



THE ROYAL NETWORK

# Trading Systems

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# Topical Guide

What are trading systems?

How are trading systems analyzed?

What are some strategies?

What are common risk considerations?

How is performance measured?



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# PART I

## What Are Trading Systems?

Mathematical Formula Indicates Entry or Exit

Discretionary

Contrarian

Hedging



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# PART II

## How Are Trading Systems Analyzed?

Expectancy

Drawdown



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# PART III

## What Are Some Systems?

Moving Average Crossover:

MACD

RSI

Relative Strength

Bollinger Bands (squeeze and trend)

Parabolic SAR

Divergences



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# PART IV

## What Are Common Risk Considerations?

Universe of backtesting

Over-optimization

Execution Speed

Correlation (two systems too similar equals over-concentrated risk)



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# PART V

## How Is Performance Measured?

Alpha

Portfolio valued per distribution of probabilities:  
<http://www.optionanimation.com/>



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# PART VI

How Are \_\_\_\_\_?



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# SUMMARY

What Have You Learned?

1.

2.

3

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