, so that incorporates that sort of much choppier market that we had two years ago and we can see this average trade return went all the way up to over 15% and that was from 4%. So looking at these things side by side, this was the pure call spread. I think this was like a 14 day call spread and this is this diagonal that's using a 40 delta to 30 day and a 14 day 30 delta option. So over a two year timeframe, the average rate return went from basically 5% to almost 16% and the percent wins went up.

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So this was just a real clear winner in terms of this strategy over the last two years. So that to me is looking pretty attractive. Something like this, these daal call spreads, if you're new to options that might feel like a lot to take on, it might feel a little confusing. That's kind of the benefit of investing into your own understanding of options and your own understanding of trade machine over time is that sometimes with slightly more complicated spreads that are a little more confusing initially, sometimes you can really get much better returns. And so while it's completely a great place to start to buy individual calls or do covered calls or things like that, starting to expand your knowledge and look at spreads and that kind of thing allows you to construct positions that do well in a variety of different market conditions. So it looked good at the two years, but how does a one year look when we do the one year, hey, this is solid, this is very good returns, 18%, 52% win rate.

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So the straight call spread looked like this, it had 11% win rate, I mean 11% average trade return, 55% win rate. Our win rate went down slightly, but our average trade return went up quite a bit. And so to me, just from where I'm sitting, I'm saying, Hey, that's a pretty nice strategy. Okay, so great, so now you found a good strategy. Now because there's all these technical clinicians and how are we going to really figure out for different stocks? It's like okay, I have to wait and say, well, it's not an earnings event. And then for each stock I need to know when the stock crosses up through the 10 day exponential moving average, the stock's above the two 200 day moving average that the 50 day moving average is above the stock price. So the stock is below the 50 day moving average and the RSI is below 70.

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So it's not overbought. Well, I mean it would be a full-time job if you had to do that on your own, but the good news is it might rerun this back to when I say it, I'm going to do a smaller, well, I'll just let it play out. Good news is once this thing finishes doing the back test, what you'll see is this little checkbox

that appears and I have it on a slide as well and right now there's no add alert button here, but when you complete the back test it will show up. I'll talk about that in just a second. So what I personally like to do is because within the strategies some worked better than others, some might've had a positive return, but the win rate, maybe it only was on one trade. So yeah, this D cm, it won, but it was only a single trade.

(23:32):

Do I consider that enough? Nothing wrong with adding that. What I like to do is sort by the average trade percent and then look at the number of wins and look for things that have more than one win. That's just my personal preference. So as this one kind of completes through, I'll just walk through it. When I save the technicals there, it reran the strategy. Okay, so see this little button here. So I like to sort by this average trade return starting at the highest and then I look for things with more wins and losses and more than one trade. So I can just kind of go down here. So this one, even though it was net positive, it won four times and lost five times. So I'm going to skip it. These are a one win, one win, but this is 2, 2, 2. If you click the actual ticker, it'll show you all the details and you can kind go through and pick the trades that you like the best, and then you go up here and you click the add alert button and it creates this little thing for you and it creates a share link.

(24:34):

And so you can also say, Hey, this is my custom diag, any other notes that you want to put. Now when you click add alert for each one of these individual stocks is going to constantly look to see if those technical conditions are met. It's also going to look to make sure that the earning conditions are valid if you're doing an earnings trade, like pre earnings or post earnings and it's going to notify you if you put a phone number, it'll send you a text as well and it will tell you the stock that these conditions were true in and it will send that to an email to your phone and keep you alerted in real time. So now when I add the alert, it adds those all and the helpful share link. Some people dunno what this is, it looks like a mess and so they get rid of the share, but the ShareLink will actually recreate that backtest for you.

(25:23):

And one thing I want to note is that the ShareLink includes all of the tickers that you checked at that time, but you'll want to look inside of your alert. The alert will say it was Google or Apple or whatever the stock was. That was true. And so let's just imagine for a second that it was Microsoft. Now when you pull up in Microsoft, you can see the back test for that and if it had triggered that day, chances are it would still be active and it would tell you right here that it's active and if had stock jumped over the whatever 200 day moving average and then dropped back down, then it would say not active that it's no longer active, but you can kind of check that throughout the day as time goes on. That's how a trade machine kind of takes a lot of that work of waiting for those signals and setups and then just notifies you when the time is right. Way our backtester works is it places straight toward the end of the day, so if you want to stick as close as you can to the trade machine approach, then you would wait to last 15 minutes or so of the day. That's also when the options tend to be the most liquid and then you could place the trade that way.

Amanda Kelley (26:26):

Hey Jason? Yep. I just wanted to jump in because I've had some users reach out and support and there's kind of a workaround. It does take a little bit more work, but because you can see five back test tiles at a time, if you save your alerts in groups of five makes sense. You can see all at the same time. So if you're somebody that doesn't want to change the ticker each time you go in, you can just save it in a group of five, it's going to load all five fact test tiles and it's just another way to see everything a little quicker just depending on what your preference

Jason Hitchings ([27:04](#)):

Is. Yeah, yeah, no, that's a great point. To Amanda's point, so because you can do five tickers where you actually see the whole tile and whether it's active or not, if you want to do these in groups of five, it's a very good point. You could click five of these, click add alert, and then when you get this alert, this way when it pops up, you're actually going to see the whole result tile and not just the summary. Okay, sorry, I had the wrong link here. And so for each individual one then you can see if a certain ticker is active and when you pull up that link you can kind of just do groups of five. So you could do those five and then clear 'em out and then do the next five. So yeah, that's a little workaround and it's a good point, so that way it kind of saves you a step. So you could just add in groups of five and that might keep it a little cleaner for you. So that's a good point.

Amanda Kelley ([27:52](#)):

Yeah, I've also had people say that join it this way, they can save them in their own little baskets of stocks that they want to compare readily so then they can see if when apple triggers Nvidia triggers at the same time or vice versa. So you can kind of be strategic as to which alerts you put together.

Jason Hitchings ([28:14](#)):

Yeah, yeah, that makes a lot of sense. Yeah, there's a lot of tech stocks reporting earnings this week. I could definitely see the advantage of grouping things together that way. So yeah, great point. I hadn't actually ever done that before, so that's a good one. Okay, great. So that was kind of got through the main stuff I wanted to present. I just want to make one note about these back tests. So another point of confusion is that sometimes people will do a back test and then they'll look at a ticker and it'll say, okay, they're looking at, I'll just do a single ticker right now Microsoft, and they'll say like, well, it's not showing that it opened today, it opened back here, but it didn't show an open right now. So very likely the end date isn't updated, so you're just not seeing it at the very end.

([28:58](#)):

Another possibility is that the back tester opened a trade seven days ago or some amount of time where the position is still open. And because this is simulating a market where it's imagining you're executing a strategy where you open a trade when it signals, but you don't open a trade again until it closes. So if you got a signal right here, so if I scroll down here, I can kind of replicate it a little bit. If you got a trigger, let's just imagine that you were right here. The back test said, well, this said it opened the trade four days ago, but it's not telling me to open a trade right now. That's because the back test is bringing in the history of trading that strategy into the back. These alerts trigger basically as if the start date of the back test was today. So you're just entering into a brand new back test.

([29:50](#)):

So in a sense you're starting at the very beginning, it's like starting the back test here, but if the back tester already has a trade open, it's not going to reopen one. So you might not see a little green arrow here, but what you will see if everything's active is it'll say active as of this time, if that makes sense. And I'll just go to the today tab and any given one of these may or may not have been active still at the end of the day, but just to show you the green version, if this one happens not to be active, okay, this one is active, so that's what it'll look like whether or not the back test actually shows a trade on the day. This little flag will tell you if it's active and then for platinum members they get to click that little button and it'll kind of do the work and tell them what the legs are in the strategy and you can see that this is a diagonal and it's figured out the legs for you.

([30:35](#)):

So that kind of saves a little bit of work. Okay, great. So that's the main stuff I wanted to get through today and now I'm happy to take any questions. So I've noticed some tickers which appear multiple times in the pro scan have different next earnings dates nw, so that can happen in the pro scanner sometimes when the scan, we run the scans about every maybe two weeks, we try to get all of the ones fresh. So if that scan happened to run before an earnings date and then we run it again at the next earnings date, it will save what it thinks is the next earnings date as of that time. So occasionally you will see that we're actually doing a little bit of refreshing of some servers to keep those ones that were running before the last earnings date to get those earnings date refreshed.

([31:22](#)):

But yes, that is a little quirk in the scanner right now. Chad says, what's the best way to tell if the conditions for the alerts are still in play at the end of the day before placing a trade? Yeah, awesome question. And it's really this, and this is a relatively new feature, but it really saves a lot of headache. If this says triggered, then it's active as of that moment. How do you delete a set of alerts? Great, so a couple ways. One, you could just delete this way, so I'm just going to delete ones that I know are sort of examples, not my actual real alerts. So you can just click like this, but if you want to delete more, and that will go pretty quick if you want to filter by ticker or if you put a basket of alert conditions in for some bullish burst or something, then when you sort by condition, you'll see them all get grouped together.

([32:11](#)):

Or if you put notes, you can filter down on the notes and say, let's see if I have dia in my notes here. Okay, these are the custom diagonals, so I filtered on notes If I wanted to delete these, then I can just quickly delete these in just a minute or two. If you really want to go and just start fresh and let's say you set 500 alerts, there's this bulk update alerts and there is this, I want to permanently delete everything, so that's also an option. This bulk update alerts also gives you the ability to change your email address or phone number if you decided, Hey, I'm getting a ton of alerts to my work email and I really want it to be in a different email, you can update the alert email there. Ernest says, when you change the deltas as in your example and save the back test, is that change then reflected for that strategy in the future if you change the delta?

([33:04](#)):

So let's just do a real simple example. So if I say a MD and or you said if you're doing a particular strategy, I'll go back to the bullish first. Let's say this is going at the 40 delta. If you in these settings change this to a 30 delta right now, it's only changed it for this. Now if you go to a different tab and come back and you don't click a share link, it's still going to say 30 delta, but as soon as you click any link in the product, it's going to update all of the settings, it's going to update the number of contracts, the fees, all that kind of stuff. Every time you load a share link, it updates these settings. We're probably going to put a little reset button to reset to people's preferences. If you want to do your own, call it bullish burst, what we can do is click the save button and say, my bullish burst 30 delta.

([33:53](#)):

Now that strategy from that point on is going to load with the 30 delta, but it will not change any of these CML strategies that are built in here and it won't even change the existing ones. If you want to change it, then you would just delete the old strategy and then add the new one. So this says bullish technicals, I could delete it, change the settings and then save it again. So that would be the way that you'd update it. When you click the share link, anytime you click this little share button or you add an alert, it does it automatically. This link carries forward all of those settings. So anything that you changed gets carried forward in that share link. So you can see the 30 delta here, but also if you change it to two

contracts, if you said, every time I trade a share it's going to cost me $10, the fees are seven of my brokerage.

(34:43):

When you click this share link and you can either click a copy here or just copy it off the top, the next time that you open that up, all of those settings are saved. So this is, if we didn't do it this way, it'd be confusing because every single time you opened a strategy, it'd be changing. You're like, Hey, I thought this made 150%, but this time it only made 110%. What happened? So we kind of had to make a choice. Are we going to overwrite all of your settings every single time with every share link, or are we going to let the strategy sort of change once you've tried to save them? And so we've made the decision to always update all the settings so you get exactly the same result also, so that when you click the link from the today tab when it loads, you see that back test with that exact result, we didn't update these settings, then the results would be different.

(35:27):

And that also, so it is kind of a balancing act, and that's the way that we've implemented it. So if you do have a setup that you like, I just recommend that you save a backtest that way and then you can load with all those settings. Same with a custom strategy, you can create your own custom strategies. Okay. PJ says, in a strategy that is supposed to exit at 40%, why do some past trades show much higher returns? Yeah, excellent question. So Backtester, the way that we've implemented it places all of the trades at the last section of the market, and so it's a little bit like sometimes if you put a limit order in, let's say you were trading an earnings event on Microsoft today, or Google had a really great earnings day. Let's say that you bought a 30 delta option and then you said, I want to have a limit of 50% it gapped today, so it's going to open, that stock's going to open up 15% or something like that.

(36:25):

It's a huge gap up. So even though you set a limit saying, I want to exit as soon as it gets 50% tomorrow, the market price of that option is going to be up like 500%. And so even though you set that limit, the first chance it has to sell it, it's going to sell it at market price with your limit set, but you're going to get a much bigger return than that. That's essentially what's happening with the Backtester. We're always looking at the data at the end of the day, and so even if the stock moved up or down through those ranges, it's only going to hit the limit. If that limit is true at the end of the day, sometimes it can be higher or sometimes an option might've intraday at that 50% limit, for example, but at the end of the day ended with only up 30%.

(37:09):

The back tester won't exit that position. We've tried it both ways and we've decided that it's more consistent for the product to do it this way, but it's a great question and that's why that's happening. Darren asks, is trade machine linked to your broker for you to place a trade when an indicator signals, or do you just get a signal then go to your broker and place a trade? Yep. We have not connected it to brokerages so far. We get the request a lot. It's a possibility that we'll do it in the future. Generally speaking, once people start sending order flow through brokerages, then they end up being financially incentivized to do it. They end up getting kickbacks and percentages based off of trades placed. So far we haven't gone down that route because we kind of like having this be a tool that is giving you the best possible information where it has no effect on us, whether you wait three weeks to place a trade or whether you place three in a day.

(38:05):

So yeah, we've tried to make it really easy with the show options to quickly look it up in a brokerage. But yeah, we have not yet started sending order flow through into brokerages. We get asked a lot. It's

possible we'll go in that direction, but so far we've kind of tried to keep arms length on that one, but it's a great question. Okay. Why do symbols in the date page that our active triggers show as not active when you click assemble? Yeah, so today tab is checking things constantly intraday. So let's say that stock crosses up above a 200 day moving average. It's going to send that alert immediately, and you can actually set alerts in the today tab. You can pick an email at the top and say, for the largest 500 symbols, I want to get all of the today tab alerts, and for the NASDAQ 100, I want to get these today tab alerts for these strategies.

([38:50](#)):

You'll get an email in the middle of the day when that comes true, and it's a matter of personal preference if you're going to place the trade in the middle of the day, if that works for your schedule or if you're going to wait till the end of the day. We didn't want to only send the alert in the last 15 minutes because some people are commuting or on a lunch break or with their kids or a million other things. So we send the alert as soon as it happens to give you a heads up. But if you want to stick as true to the trade machine as possible, then you'd probably check later in the day and see if it's still active before placing it. Oftentimes, both PHE and I frequently place trades as long as it's active. When I'm actually looking at the strategy, I frequently place trades in the middle of the day. No, we don't have any information one way or another. If that gives you better or worse results, it's just we find it more practical. But for that reason, if stock bounces up above a certain moving average and then comes back down, it might trigger in the middle of the day. You get an alert in your email, and we wanted to show it here when it's true, but when you click on it, then it may no longer reactive. So that's the reason essentially, once it hits this today tab, it stays on the today tab.

([39:56](#)):

Ultimately, we may have a little green.here that shows that it's still active or something like that. But yeah, it's a great question. Yeah, so Costco is an example. Yeah, I could click, where do we get Costco? That was two days ago. So yeah, one thing is if it triggered two days ago, this is kind of to show you a history of things that triggered, so this one actually didn't trigger today, so it's only the ones that are blue that triggered today. People had sort of asked to see some history for what things have triggered recently, so that's why it's showing a little bit of history. That's another filter that we may add at some point, is just to filter it down to things that traded today. So yeah, if it doesn't say today next to it, then it means it triggered a day or two ago.

([40:33](#)):

Cool. Well, we're right around that 45 minute mark, which is kind of the timeframe we like to stick in. I'm happy to take one last question if anyone has any more, but if not, I really appreciate all of you being here. We do these at least once a week. If you go to the learn tab, you can find all of the previous help sessions. So down here, there's these live help session archive. So you can see the last couple sessions we did some on risk and a bunch of other things. There's also a lot of options, education about all kinds of different spreads and that kind of thing. And if you're looking to look more research on a particular strategy, a bullish burst or macd or though one by three by two, Brooklyn Wing Butterfly, lots of great stuff there. So yeah, definitely check out the learn tab and come talk to us in community. Great place to get questions answered. We have Max, who's a former options market maker with 30 years trading experience to answer questions. So he's a really awesome resource and just in general, it's a really friendly place. So just go and share your trade ideas and ask some questions, and I think you'll find everyone really welcoming. Okay, everybody, thanks so much for being here and we'll look forward to seeing you the next time. Have a great evening.