

FRACTALS-3 EXPERT ADVISOR

QUICK START GUIDE

Disclaimer

No claim is made by Forex Hope that the market information and/or trading methods shown in this manual will result in profits or will not result in losses. There is a substantial risk of loss in trading the Forex, or any other trading vehicle for that matter. Past performance is not indicative of future results. Trading the Forex may not be suitable for all recipients of this manual. Always seek competent professional advice when considering any trade. All examples in this manual are for educational purposes only. All material and examples in this manual are based on information obtained from sources that are believed to be reliable, but which are not guaranteed as to their accuracy or completeness. Nothing in this manual should be construed, in any way, shape or form, as a solicitation of any offer to buy or sell any trading instrument. Forex Hope and associates of Forex Hope have at times in the past and may now or at times in the future, trade or have traded any or all of the issues used as educational examples in the manual. Any thoughts or opinions expressed in this manual are subject to change without notice. No information provided in this manual should be construed in any way as an encouragement by the author, publisher or distributors to trade. Each trader must make his or her own decisions with regard to trading. Each trader must be responsible for his or her own decisions and his or her own actions, if any.

Reading this manual or parts thereof constitutes acceptance of and agreement to this disclaimer and exempts Forex Hope, the author, publisher and distributors from any and all liability and litigation.

BASIC OF FRACTALS-3 EXPERT ADVISOR

Fractals-3 EA is a **Volatility Breakout Trading System**.

Breakout systems can actually be considered another form of swing trading, (which is a style of short term trading designed to capture the next immediate move). In other words, the trading system is not concerned with any long term forecast or analysis, only the immediate price action.

Volatility breakout systems are based on the premise that if the market moves a certain percentage from a previous price level, the odds favor some continuation of the move. This continuation might only last one day, or go just a little bit beyond the original entry price, but this is still enough of a profit to play for. A trader must be satisfied with whatever the market is willing to give.

With a breakout system, a trade is always taken in the direction that the market is moving at the time. It is usually entered via a buy stop or sell stop. The bit of continuation that we are playing for is based on the principle that momentum tends to precede price. There is also another principle of price behavior that is at work to create trading opportunities. That is, the market tends to alternate between a period of equilibrium (balance between the supply and demand forces) and a state of disequilibrium. This imbalance between supply and demand causes "range expansion", (the market seeking a new level), and this is what causes us to enter a trade.

There are several ways to create short-term volatility breakout systems. I have found that different types of systems based on range expansion test out quite similarly.

Fractals-3 trading the breakout mode is by using "channel breakouts" which is shown by **2 blue lines at your MT4 chart**.

- If the **price breaks**, breakouts above or below the blue lines on your MT4 chart, then **a trade is entered**.
(NOTE: the breakout times need to be in the trading time zone specified at the EA parameters).

Pros and Cons of Trading a Breakout System:

Like most systems, volatility breakout systems will clean up in high volatile or runaway markets but tend to thrash when conditions get choppy or volume dries up.

I believe they are still among the most profitable type of system to trade, and I also feel they will continue to be profitable in the long run. It is "durable" and "robust", though it tends to deteriorate when too large of an order is placed.

Whipsaws are a drag but they are also inevitable when trading a breakout system. Many times Fractals-3 will buy the highs and sell the lows. It takes a great deal of "confidence in the numbers" to trade this type of system. Fractals-3 trading system has been testing with a minimum of 2 years.

On balance, a volatility breakout system can be traded on most all markets. However, a market might be very profitable one year and yet perform mediocre at best the next. A portfolio of 2 to 3 high volatility markets seems to work well. Fractals-3 has been tested to work on GBPUSD, GBPJPY and EURJPY markets.

The problem with trying to trade too many markets at once is that it can become quite difficult to keep up with the activity level if your parameters are fairly sensitive.

RISK CONTROL:

Fractals-3 use a Controllable Risk - the amount of risk which can be predetermined and defined by a money management (the percentage of your account equity you are willing to risk in one trade) combine with initial stop, break even point stop and trailing stop.

HOW TO RUN FRACTALS-3 EXPERT ADVISOR

This part of Quick Start Guide is to help you set-up the **Fractals-3** on your Metatrader 4 system.

Please read this Quick Start Guide very carefully and follow the simple steps provided to ensure that the EA is properly and correctly installed into your Metatrader-4 platform.

Suggested Minimum Capital

To start trading using **Fractals-3**, your account must have the suggested minimum capital. The suggested capital for each account is dependant on the account type:

For Mini Lot-Size account like (example:FXCM), i.e. where the minimum lot size is 0.1 lot, the suggested capital is **\$15,000**.

For Micro Lot-Size account (example:FXPRO, FXDD), i.e. where the minimum lot size is 0.01 lot, the suggested capital is **\$5,000**.

For Nano Lot-Size account (for example InterbankFX Mini Account), the suggested capital is **\$1,000**.

Installation

Please copy **Fractals3EA.zip** file into your MT4's **\experts** folder directory and unzip there.

Or you can unzip **Fractals3EA.zip** to any directory then copy these files below. You will receive four **ex4** programs (1 ea and 3 indicators) and six preset files.

Copy the files into the following folder:

1. Copy "**Fractals3-BuildXXX.ex4**" EA into the MT4's **\experts** folder.
2. Copy "**TrendWizard.ex4**", "**PivotWizard.ex4**", "**OscillatorWizard.ex4**" into your MT4's **\experts\indicators** folder.
3. Copy all preset files (*.set), ie: "**fractals3-gbpjpy1.set**" into your MT4's **\experts\presets** folder.

Restart your Metatrader 4 software.

The EA "**Fractals3-BuildXXX**" will now appear under the **Experts Advisors** subfolder.

Attach EA into the following charts:

Knowing what currency pairs to trade is the first step in trading Fractals-3.

Use EA “**Fractals3-BuildXXX**” on the following chart:

- **GBPUSD**
- **GBPJPY**
- **EURJPY.**

Open those following currency pairs on **H4 timeframe** and attach the EA to each chart.

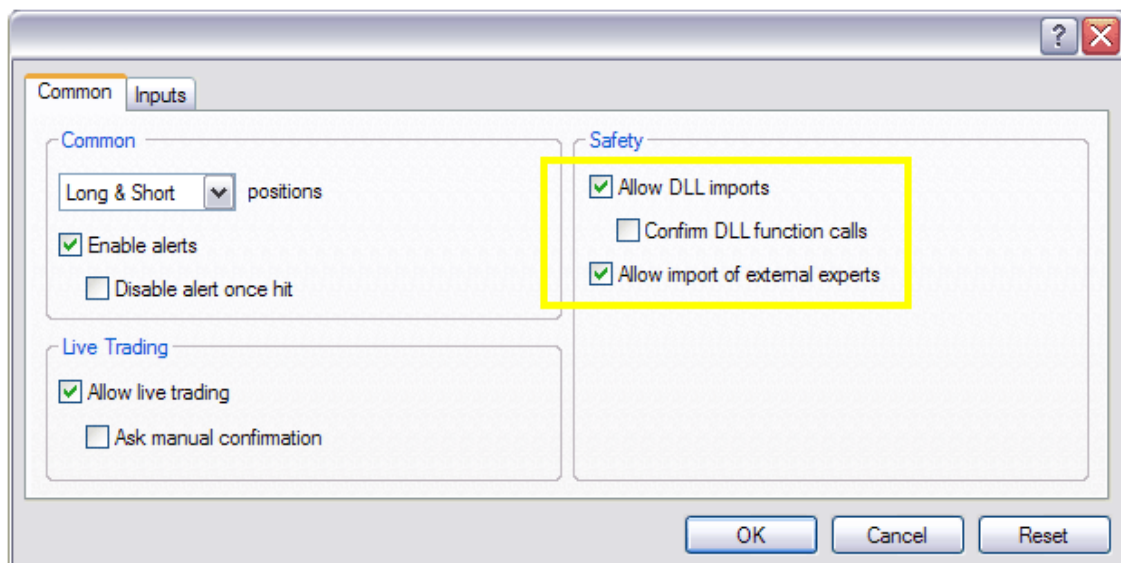
NOTE:

Fractals-3 has been optimize to work best on those three currency pairs. In the futures, I may add more currency pairs into Fractals-3.

There is no need to attach the three indicators into the charts, it will not show anything. But the EA need those indicators for its calculation.

HOW TO ATTACH FRACTALS-3 EA (BUILD 809) IN YOUR MT4 CHART:

When you want to attach the FRACTALS-3 EA Build 809 (Release Sept 2008) on your chart, you need to turn on **Allow DLL Imports** and turn off Confirm DLL function calls:



There is no DLL to copy or download, you just need to turn on the Allow DLL imports parameter above.

Use the preset setting provided on each chart:

I already provide six presets for you. Each currency pair I provide 2 settings, which one set I use on my forward test and the other set I use for back-testing report.

You can back test the EA yourself and change those preset values I provided. If you back test the EA, back test for the last 2 years market or 3 years market only. There is no need to back test to the past 10 years before. First, because the forex market condition always change. Second, the EA has been calculated to work best with the past 2 years market conditions.

How Fractals-3 enter a trade:

Fractals-3 trading the breakout mode is by using "Fractals-3 build-in channel breakouts" which is shown by **2 blue lines at your MT4 chart**.

- If the **price breaks**, breakouts above or below the blue lines on your MT4 chart, then **a trade is entered**.
- The breakout time needs to be in the trading time zone specified at the EA parameters.

The following table shows the different settings for each currency pair:

| GBPJPY | Forward Testing Report | Back Testing Report |
|--------------------|-------------------------------|----------------------------|
| Filename | Fractals3- GBPJPY1.set | Fractals3- GBPJPY2.set |
| Risk | 1.5 | 2 |
| Take_Profit | 425 | 600 |
| BEP | 50 | 50 |
| Trailing_Stop | 30 | 50 |
| Start_Trading_Time | 08:00:00 | 04:00:00 |
| End_Trading_Time | 16:00:00 | 12:00:00 |

| GBPUSD | Forward Testing Report | Back Testing Report |
|--------------------|-------------------------------|----------------------------|
| Filename | Fractals3- GBPUSD1.set | Fractals3-GBPUSD2.set |
| Risk | 1.5 | 2 |
| Take_Profit | 250 | 350 |
| BEP | 20 | 20 |
| Trailing_Stop | 20 | 20 |
| Start_Trading_Time | 08:00:00 | 08:00 |
| End_Trading_Time | 12:00:00 | 16:00:00 |

| EURJPY | Forward Testing Report | Back Testing Report |
|--------------------|-------------------------------|----------------------------|
| Filename | Fractals3-EURJPY1.set | Fractals3-EURJPY2.set |
| Risk | 1.5 | 2 |
| Take_Profit | 250 | 375 |
| BEP | 20 | 20 |
| Trailing_Stop | 20 | 50 |
| Start_Trading_Time | 08:00:00 | 08:00:00 |
| End_Trading_Time | 16:00:00 | 16:00:00 |

Performance Note:

- Normally Setting-2 generates more trades but the risk considerate higher than Setting-1.
- From back testing chart, you will notice that from time to time Fractals-3 will make several losses trades, your equity sometimes will be in drawdown period. It depends when you start and what is the market condition.
- Normally, Fractals-3 will have positive results on trending market or on high volatility time, and have poor results on whipsaw market or on low volatility time.

IMPORTANT:

The point from the performance is, it is a matter of initial conditions that makes the difference. Any system is going to have periods of loss, no matter how good it is, or how great the back tested results are. However, over the long term, the gains of Fractals-3 will outstrip the losses-provided, of course, that whether we're in a cycle of loss or a cycle of gain, we always apply our trading rules with consistency and discipline.

I suggest that you run Fractals-3 on several demo accounts (with variety of settings and time zones) at least 2-3 months; until you have consistent results over a specific period. I recommend to test Fractals-3 until you get at least 100 trades before apply into a live accounts.

FRACTALS-3 PARAMETERS DESCRIPTION

Risk:

This is the percentage of your account equity you are willing to risk in one trade.

NOTE: 2.0 means 2%, or 0.02 fraction. Typing 0.02 means 0.02% or 0.0002 fraction.

IMPORTANT: I recommend that you **RISK NO MORE THAN 2% FOR ANY SINGLE TRADE; or 6% in the aggregate for all your trades (3 currency pairs).**

Take Profit:

This is your take profit target. The default is in pips. You can change the value to suit your individual preference. You can set it at a high number, such as 1,000.

IMPORTANT: DO NOT SET IT TO ZERO! If you do, you'll be taken out of the market as soon as your profit reaches zero.

BEP:

Tell Fractals-3 how many pips of profit you want to have before it activates the break even point stop loss.

Trailing Stop:

It allows you to say, "After the trade reaches x pips of profit, I want to have my stop loss start trailing n pips from the market."

Start Trading Time:

Enter the hour (0-24) you want the Fractals-3 to start seeking signals.

End Trading Time:

Enter the hour (0-24) you want the Fractals-3 to stop actively seeking signals.

An IMPORTANT Note on Time Zones:

The Start_Trading_Time and End_Trading_Time are based on Greenwich Mean Time (GMT), which is the Time Zone that most MT4 platforms are based (example: Interbankfx and Odl).

If your MT4 platform is based on another time zone, then you'll need to adjust your Start_Trading_Time and End_Trading_Time to correlate with the Greenwich Mean Time. (Example: if the setting for GMT is 12:00 and your broker MT4 time based on US Eastern time, then 7 EST, which corresponds to 12 GMT, is what you would enter).

Slippage:

Enter the slippage in pips you are willing to accept.

HERE ARE SOME TIPS FOR TRADING FRACTALS-3 EXPERT ADVISOR

1. Gain confidence with your initial trades.
2. Make sure you can successfully trade the system pure mechanically before attempting to add any discretion.
3. Track Fractlas-3 actual performance against the back-test performance at the end of week, rating the success for each market condition.
4. Open several demo account and apply different parameters settings and different time zone settings.
5. Monitor performance over an adequate sample, perhaps 100 trades or a set number of weeks. **Do not let a down week or several trades deter you.**
6. It takes a great deal of "confidence in the numbers" to trade this type of trading system. Often whipsaws are a drag but they are also inevitable. Many times Fractals-3 will buy the highs and sell the lows, which produce some losses, until the big move arrive and produce huge profit.
7. Discretion Tips: If you want to combine Fractals-3 with some discretionary trading. Manage the exits rather than filter the entries. It is impossible to tell in advance which trades will be the good ones. The one entry skipped might be the BIG ONE, and one can't afford to miss it. Managing the exit means two things: The first, learn when it's okay to let that occasional great trade run an extra hour or two before getting out; the second (which really depends on one's skill level), learn to recognize a bit sooner when a trade is not working and exit just before the stop is hit.
8. Keep a notebook of your observations and patterns you notice. Try to find when to exit and when not to enter a specific trading zone for the specific market. In this way you truly "**make Fractals-3 trading system your own**".
9. If slippage seems excessive, it often suggests a significant breakout from a triangle or period of congestion. Remember: Something had to drive the market far enough to penetrate the breakout point in the first place!
10. Your capital reservation is the most important. Do not set Risk more than 2% per trade (Risk=2). You need Factals-3 to be able to go through the drawdown period during whipsaw market.

FAQ:

Can I use Fractals-3 trade the News?

Yes. Having the advantage of knowing when a given report will be released, you can enter the time and the day you want the Fractals-3 to run. That way, you'll have a pending order in place for the specific time and day of the report. Of course, not all news reports move the market, so we focus on the ones that have the highest likelihood of movement. As you become familiar with Fractals-3, you will become familiar with which economic reports work the best, their average pip moves and best time-frames.

The price breaks the blue line why does Fractals-3 not initiate a trade?

Fractals-3 only initiate trade at the time zones you specified at the EA parameters. Fractals-3 start seeking signals from Start_Trading_Time until stop actively seeking signals at End_Trading_Time.

What is the expected Back Testing Performance/Forward Test Results?

We've spent the last 3 months with over our own internal 100 beta testers (some are our students from forex industry) working out all the bugs and errors, ensuring that the Fractals-3 forward testing is acting precisely according to the back testing results. And I expect the future performance of Fractals-3 match the forward testing we've done to date.

When there is an update after the underground launch, what will happen to those who have the old version?

You are eligible for all free updates as they become available. When there is an update, we will let you know via email, the members download page and the forum.

If my computer crashes, or my Internet-connection drops out, and the market moves heavily against me..... could I suffer a catastrophic-loss?

I do not foresee any circumstance that would cause a catastrophic loss. The worst that would happen is that you would be stopped out at your last stop loss. In other words, before the crash or disconnect, if you were in an open trade, the system would have also generated a stop loss order. That would protect you against any catastrophic loss.