Kenzing
Pinescript Trading Indicators
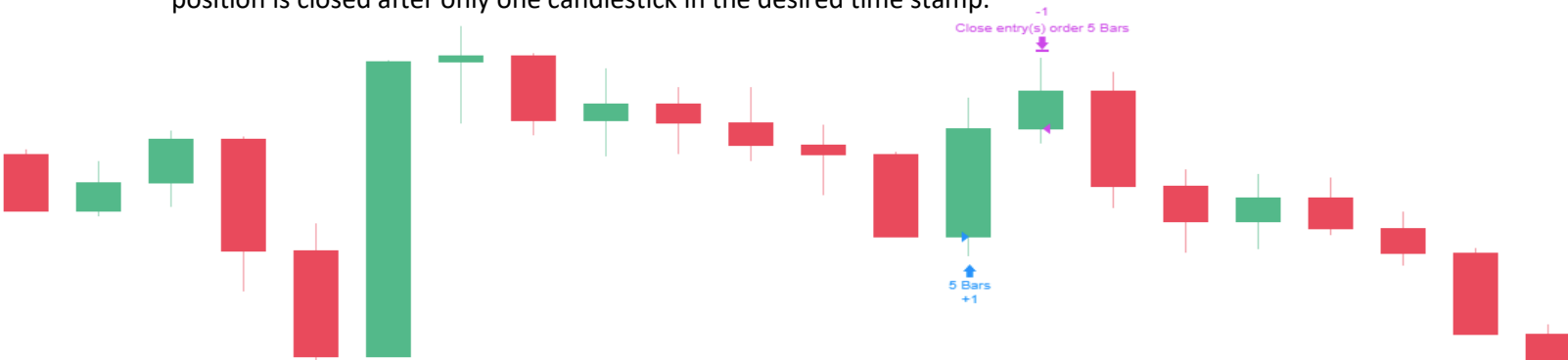

Trading Strategy: Probability Genius

- Introduction
- Understanding the Probability Genius
- Indicator Utility
    - Input Values

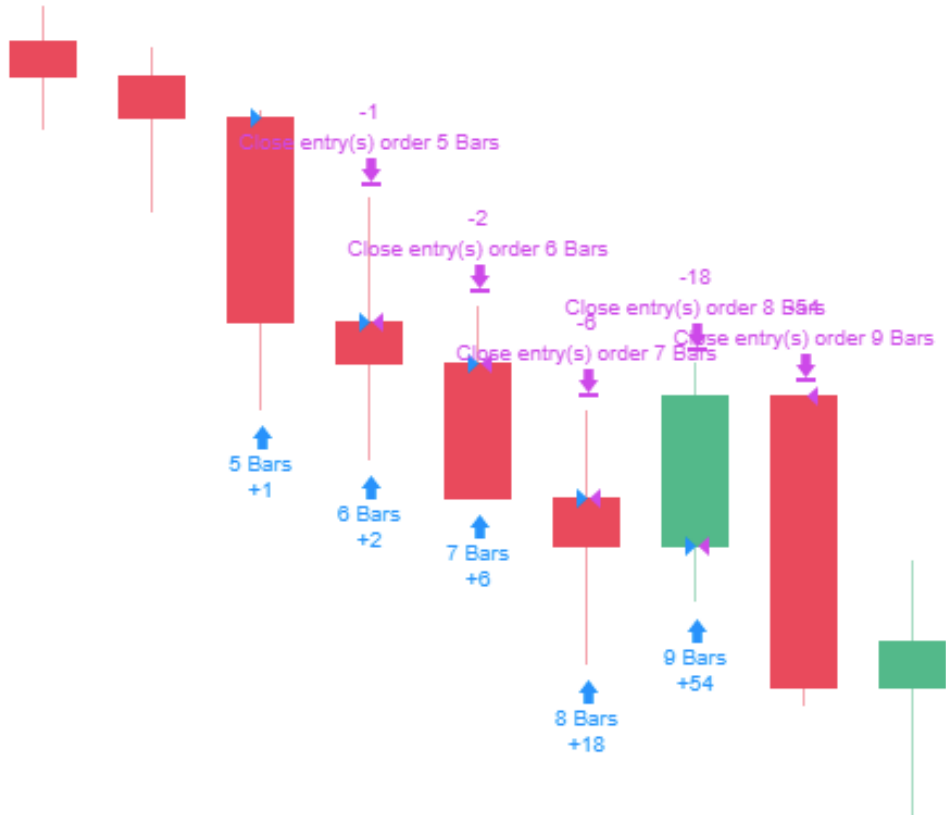All charts created with TradingView

Introduction

Thank you for purchasing an indicator or bundle from Kenzing®.   This document contains instructions on how the indicator functions and how to adjust the input values that allow you to personalize the indicator according to your trading strategy. Information on how to access the indicator after purchase is not included in this document and can be found in the Read Me FAQ document.

Understanding the Probability Genius

The Probability Genius is a strategy that places a buy order after a desirable number of down candlesticks have closed consecutively, and then every candle after until an up candlestick occurs. Each position is closed after only one candlestick in the desired time stamp.
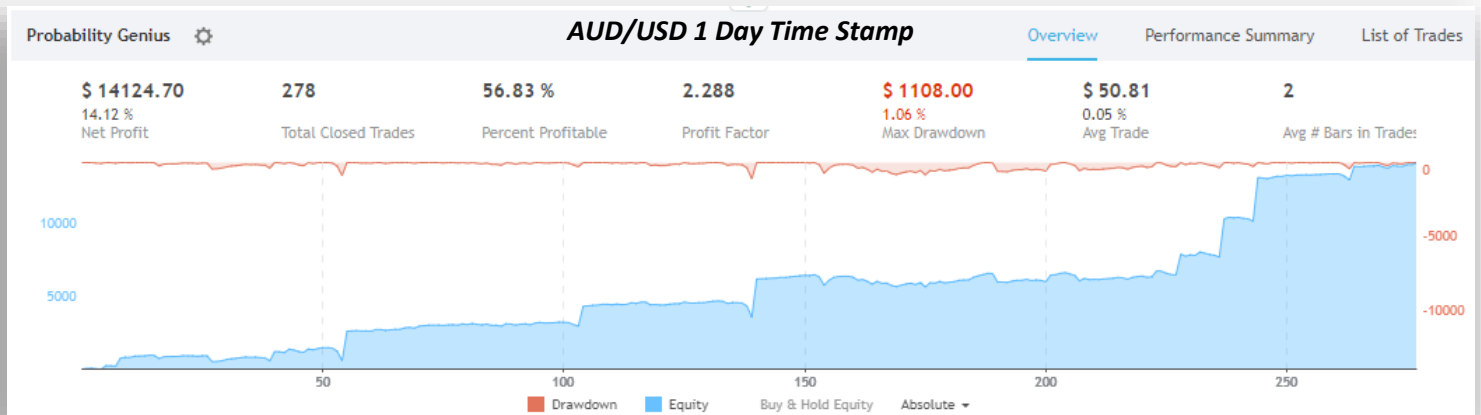

However, the strategy allows for the user to put a value on every candle so that increasingly large positions can be taken to cover the cost of the previous loss to an extent that the trader receives a profit.

All charts created with ◢ TradingView

Indicator Utility

Based on compounding probability, every consecutive candle lower increases the likelihood of the next candle in the time stamp closing higher. For this reason, the strategy may achieve many small losses until a large win occurs, resulting in a straight equity curve with large steps that occur on occasion.

Due to the nature of the strategy under default input values, profitable trades sit around 50% regardless of the security under testing. The strategy assumes that if a position was taken after every bar in the time stamp, you would achieve close to a 50% win/loss ratio. However, the trades increase progressively in size as deviation increases. As a result, the *RoMaD* can be extremely high on the occasion that many consecutive bars close low.

As a rule of thumb, equities appreciate over time. For this reason, the strategy takes only long positions. However, the strategy can be applied to any other markets such as foreign currency exchange (FX), cryptocurrencies and Exchange Traded Funds (ETF's) as it is a strictly technical strategy.

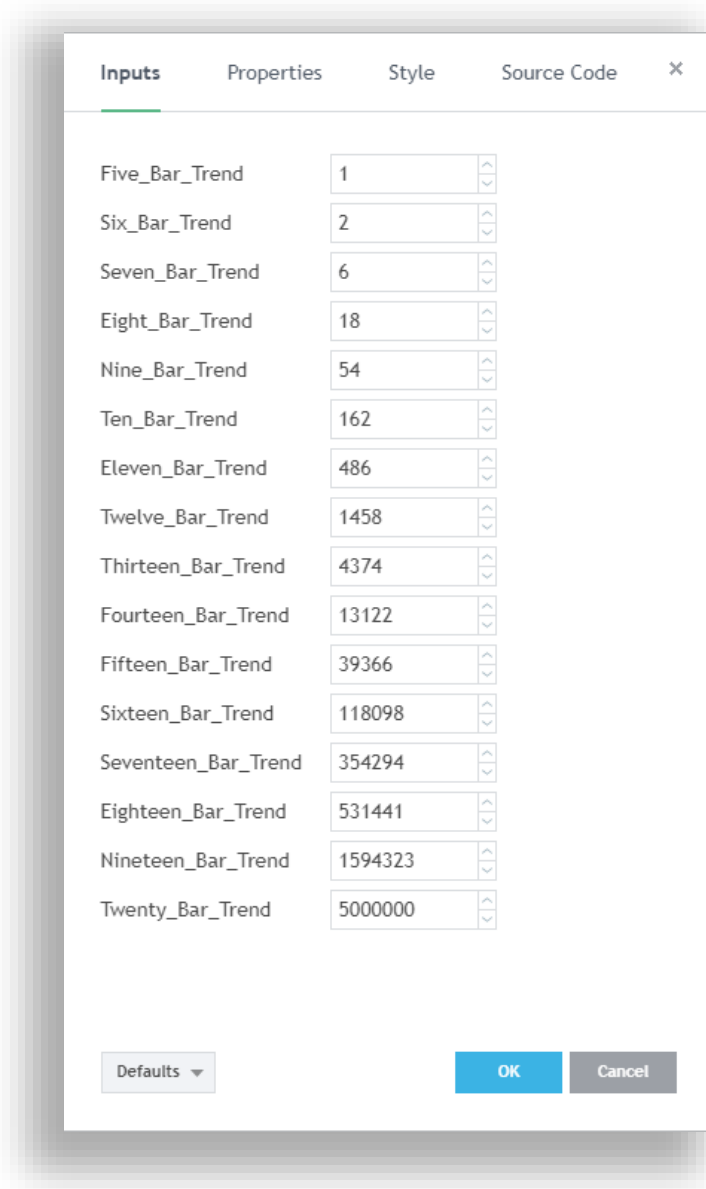The performance summary on the proceeding page is an example of results that the strategy has produced under default input values that have been optimized for performance across a broad range of market securities and represent typical performance of the strategy. Furthermore, these input values can be modified for optimal performance against a single asset and will be discussed in further detail in the next segment.

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Probability Genius ⚙   *NASDAQ: AAPL 1 Day Time Stamp*   Overview   Performance Summary   List of Trades

	All	Long	Short
Net Profit	$ 228300.00 228.3 %	$ 228300.00 228.3 %	$ 0 0 %
Gross Profit	$ 308160.00 308.16 %	$ 308160.00 308.16 %	$ 0 0 %
Gross Loss	$ 79860.00 79.86 %	$ 79860.00 79.86 %	$ 0 0 %
Max Drawdown	$ 11860.00 5.55 %		
Buy & Hold Return	$ 32436842.11 32436.84 %		
Sharpe Ratio	0.067		
Profit Factor	3.859	3.859	N/A
Max Contracts Held	216000	216000	0
Open PL	$ 0 0 %		
Commission Paid	$ 0	$ 0	$ 0
Total Closed Trades	371	371	0
Total Open Trades	0	0	0
Number Winning Trades	191	191	0
Number Losing Trades	138	138	0
Percent Profitable	51.48 %	51.48 %	N/A
Avg Trade	$ 615.36 0.62 %	$ 615.36 0.62 %	N/A N/A
Avg Win Trade	$ 1613.40 1.61 %	$ 1613.40 1.61 %	N/A N/A
Avg Los Trade	$ 578.70 0.58 %	$ 578.70 0.58 %	N/A N/A
Ratio Avg Win / Avg Loss	2.788	2.788	N/A
Largest Win Trade	$ 54000.00 22.81 %	$ 54000.00 22.81 %	N/A N/A
Largest Losing Trade	$ 8040.00 3.63 %	$ 8040.00 3.63 %	N/A N/A
Avg # Bars in Trades	2	2	0
Avg # Bars in Winning Trades	2	2	0
Avg # Bars in Losing Trades	2	2	0

Input Values

This indicator uses editable parameters. Changing these will result in immediate changes to the strategy.
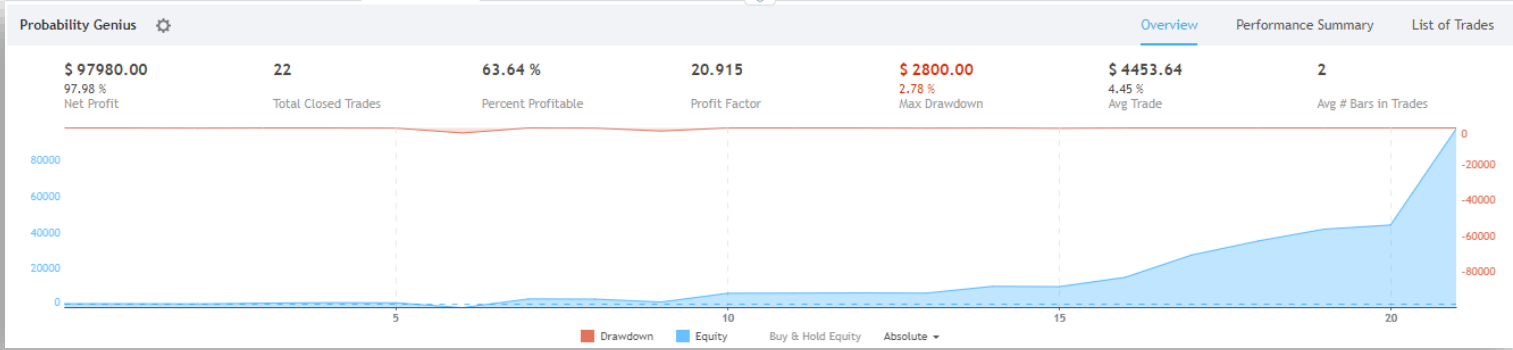
The input values are labelled according to the trade in the series that they represent. If five consecutive candles close low, the input value labelled, "*Five_Bar_Trend*" defines the volume of units that will be purchased on this occasion.

Inputs	Properties	Style	Source Code	×

Five_Bar_Trend	1
Six_Bar_Trend	2
Seven_Bar_Trend	6
Eight_Bar_Trend	18
Nine_Bar_Trend	54
Ten_Bar_Trend	162
Eleven_Bar_Trend	486
Twelve_Bar_Trend	1458
Thirteen_Bar_Trend	4374
Fourteen_Bar_Trend	13122
Fifteen_Bar_Trend	39366
Sixteen_Bar_Trend	118098
Seventeen_Bar_Trend	354294
Eighteen_Bar_Trend	531441
Nineteen_Bar_Trend	1594323
Twenty_Bar_Trend	5000000

Defaults ▾   OK   Cancel

If the trader wishes to reduce risk, input values can be set at zero to delay initiation of transactions, resulting in reduced drawdown and increased profitability. This can be beneficial when looking to reduce brokerage costs.

Delaying the initiation of transactions will result in lower trade frequency, increased profitability, profit factor, and average trade. Note that the net profit is significantly less.

Probability Genius ⚙						Overview	Performance Summary	List of Trades

$ 97980.00	22	63.64 %	20.915	$ 2800.00	$ 4453.64	2
97.98 %				2.78 %	4.45 %	
Net Profit	Total Closed Trades	Percent Profitable	Profit Factor	Max Drawdown	Avg Trade	Avg # Bars in Trades

■ Drawdown   ■ Equity   Buy & Hold Equity   Absolute ▾

Probability Genius ⚙	Overview	Performance Summary	List of Trades

	All	Long	Short
Net Profit	$ 97980.00 97.98 %	$ 97980.00 97.98 %	$ 0 0 %
Gross Profit	$ 102900.00 102.9 %	$ 102900.00 102.9 %	$ 0 0 %
Gross Loss	$ 4920.00 4.92 %	$ 4920.00 4.92 %	$ 0 0 %
Max Drawdown	$ 2800.00 2.78 %		
Buy & Hold Return	$ 37748979.59 37748.98 %		
Sharpe Ratio	0.006		
Profit Factor	20.915	20.915	N/A
Max Contracts Held	216000	216000	0
Open PL	$ 0 0 %		
Commission Paid	$ 0	$ 0	$ 0
Total Closed Trades	22	22	0
Total Open Trades	0	0	0
Number Winning Trades	14	14	0
Number Losing Trades	7	7	0
Percent Profitable	63.64 %	63.64 %	N/A

![Kenzing - Pinescript Trading Indicators]

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