The One Percent Per Week TQQQ Trading Strategy:

MAKING IMPROVEMENTS II

by: Guy R. Fleury

This article aims to improve the trading program in places I know will have a long-term positive impact, as described extensively in my recent articles. These added or modified trading procedures will seek no objective other than higher profits.

A persistent question is whether the program modifications will be profitable over the long haul.

As said in my previous article[1] on trading strategy improvements, I cannot predict the price move for next week. However, over the long term, we can all see that the market trend, on average, has been on the upside for decades. Therefore, we can make averages of the average trading behavior of our procedures and evaluate their impact on our strategies' outcomes.

We might not know the outcome of a coming short-term trade, as if its result were subject to an unknown and biased coin flip. But we still know, on average, that our trading strategy does so and so.

A trading strategy's past behavior already tells us something that might be more valuable than we think.

We would need a sufficiently large number of trades to make these trading methods statistically significant, which we have in this case (791 trades, as shown in Figure #3 below).

My version of the program code for **The One Percent Per Week** (OPPW) trading strategy has a 51.45% hit rate (see Figure #3 below). The program code for this strategy was first published (2024) in my free book: **Gain Your Financial Freedom**. The strategy's program code was also made available on the Wealth-Lab forum.[2]

In my previous article: **The One Percent Per Week TQQQ Trading Strategy: MAKING IMPROVEMENTS**, I covered how to improve the long-term outcome of this trading strategy based on the strategy's portfolio equation.

This subject was also partly covered in prior articles such as **The One Percent Per Week TQQQ Trading Strategy: MY EQUATION**, and **One Percent Per Week Strategy: TRADE DISTRIBUTION**.

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[1] **The One Percent Per Week TQQQ Trading Strategy: MAKING IMPROVEMENTS**.

[2] Refer to **post #105** in the Wealth-Lab thread.

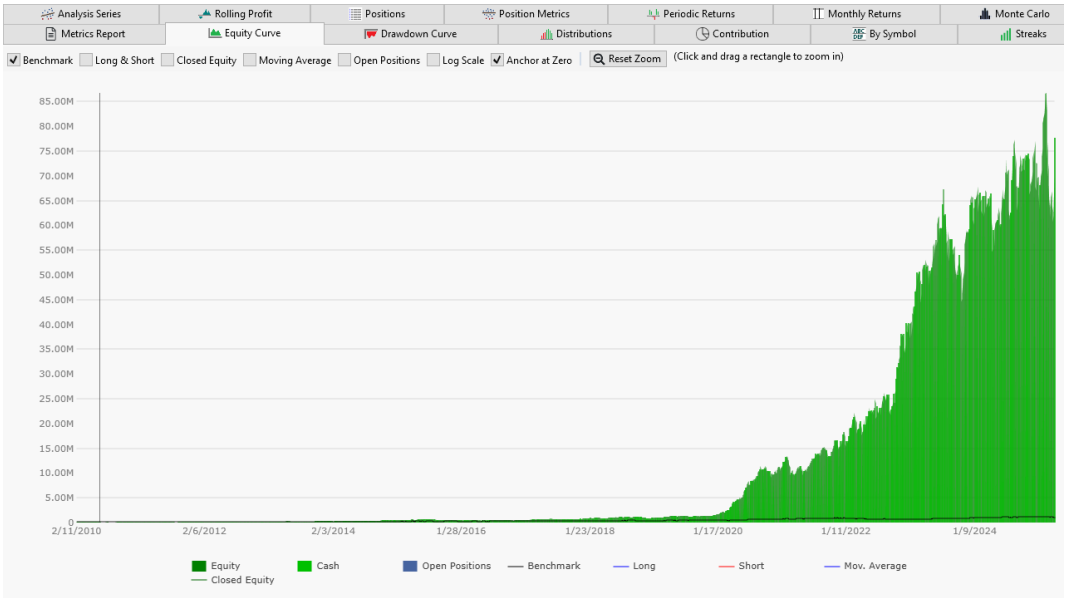
In the above-cited articles, the intent was to provide tools you could use to improve overall portfolio performance. To visualize the impact of those proposed program modifications, I made tens of thousands of Monte Carlo simulations using regenerated random trades based on the achieved 15-year Wealth-Lab portfolio simulation metrics.

I have not changed my version of the strategy's code since May 2024. It will now change.

My first step is to show the current outcome of my program version. It makes it an 11-month walk-forward.[3]

As in all my other simulations, the starting point will be February 2010, the first month that TQQQ was tradable. The endpoint will be April 8, 2025, only to ease comparisons. It will enable us to make modifications on the same footing. From there, we can compare the impact of any change on the trading script and its monetary consequences.

Figure #1: Wealth-Lab Portfolio Simulation. April 8, 2025. Equity Curve.



(*Click here to enlarge*)

The above chart shows the equity curve for my version of the **One Percent Per Week** trading strategy over the last 15+ years. The strategy maintained an average return of 1% per trade over the period. It took 15 years and two months to reach those levels. It was not an overnight operation, to say the least.

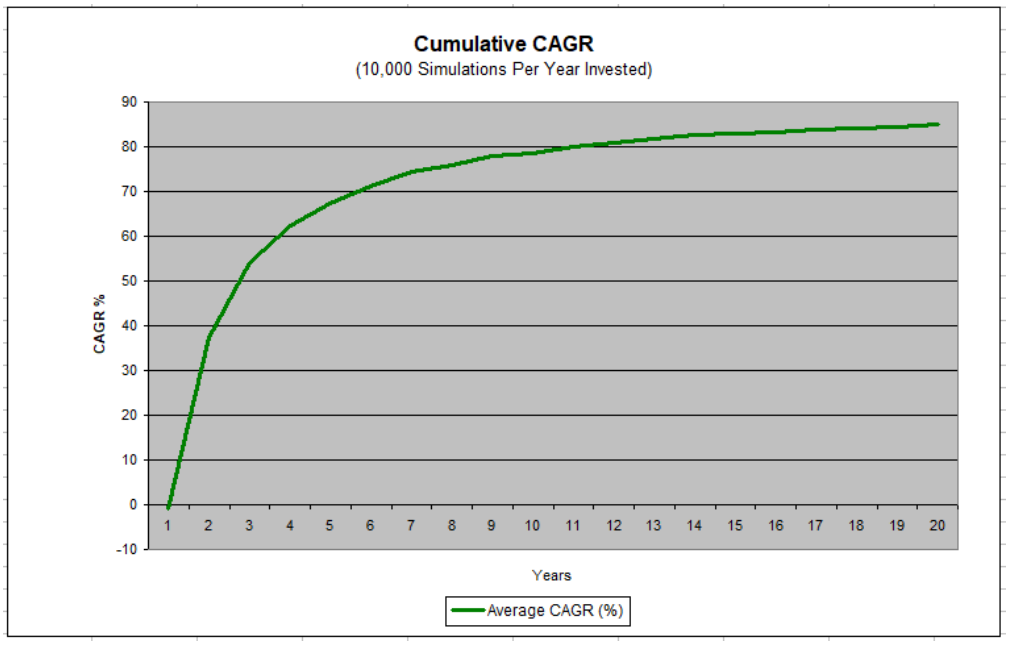
You had to be at the start of every trading week to have your program take those

[3] All my articles since September 2024 are related to the **One Percent Per Week** strategy.

trades. My program could execute those trades in a few milliseconds. The portfolio simulation metrics for Figure #1 are in Figure #3 below. The faint and flat dark line at the bottom of the chart is QQQ, which served as the benchmark. It should be easy to advocate that the strategy outperformed QQQ over the period.

It is worth repeating: the CAGR did not get there instantly. It took years.[4]

Figure #2: 10,000 Simulations per year, cumulative.



(*Click here to enlarge*)

The chart above needs some explanation. It's the result of 200,000 simulations, 10,000 per year. All the simulations used the 15-year OPPW strategy metrics. The chart results from adding one year at a time to the trading interval.

As we can observe, the rate of return took a few years to reach the 50% CAGR level and continued to increase over the 20-year period. We can see the slowdown in the increasing rate, as should be mathematically expected. The point of interest is year 15, when the outcome of the Monte Carlo simulations should tend, on average, to reach the same level as the Wealth-Lab 15-year portfolio metrics.

All the yearly dots in Figure #2 are the average of the 10,000 simulations done for all the years up to that year. It answers the question: What could the strategy have done over 1, 2, 3, ..., 19, and 20 years following the same 15-year portfolio metrics? The rationale for using the 15-year portfolio metrics is simple: 780 trades (15 years) are sufficient for those averages to be statistically significant to represent the whole.

[4] Figure #17 in **The One Percent Per Week TQQQ Trading Strategy: MY EQUATION** has the same chart and does illustrate the point.

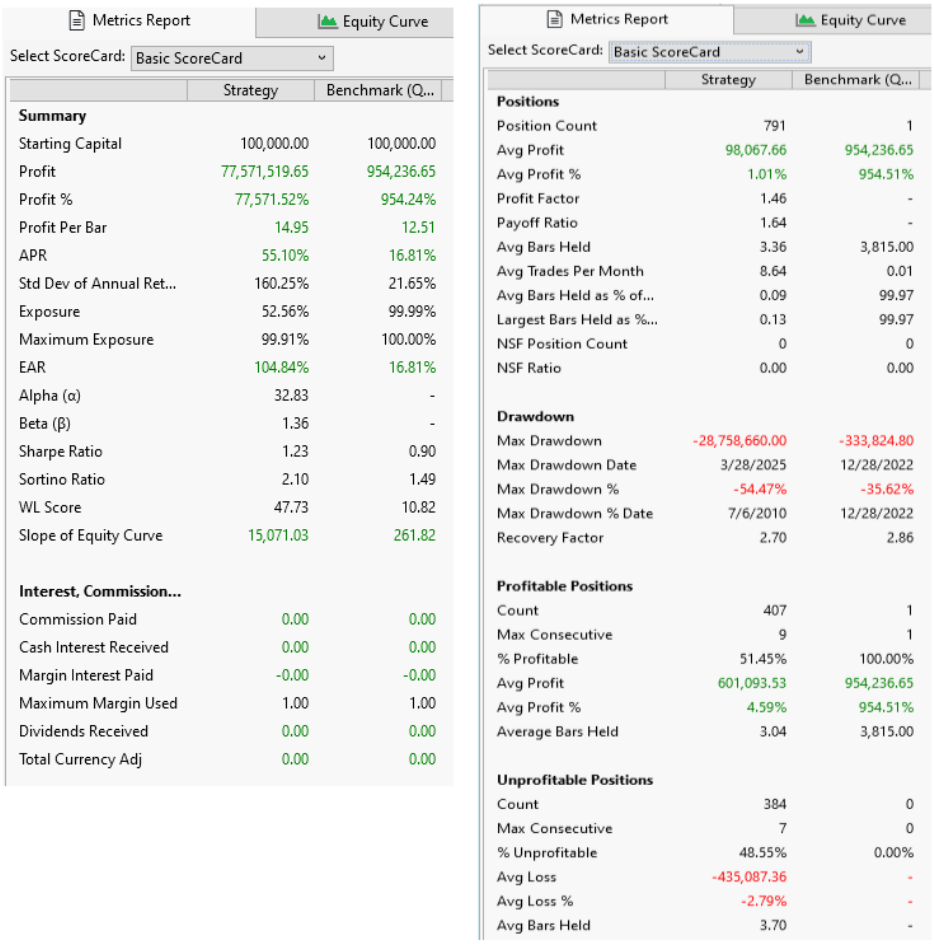
The portfolio metrics used for the above simulations were about the same as those in Figure #3 below.[5]

Using the portfolio simulation metrics[6] and making slight rounding adjustments over the third decimal to the average rate of winning and losing trades, we get:

$$F(t) = 0.5256 \cdot \$100,000 \cdot (1 + 0.04565)^{407} \cdot (1 - 0.0279)^{384} = \$77,964,811 \qquad (1)$$

which is relatively close to the portfolio metrics presented in Figure #3.

Figure #3: Wealth-Lab Portfolio Simulation. April 8, 2025. Portfolio Metrics.



Metrics Report | Equity Curve

Select ScoreCard: Basic ScoreCard

	Strategy	Benchmark (Q...
Summary		
Starting Capital	100,000.00	100,000.00
Profit	77,571,519.65	954,236.65
Profit %	77,571.52%	954.24%
Profit Per Bar	14.95	12.51
APR	55.10%	16.81%
Std Dev of Annual Ret...	160.25%	21.65%
Exposure	52.56%	99.99%
Maximum Exposure	99.91%	100.00%
EAR	104.84%	16.81%
Alpha (α)	32.83	-
Beta (β)	1.36	-
Sharpe Ratio	1.23	0.90
Sortino Ratio	2.10	1.49
WL Score	47.73	10.82
Slope of Equity Curve	15,071.03	261.82
Interest, Commission...		
Commission Paid	0.00	0.00
Cash Interest Received	0.00	0.00
Margin Interest Paid	-0.00	-0.00
Maximum Margin Used	1.00	1.00
Dividends Received	0.00	0.00
Total Currency Adj	0.00	0.00

Metrics Report | Equity Curve

Select ScoreCard: Basic ScoreCard

	Strategy	Benchmark (Q...
Positions		
Position Count	791	1
Avg Profit	98,067.66	954,236.65
Avg Profit %	1.01%	954.51%
Profit Factor	1.46	-
Payoff Ratio	1.64	-
Avg Bars Held	3.36	3,815.00
Avg Trades Per Month	8.64	0.01
Avg Bars Held as % of...	0.09	99.97
Largest Bars Held as %...	0.13	99.97
NSF Position Count	0	0
NSF Ratio	0.00	0.00
Drawdown		
Max Drawdown	-28,758,660.00	-333,824.80
Max Drawdown Date	3/28/2025	12/28/2022
Max Drawdown %	-54.47%	-35.62%
Max Drawdown % Date	7/6/2010	12/28/2022
Recovery Factor	2.70	2.86
Profitable Positions		
Count	407	1
Max Consecutive	9	1
% Profitable	51.45%	100.00%
Avg Profit	601,093.53	954,236.65
Avg Profit %	4.59%	954.51%
Average Bars Held	3.04	3,815.00
Unprofitable Positions		
Count	384	0
Max Consecutive	7	0
% Unprofitable	48.55%	0.00%
Avg Loss	-435,087.36	-
Avg Loss %	-2.79%	-
Avg Bars Held	3.70	-

(*Click here to enlarge*)

The result also justifies using the possible range of those rounding numbers. These are not rounding errors. The percent return per trade metrics had two decimals of precision.

[5] Refer to **The One Percent Per Week TQQQ Trading Strategy: MAKING IMPROVEMENTS** for the simulations.

[6] See **The One Percent Per Week TQQQ Trading Strategy: MY EQUATION** for more details.

A small change in those winning and losing average profits per trade can have quite an impact due to the large number of trades. Equation (1) is still a compounding function after all.

THE FIRST MODIFICATION

In prior articles, I hinted you could make small changes to the OPPW strategy, which would considerably impact the overall performance. What follows is such a program change.

The first modification I will make is relatively minor. The idea is to have Type-C trades accept small losses as they attempt to rebound and get closer to their break-even point.

These trades were designated Type-C in the above-cited articles and numbered around 224 (about 28% of total trades).

From the trading rules for my strategy: if the price is below the trade's entry price at the close of the day, a sell-at-limit order is issued at the opening price the next day for a break-even trade scenario. No loss and no gain. This procedure is the only explicit stop loss given for this strategy. The other is the time-limited stop loss or gain, which is executed at Friday's closing price, whatever it may be.

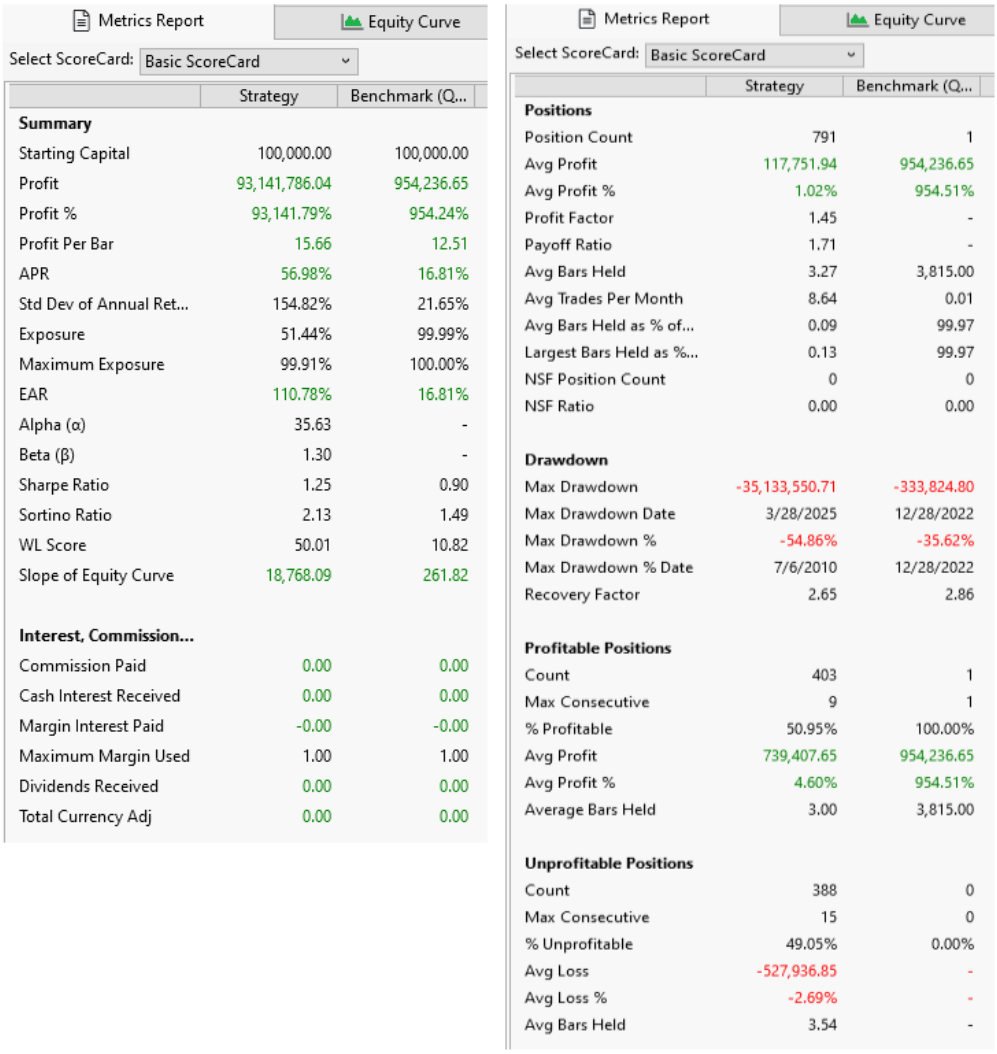
In the previous article, **The One Percent Per Week TQQQ Trading Strategy: MAKING IMPROVEMENTS**, the 222 Type-C trades had no direct impact on the outcome of the strategy: $((1 + 0.0)^{222} = 1.0)$. Nonetheless, it is their presence that made all the difference. Type-C trades are the counterpart to Type-B trades, which are usually all profitable.

Without the break-even procedure, Type-B trades could be mostly canceled out by Type-C trades as its mirror image of the trade distribution. With the Type-C trade break-even stop-loss, we get a positive trade imbalance that greatly advantages Type-B trades. The Type-C trades are not canceling any Type-B trades. As previously demonstrated, Type-D trades can cancel out most of the profits generated by Type-A trades.

Type-C trades save the day, oops, save the week. They leave Type-B trades unharmed and help to reap most of the strategy's trading profits.

Allowing Type-C trades to have losses, even small ones, should impact and reduce the overall portfolio performance. For instance, allowing a 1% stop loss for Type-C trades would result in $((1 - 0.01)^{222} = 0.1074)$, making you lose -89.25% of your portfolio's long-term value.

Figure #4: Wealth-Lab Portfolio Simulation. April 8, 2025. First Improvement.



Metrics Report | Equity Curve

Select ScoreCard: Basic ScoreCard

	Strategy	Benchmark (Q...
Summary		
Starting Capital	100,000.00	100,000.00
Profit	93,141,786.04	954,236.65
Profit %	93,141.79%	954.24%
Profit Per Bar	15.66	12.51
APR	56.98%	16.81%
Std Dev of Annual Ret...	154.82%	21.65%
Exposure	51.44%	99.99%
Maximum Exposure	99.91%	100.00%
EAR	110.78%	16.81%
Alpha (α)	35.63	-
Beta (β)	1.30	-
Sharpe Ratio	1.25	0.90
Sortino Ratio	2.13	1.49
WL Score	50.01	10.82
Slope of Equity Curve	18,768.09	261.82
Interest, Commission...		
Commission Paid	0.00	0.00
Cash Interest Received	0.00	0.00
Margin Interest Paid	-0.00	-0.00
Maximum Margin Used	1.00	1.00
Dividends Received	0.00	0.00
Total Currency Adj	0.00	0.00

Metrics Report | Equity Curve

Select ScoreCard: Basic ScoreCard

	Strategy	Benchmark (Q...
Positions		
Position Count	791	1
Avg Profit	117,751.94	954,236.65
Avg Profit %	1.02%	954.51%
Profit Factor	1.45	-
Payoff Ratio	1.71	-
Avg Bars Held	3.27	3,815.00
Avg Trades Per Month	8.64	0.01
Avg Bars Held as % of...	0.09	99.97
Largest Bars Held as %...	0.13	99.97
NSF Position Count	0	0
NSF Ratio	0.00	0.00
Drawdown		
Max Drawdown	-35,133,550.71	-333,824.80
Max Drawdown Date	3/28/2025	12/28/2022
Max Drawdown %	-54.86%	-35.62%
Max Drawdown % Date	7/6/2010	12/28/2022
Recovery Factor	2.65	2.86
Profitable Positions		
Count	403	1
Max Consecutive	9	1
% Profitable	50.95%	100.00%
Avg Profit	739,407.65	954,236.65
Avg Profit %	4.60%	954.51%
Average Bars Held	3.00	3,815.00
Unprofitable Positions		
Count	388	0
Max Consecutive	15	0
% Unprofitable	49.05%	0.00%
Avg Loss	-527,936.85	-
Avg Loss %	-2.69%	-
Avg Bars Held	3.54	-

(*Click here to enlarge*)

You could compensate for this 1% stop loss by improving on the other trade types. They would have to contribute a 931% combined return to compensate for that average 1% stop loss on Type-C trade. We can immediately see the merits of adhering to the break-even stop loss.

Nevertheless, the first proposed change is to increase the Type-C stop-loss, not by much, but it will still have an impact.

You allow Type-C trades to register a slight loss rather than attempting to break even.

In this case, I set the acceptable loss at -0.25%. So, instead of using 100% of the entry price as the exit price, we will use 99.75% of the entry price. As if almost getting there. A trade finishing the day lower than its entry price could be sold if, the next day, it bounces back close enough to its break-even level.

The impact of that small change on the stop-loss level appears in Figure #4 above.

The program change was easy to do.

The entire change to the program was the following line of code where the profit target is reduced by one-quarter of 1%. The code change went from:

```
double target = LastOpenPosition.EntryPrice * 1.0;
```

to the following:

```
double target = LastOpenPosition.EntryPrice * 0.9975;
```

My new line of code can prevail if TQQQ declines below its opening price and attempts a rebound to break even.

It is not a major program change. Nonetheless, it managed to raise the portfolio value to $93,141,786 from $77,571,519, a $15,570,267 difference for accepting to lose more money on your trades.

It appears counter-intuitive: if you accept more losses, it should not generate more profits, yet it does.

We lowered the stop loss level, which assured an average loss on all Type-C trades, albeit small (0.0025), but still a loss. And it added $15 million to the trading account.

Regardless, the added gain has to come from somewhere and be a reasonable consequence of the applied procedural change, even if it is minimal.

The procedural change moved some trades from one trade type to another. It did not change the total number of trades (we still have one trade per week).

So, where does the money come from?

The way my program version is structured, if, any day, the price closes below the entry price, the next day, the program will set the profit target at the entry price minus -0.25%. All it can do afterward is to be executed at that price and with the -0.25% loss. Therefore, all Type-C trades will have a loss of -0.25% instead of having reached their zero loss break-even point.

However, by doing this, we also reduced the overall profit target by -0.25%. Instead of looking for an 8.18% profit target on Type-A trades, we are now accepting a 7.91% profit. This average profit target reduction should also reduce overall profits (we had 137 Type-A trades).

By reducing the overall profit target, we changed the strategy's dynamics.

From the start, my strategy was considered chicken in its way of looking at trading. If it saw some weakness (lower prices), it would try to run away (break-even). In this case, Type-D trades ate most of Type-A's lunch. The program has no protection for Type-D trades, except for the time limit set at Friday's close.

From the portfolio metrics of Figure #4, with its hit rate at 50.95%, we get:

$$F(t) = 0.5144 \cdot \$100,000 \cdot (1 + 0.046)^{403} \cdot (1 - 0.0270)^{388} = \$93,401,070 \qquad (2)$$

And if we compare that to equation (1) above, with its 51.45% hit rate, it generated:

$$F(t) = 0.5256 \cdot \$100,000 \cdot (1 + 0.04565)^{407} \cdot (1 - 0.0279)^{384} = \$77,964,811$$

We had more trades with losses, fewer trades with winners, and lower exposure. All these items should contribute to producing less. Yet, the overall result improved by 19.8%, or as said before, by $15,570,267.

A simple reminder: we started with an initial capital of only $100k. If we had started with $1 million, the difference would be ten times larger, or $155,702,670 for having accepted a -0.25% stop loss. It would also have given you a portfolio value of $934,010,700 since the strategy is 100% scalable, as demonstrated multiple times in prior articles. You can verify all that for yourself since you have a copy of the program code.

To put the stop-loss in perspective, 0.25% on a $50 stock is 12.5 cents and 25 cents on a $100 stock. These are not big price moves. Nonetheless, overall, those pennies do add up over the long term.[7]

So, where is the money coming from? The slight added stop loss had an impact in two places.

First, the strategy became even more chicken facing adversity. It did not wait for break-even to get out. If it only got close to breaking even, it was enough to get out of the way. Thereby saving itself a few times from trades that almost reached break-even and then fell hard. Saying something like: what you do not lose stays in your trading account.

Second, the other place where the strategy gains some money is similar to the new stop-loss procedure. Some of the trades that would have almost hit the original profit target to then decline were now hitting the reduced profit target. Again, acting chicken, opting for: I got this now, why wait for more?

This slightly reduced profit target also shows how sensitive a trading strategy of this type can be. From what is quite a minor code modification (see the code line change

[7] Before decimalization in 2001, the lowest price change was given in eights ($\frac{1}{8}$) or $0.125. It was also the minimum spread between bid and ask.

above), we increased overall performance by 19.8% and obtained an overall 56.98% CAGR over those 15+ years.

We should also compare the outcome of the OPPW trading strategy to an achievable and expected long-term market average. Figures #3 and #4 have QQQ as a benchmark which generated a 16.81% CAGR over the same period.

Buying and holding QQQ would have generated $954,236. We should compare that to the $93,141,786, also shown in Figure #4.

Nonetheless, historically, QQQ outperformed SPY and would have been a better choice than having your portfolio return tend to SPY's expected long-term return. As said before, the OPPW strategy, even with my improvement, will require about five minutes of your time per week, which is much more effort than just holding SPY.

Will you tax your time by those five minutes weekly to get those higher returns? It is all a matter of choice, your choice.

We are left with one question: will the past trading behavior of a trading strategy of this kind exhibit close to the same characteristics in the future?

That should be answered by Figure #2 above, where your long-term CAGR continues to rise, on average, even in a randomly generated Monte Carlo trading environment where each yearly point was the average outcome of 10,000 simulations based on the same portfolio metrics as used in Figure #3.

I see several ways to enhance the OPPW strategy to help it generate more profits.

Related Papers and Articles:

The One Percent Per Week TQQQ Trading Strategy: MAKING IMPROVEMENTS

The One Percent Per Week TQQQ Trading Strategy: MY EQUATION

One Percent Per Week Strategy: Some Trading Habits

One Percent Per Week Strategy: Trade Distribution

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The One Percent a Week Stock Trading Program: **Part VII**, and **Part VIII**

The One Percent a Week Stock Trading Program: **Part V**, and **Part VI**

The One Percent a Week Stock Trading Program: **Part III**, and **Part IV**

The One Percent a Week Stock Trading Program: **Part I**, and **Part II**

The Long-Term Stock Trading Problem: **Part I**, and **Part II**

QQQ To The Rescue

Take the Money and Keep it – II

Use QQQ - Make the Money and Keep IT

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