

# WM-Strat-TrailStopProfitPercent

By Wim:

This is a simplified version of a Trailing Stop/Profit version published by Roberto on the ProRealTime forum. It also fixes a problem in the original where returns to negative were possible even after trailing has started, notably when switching to Trailing Profits.

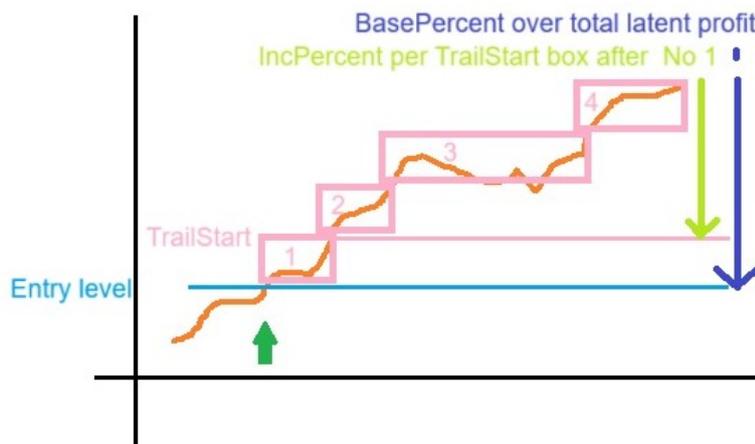
This Trailing-Stop-Profit requires the following parameters to be defined upfront :

Parameter	Unit	Description
SL	point	Fixed SL, issued at entry
TP	point	Fixed TP, issued at entry
StartPercentLong	%	Percentage of latent profit that triggers trailing of Longs
StartPercentShort	%	Percentage of latent profit that triggers trailing of Shorts
BasePercent	%	Percentage of latent profit assured at Trail level
IncPercent	%	Percentage of latent profit above trailing start level
SafetyMult	Float	Fraction of Limit level where SafetyNet should be issued
MinDistance	point	Broker imposed minimum distance for pending orders

Most interesting for optimising are the parameters StartPercentLong, StartPercentShort, BasePercent and IncPercent. When choosing modest BasePercent and IncPercent settings, TP could become interesting also. Otherwise TP is best set at a ridiculously high level, and thus handing complete control over to the trailing stop/profit approach.

The percentage of profit assured at a trail level is the addition of BasePercent and a (floating) number of times IncPercent. Trailing starts when price evolved TrailStart pips (box 1 in next figure), determined by StartPercentLong, in the desired direction. From then on at least BasePercent of profit is assured. When price evolves more in the desired direction, let us say another increment of TrailStart pips (box 2 in next figure), another IncPercent of profit is gained, bringing the total to  $\text{BasePercent} + 1 * \text{IncPercent}$ . At the end of the figure the percentage gained would be  $\text{BasePercent} + 3 * \text{IncPercent}$ .

WARNING: This picture suggests that the percentage increases in steps. But no, this is a continuous calculation performed at the end of each bar. A fraction of IncPercent is allocated if the increase in price is a fraction of TrailStart pips. The box/step approach in the picture is just for ease of explanation.



How behaves this Trailing Stop/Profit behave with certain BasePercent and IncPercent settings?

### Very modest BasePercent and IncPercent

At Trail Start only a small percentage is assured, maybe enough for paying fees. Subsequent price increases contribute only in small steps to the Trail level. This is typically a case where one could consider to work with a reasonable fixed TP level also.

Trailing Profits will not appear under these circumstances.



### Very modest BasePercent and high IncPercent

Same Long position as previous example, chart shows roughly first 10 to 15% of previous time axis. Notice the very rapid closing in to the price and finally flipping to a Trailing Profit. The small yellow horizontal line at the end show the SafetyNet at the level of the last Trailing Stop. At the next bar the Trailing Profit is hit.



### High BasePercent and very modest IncPercent

The same Long position as in previous examples. The Trail Level is immediately at Trail Start lifted very close to the price. Afterwards it modestly follows the price. The first price correction triggers the Trail Stop order. Trailing Profits are unlikely to be seen with these settings.



### High BasePercent and high IncPercent

The same Long position as in previous examples. The Trail Level is immediately at Trail Start lifted very close to the price, identical to previous example. But this time the Trail level is increased very aggressively. Already after a couple of bars the trailing switches to Trailing Profit. Again with a safety net, yellow line. In this case also the Trailing Profit is taken at the next bar.

