THE TQQQ 3x-LEVERAGED SCENARIO

by: Guy R. Fleury

In this strategy, we use the TQQQ ETF as a trading vehicle. And since TQQQ is a 3x-leveraged ETF, we should expect it to generate something approaching three times QQQ's long-term return. TQQQ behaves as a 3x-leveraged QQQ ETF, which tracks the NDX index composed of the top 100 highest-valued stocks on NASDAQ.

Few strategies operate at such levels. We have the Medallion Fund example, which has reached those levels over the past 30+ years (63% CAGR before fees, 39% net after fees). That fund is reserved to Renaissance's higher management echelons and is not open to the public. However, by doing it yourself, you could reach similar results and not be subject to such fees, making the total outcome your own.

The ***One Percent Per Week*** stock trading strategy has for simple objective to generate, **on average**, and over the long-term, 1% per week. That is a big mandate.

Putting it in numbers, it is: $(1+0.01)^{52} = 1.677$, a request for an average compounded annual growth rate (CAGR) of 67.7% per year. After 15 years, it would represent about 2,347 times your original investment. If you compare this to a 10% to 20% CAGR that the general market has the habit of delivering over the long term, you will get 4.17 to 15.4 times your investment over the same period. The stakes are high, and not in a small way.

Add 5 more years to the above scenario, so, over 20 years, the strategy's outcome would jump to 31,205x compared to 38.3x for the 20% CAGR. That is 815 times more. Making the portfolio's outcome 81,475% better and not something like going for a 50% increase on SPY's expected long-term return of about 10%, which would only give 16.36x your investment. You are in another league with this ***One Percent Per Week*** trading strategy.

We all know that with higher returns also comes higher risks. We will also have to deal with the Law of diminishing returns over time. And dealing with a 3x-leveraged ETF, we certainly should expect higher volatility, meaning higher drawdowns. The question becomes: is the added volatility worth it?

We have a lot of financial literature on portfolio management and the mitigation of investment risks.

Here, I will accept what a market guru said recently: the market will be "potentially accompanied by bouts of volatility." Yeah, sure, prices will fluctuate in the future as they have in the past.

Thousands of research papers are published on portfolio management each month;

it will not stop anytime soon. New tools, new software, new methods, and new skills are being applied almost every day. We cannot keep pace anymore; there is too much to analyze, absorb, and maybe later implement.

Nonetheless, we must make do with what we have at hand while still keeping an eye open for new ideas and better strategies.

There will always be a better trading strategy.
We should make do with the best we have
until we find something better.

Even if we have something better, we can still run a multi-strategy system composed of our best strategies. You are always the one to decide what you want to do. So, do take charge. After all, it is your money, your future.

I will address some portfolio management concerns in light of other trading programs. Further, I will look at the possibilities of integrating the ***One Percent Per Week*** trading script into your program and examine their combined possibilities and long-term potential.

If your trading strategy cannot last
over extended time intervals,
what is it good for?

I expect you already have a stock trading strategy that, over the long term, can generate a 20 to 25% CAGR. It is already a generous portfolio return compared to what is typically available, nearing the 10% to 15% return for the average mutual or index fund. If your portfolio does better, great.

I have studied thousands of trading strategies over the past 50 years (yes, I am old), always looking for better ones and always finding one. This one is no exception and can be significantly improved to generate even more.

FROM WEALTH-LAB 8 SIMULATIONS

I will use my latest WL8 portfolio simulation metrics (January 17^{th}) to elaborate on important and relevant aspects suitable for other programs.

In my recent articles, I described the ***One Percent Per Week*** strategy's outcome using the following portfolio equation:

$$\mathrm{E}\left[F(t)\right] = \bar{e} \cdot (1+\bar{\gamma})^N \cdot b_0 \cdot \prod_1^N \cdot (1 \pm r_i) \tag{1}$$

which, from its latest simulation, had an average exposure rate of 0.51 ($\bar{e} = 0.51$). No leverage was used. So, we can cancel the gamma function ($\cancel{(1+\bar{\gamma})^N}$) since with

$\bar{\gamma} = 0$, this function will equal 1. The initial bet b_0 served as the initial capital put to work.

The portfolio is fully invested at the start of every week with its one TQQQ position. We have a fair representation of the overall weekly return series in the product function: $\prod_1^N \cdot (1 \pm r_i)$.

Equation (1) could be restated as: $F(t) = F_0 \cdot (1 + \bar{g})^N$, which is simply a future value formula that has been around for centuries. We could consider each week's position as separate investments following the future value formula. As in prior articles, the total profit would be: $\sum_1^N b_i \cdot r_i$. But that expression does not give us anything of value. We can all add up the outcome of our bets at the end, even if we have 779.

Let's extract more from the product equation and write an equivalent:

$$\prod_1^N \cdot (1 \pm r_i) = (1 + \bar{r})^N$$

where $\bar{r}$ is the average overall return per trade

$$\left[\prod_1^N \cdot (1 \pm r_i)\right]^{\frac{1}{N}} - 1 = \bar{r}$$

For the ***One Percent Per Week*** strategy, the average return turns out to be about 1% per trade on the 779 executed trades (one week less than 15 years).

The strategy took only one trade per week (no matter the market conditions), and it reached its average weekly objective of 1% per week (see "Avg Profit % in the Positions section of Figure #1 below).

We can also express the sequences of weekly returns as:

$$(1 \pm r_i)^N = (1 + \bar{r}_+)^W \cdot (1 - \bar{r}_-)^L$$

which separates average Winning and Losing trades with $N = W + L$.

Putting that in portfolio equation (1) with its average winning and losing trades, we have based on the January 17th simulation:

$$0.51 \cdot \$100,000 \cdot \prod_1^N \cdot (1 \pm r_i) = 0.51 \cdot \$100,000 \cdot (1 + 0.0451)^{401} \cdot (1 - 0.0273)^{378} \quad (2)$$

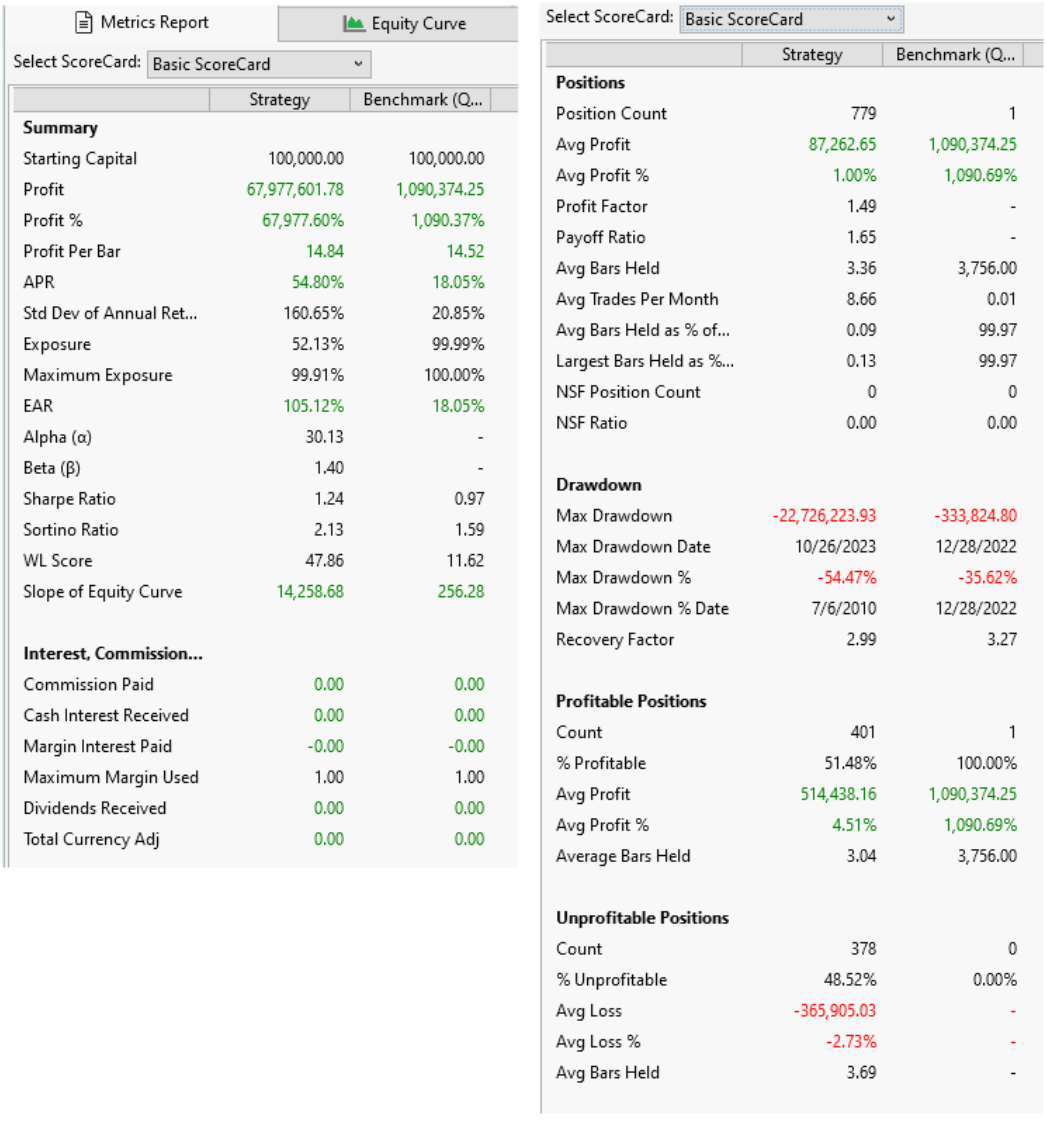
which totals $\$68,753,870$.

The WL8 simulation came in at $\$67,977,601$, which is relatively close to the equation's outcome. The 0.51 is the strategy's average exposure rate. The lower exposure is

because the strategy is not invested in the market all the time, only about half the time. It is understandable since some trades are closed before their Friday deadline.

The product function parameters were replaced with the portfolio simulation metrics for positive and negative trades and their respective number of occurrences. Since its first simulation in early May 2024, the simulation's outcome maintained its objective of reaching an average weekly return of 1%. The strategy did not break down during the eight added months of trading.

Figure #1: Capital $100k, 15 Years. WL8 Metrics



Metrics Report | Equity Curve

Select ScoreCard: Basic ScoreCard

	Strategy	Benchmark (Q...
Summary		
Starting Capital	100,000.00	100,000.00
Profit	67,977,601.78	1,090,374.25
Profit %	67,977.60%	1,090.37%
Profit Per Bar	14.84	14.52
APR	54.80%	18.05%
Std Dev of Annual Ret...	160.65%	20.85%
Exposure	52.13%	99.99%
Maximum Exposure	99.91%	100.00%
EAR	105.12%	18.05%
Alpha (α)	30.13	-
Beta (β)	1.40	-
Sharpe Ratio	1.24	0.97
Sortino Ratio	2.13	1.59
WL Score	47.86	11.62
Slope of Equity Curve	14,258.68	256.28
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

Select ScoreCard: Basic ScoreCard

	Strategy	Benchmark (Q...
Positions		
Position Count	779	1
Avg Profit	87,262.65	1,090,374.25
Avg Profit %	1.00%	1,090.69%
Profit Factor	1.49	-
Payoff Ratio	1.65	-
Avg Bars Held	3.36	3,756.00
Avg Trades Per Month	8.66	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	-22,726,223.93	-333,824.80
Max Drawdown Date	10/26/2023	12/28/2022
Max Drawdown %	-54.47%	-35.62%
Max Drawdown % Date	7/6/2010	12/28/2022
Recovery Factor	2.99	3.27
Profitable Positions		
Count	401	1
% Profitable	51.48%	100.00%
Avg Profit	514,438.16	1,090,374.25
Avg Profit %	4.51%	1,090.69%
Average Bars Held	3.04	3,756.00
Unprofitable Positions		
Count	378	0
% Unprofitable	48.52%	0.00%
Avg Loss	-365,905.03	-
Avg Loss %	-2.73%	-
Avg Bars Held	3.69	-

(**Click here to enlarge**)

The strategy will reach its 15^{th} year of market data in one week. It managed a remarkable 54.8% compounded over those 15 years, even with only a 52.13% exposure rate (TQQQ started trading in February 2010).

From May 2024 to January 17^{th} 2025, we could consider that the strategy was in the 8^{th} month of its walk-forward testing phase and that it maintained its long-term objective of providing that 1% average return per week. I have made no changes to the program since May 2024, which justifies viewing this simulation as another walk-forward since it is operating on data it has never seen before.

I broke down the trade outcomes into four categories, with types A and B having positive outcomes and types C and D having negative results. This classification separated winning and losing trades as per Table #1.

Table #1: Trade Statistics – January 17^{th}, 2025

Trade Type	Trade Outcome	Trade Result	# Trades	≈ Percent Of Total	Reason Position Sold	Average # Trades/Year
A	Positive	$>= 7\%$	131	≈ 16.80%	Above Profit Target	8.7
B	Positive	$> 0 < 7\%$	270	≈ 34.66%	On Friday's Close	18.7
C	Zero	$= 0$	222	≈ 28.49%	Break Even	14.8
D	Negative	< 0	156	≈ 20.02%	Losing Positions	10.4
		Total $\rightarrow$	779			

The TQQQ strategy's trading rules are simple:

– Every Monday. It uses a limit buy order above the ask at the open.
– If the profit target is reached ($>= 7\%$) during the week, it sells the position.
– If the price falls below the opening price, it will issue a sell limit order the next day at the entry price to break even.
– If the price does not rebound or reach its targets, it liquidates on Friday's close.

These trading rules have no sophistication whatsoever. The trading procedures are entirely arbitrary. No fundamental or technical data was used as decision surrogates. However, it does not say that those particular trading rules were non-productive or had no foundation in reality.

Those trades adhere, on average, to a trading philosophy based on the fear of loss.

The strategy will play chicken at the first sign of seeing its position at a loss at the close of any trading day, however small.

If a position closes on Monday, or any other day, with one penny per share of losses, it wants to get out of the trade the next day and stay out of the market for the rest of the week.

Buy on Monday's open and selling on Friday's close should get you close to the equivalent of a buy-and-hold scenario and get about the same results. Overall, with such trading rules, the buy-and-hold scenario should be preferred. It implies no work and could provide a slightly higher return, though not by much.

It is if you interfere with the trading over that one-week holding period that you can change the outcome for the better or the worse. Let's be real.

The *One Percent Per Week* strategy is simply gaming the system.

We have those 779 trades in Table #1, which defines the four types of trades according to their outcomes. Looking at past representation of Table #1, you will find similar percent ratios and average number of trades per year for each type of trade. The number of trades has increased over those 8.7 months by 38 trades (see the first article in the series on the ***One Percent Per Week*** strategy, Figures #5 and #6).

The 779 trades make the total number of trades sufficiently large to make it statistically significant. This is why we can use these long-term averages to describe the overall trading behavior of this short-term trading strategy. It is like answering the question: is the flip of a fair coin 779 times sufficient to determine that the odds are close to 50/50?

It is remarkable that this trading strategy has an equation using its simulation metrics that can explain its overall behavior. The same equation could also apply to other trading strategies.

This equation expresses those achieved long-term averages as statistically significant due to their large number of occurrences. Therefore, these portfolio metrics could be used to make short-term projections. Compare the portfolio metrics of the first simulation in May 2024 to this one in Figure #1 above. You will not see much change except for the total number of trades, which increased by 38 (the added 38 weeks since May 2024). The strategy also gained at least $10 million since then on a $100k investment.

Before mixing this strategy with anything else, let's first consider what it does on its own and start with a description of the four types of trades.

THE 4 TRADE TYPES

The trade types were divided into two groups according to the outcome of each trade: those ending with profits and those ending with losses and zero profits. Table #1 above gives the breakdown by type.

Type-A Trades: The ***One Percent Per Week*** strategy had 131 such trades out of 779, representing 16.8% of the total. They were all trades reaching, at least, their 7% profit targets (32.6% of all winning trades).

All trades were opened at 9:31 am, for the only reason it was Monday, and the market's trading day had just begun.

For a trade to be declared a Type-A trade, it had to reach its profit target.

In attempting to reach its profit target, it also had to close above Monday's entry price every day of the week. Otherwise, it would be declassified to Type-C (break even at best) and to Type-D at times, which would actualize the loss.

Every day of the week, a Type-A trade had to confirm it was profitable. The same was true for Type-B trades. Otherwise, both would lose their winning potential status and could not recuperate it back. One cent below the opening price at the close of any trading day would cause a trade to lose its favorable status as a potential winner.

On the first day of trading, where, often, a position could see red (losses), the position could still end the day with a profit and be of Type-B and potentially acquire a Type-A status later, which means that those two types of positions were at a profit by Monday's close. It is critical, and I should emphasize that point.

> To maintain their positive status, Type-A and Type-B candidates have to remain above Monday's opening price at the close of trading every day of the week and show a profit, however small.

If a trade ends as a Type-A, the risk of loss for that position is not that much visible. Even if the position saw red at some time on any day of the week, it still had to finish every day with a profit until liquidated after reaching its profit target.

Type-A trades have no other exit path than being sold at the preset target price or higher using its sell limit order already in the books.

The profit target could be hit on days 2, 3, 4, or 5. Once the target is hit, the program will wait until the following Monday before taking another position. It is partly why the exposure rate is lower than 100%. You could be out of the market 2, 3, or 4 days at times after a Type-A trade price target was hit.

The time limit for any trade is 5 trading days. Positions are opened on Monday and sold, at the latest, at Friday's closing price, whether at a profit or a loss.

Notwithstanding, during the week, Type-A and Type-B trade candidates could degrade to Type-C or, worse, to Type-D by Friday's close. We can check if the potential of a Type-A or Type-B status is holding by showing that the position is at a profit at the close of trading every day while waiting to reach its profit target or Friday's deadline limit.

On Mondays, your trade starts with no trade type assigned. On Tuesday's open, it will begin as a Type-C if Monday's close was at a loss and remain there. With a Monday close at a profit, we get a Type-B trade (being at a profit that is less than the profit target), and during the week, it could rise to Type-A or decline to Type-C.

The strategy is playing chicken. If it sees a sign of weakness (losing a penny at the close), it wants to get out and will issue the next day a sell limit order at Monday's entry price, thereby switching first to Type-C, or worse, at Friday's close ending as a Type-D with a loss.

Type-B Trades: There were 270 trades of Type-B, representing 34.66% of all trades and 67.3% of all winning trades. They all finished with a profit but lower than the 7% profit target.

> All those 270 trades were profitable. They could maintain their status only if they also closed above Monday's opening price every day of the week.

From the start, we do not know if a trade will be Type-A or Type-B. However, we know they totaled about 51.48% of all trades (401 out of 779, see Table #1 and Figure #1).

More than half of the trades confirmed they were profitable every day, which also meant having no losses at the end of every trading day.

Increasing those two types of trades can only benefit overall returns.

How could we qualify the risk of loss on those trades?

The portfolio equation for Table #1 is:

$$F(t) = \$100,000 \cdot\ 0.51 \cdot 1.089^{131} \cdot 1.0234^{270} \cdot (1.00 - 0.0273)^{378} = \$68,753,870 \quad (3)$$

The combined factors for Type-A and Type-B are $1.089^{131} \cdot 1.0234^{270} = 36,552,211$x the original stake.

There is a lot of profit potential there. If only the strategy could keep it. It is the whole point: the strategy cannot keep it up.

Those average returns are long-term averages. It took 15 years of weekly data to get them and, therefore, might not deviate much over the short term from their acquired long-term values.

However, the negative side of the distribution will eat up much of the potential derived from Type-A and Type-B trades. The strategy's simulation came in at $\$67,977,601$. The difference is due to the rounding of returns in this exponential function and the impact of losing trades.

We have 51.48% of trades showing from the start that they are Type-B or Type-A material, day after day. It means that every day of the week, these trades showed their profit potential simply by staying positive.

What is a reasonable measure of risk for the above two trade types?

Type-A trades can be closed any day except on Mondays, while Type-B trades have to wait until the close on Fridays. As long as those two types of trades are open, they will show their profits at the end of each day.

Therefore, on average, the risk of loss will be minimal for these two types of trades.

We could intervene intraday in Type-B trades using a preset stop-loss and sell the position while it dipped below the entry price.

But why not wait for the close? Following a dip in price, stocks often rebound. From Table #1, we have 270 such trades that were all positive (64.66% of all positive trades). However, you could intervene in a Type-B trade while it is positive and cashing in. The job is to make a profit; selling with a profit will do just that.

If something goes wrong during the week, meaning a Type-B trade loses its profits, it would be converted to Type-C the next day. And thereafter, the best it could do would be to break even. If things got worse, it could turn into Type-D trades by the close on Friday.

> The market does not care what rules you put in your trading script. It only goes its way. Based on the 51.48% hit rate, the strategy does show it is not far from a random outcome with a slight upward bias.

How many weeks did the QQQ ETF end with a profit over the last 15 years? How many do so without seeing a close below Monday's opening price all week?

> **All the losses are distributed in the Type-C and Type-D trades.**

Type-C Trades: From Table #1, Type-C trades are somewhat special. They produce absolutely nothing and yet remain necessary. If you remove Type-C trades, profits will drop sharply, effectively showing they were needed.

For the first few months, I thought Type-C trades resulted from a program logic bug. It was repeating and repeating its zero outcome on different days. Analyzing the program again during the summer, I changed my mind about the nature of that "bug" to now call it a welcomed program feature.

It results from a stop-loss procedure requesting a break-even following a dip below the entry price at the close of any trading day.

All trades that ended up as Type-C trades were liquidated at Monday's opening price in an attempt to break even. It could happen any day of the week except on Mondays. And since those trades were sell limit orders at the opening price, you effectively closed the trade at break even.

There were 222 such trades in Table #1.

Mathematically, we have $1.00^{222} = 1.00$, stating that Type-C trades had no monetary impact on the total outcome. Nonetheless, they occupied the equivalent of 4.27 non-productive years out of 15. Type-C trades account for 58.7% of all losing trades and 28.5% of all trades (winning and losing trades).

Type-C trades benefited the strategy by minimizing losses, which was their function as a stop-loss. Those Type-C trades had to rebound from their drop below Monday's entry price and bounce back to hit their break-even point. Some of those trades would have generated more losses had we not taken the opportunity to break even.

The Type-C trades did not generate losses, just like Type-A and Type-B trades. However, they did see red until they were executed at the entry price. This bounce back to break even could have taken up to four trading days.

We now have some 80% of the all trades not generating losses.

So, the question needs to be raised again:

What is a reasonable measure of risk for those three types of trades?

Type-C trades usually come early in the week, often after a negative close on Monday. The program will issue a sell limit order at the entry price the next day to break even. It also means a losing position could be held all week until it bounced back to break even. If not, it degrades to Type-D on Friday's close, which will actualize the loss.

Type-D Trades: We have about 20% of trades that result in losses (156 out of 779, see Table #1). It is where losses accumulate. The multiplying factor in equation (3) is $(1.00 - 0.0662)^{156} = 0.00002288$. A large portion of the potential profits are just being stripped away. Yet, to get the strategy's total outcome, all multiplying factors are needed and have their place.

The strategy uses no other stop-loss than trying to break even.

You could enter a position on Monday, issue a break-even sell limit order on Tuesday, and not have it executed until Friday's close, which, at that point, will be at a loss.

This is where the ***One Percent Per Week*** trading strategy lacks protection. And it is needed.

Mixing The "*One Percent Per Week*" Strategy With Yours

The ***One Percent Per Week*** strategy could be integrated into other strategies with a

lower volatility rating and a higher win rate.

This other strategy's trading logic could determine if a trade could be taken on Mondays, at the open, or at some other time.

Whatever decision method is used, it should aim for a positive resolution of a trade.

Fundamental or technical indicators do not matter so much as long as, most of the time, the trade is taken at the open or close to it on Mondays.

The objective is to avoid getting in trades that would result in Type-D trades.

You could avoid issuing a stop-loss by not entering the trade in the first place (no loss, no gain, but also no cost).

You do not need to avoid many Type-D trades to have an impact.

Furthermore, your trading strategy could monitor the trade status during the day to determine the risk of loss. The strategy could accept the loss during the week before it deteriorates more as it gets closer to Friday's close. The objective is to minimize the impact of Type-D trades, meaning minimizing losses.

Some 58.7% of non-profitable trades will end up as Type-C trades and have no profit to show. However, waiting for the resolution of Type-C trades could lead to Type-D trades by the close on Friday for the remaining 41.3% of negative trades.

Again, your strategy's trade timing logic could be used here.

We could use your strategy's lower tolerance for drawdowns to reduce the number of negative trades (Type-D) and, at the same time, reduce the overall combined strategy drawdown. If your trading strategy using QQQ is signaling a downturn, you can expect that TQQQ will also have the same downturn multiplied by three.

REDUCING NETAGIVE TRADES

From the numbers in equation (3), reducing negative trades by 20% could result in:

$$F(t) = \$100,000 \cdot 0.51 \cdot 1.089^{131} \cdot 1.0234^{270} \cdot 1.0^{222 \cdot 0.80} \cdot (1.0 - 0.0662)^{156 \cdot 0.80} = \$361,548,664 \quad (4)$$

where the number of trades of Type-C and Type-D were reduced by 20%. This move would remove 74 trades (44 of Type-C, which have no impact, and 31 of Type-D, which negatively impacted the outcome). Trades of types A and B were not affected.

The potentially negative trade types can be identified as early as Monday's close. The trading decision should also be made early since, as shown above, Type-D trades have negative consequences and could be dealt with prior to Friday's close.

It is where your trading strategy could have a meaningful impact. Its lower tolerance for the downside could reduce the number of Type-C and Type-D trades. At least reduce their impact, and make equation (3) evolve toward equation (4).

This puts forward not the notion of risk but the notion of trade loss management.

It should not be a question of the max percent drawdown that should be that much of interest, but the monetary value of that drawdown. Since a portfolio is on an exponential curve, an early 20% drawdown will have much less impact than a 20% decline on your strategy's outcome in 15 or 20 years.

The largest drawdown percent for the TQQQ strategy was during the Flash Crash of May 2010. But it was nothing compared to its drawdown in 2023, which was over $-\$22$ million. As a reminder, the strategy started with $\$100$k (see Figure #1).

If 80% of our trades are bound not to generate a loss, we should take more care of those 20% that might.

And there, on the first day of the week on those 5-day trades, we already have grounds to determine where the trade price is going. Every trading day, the price will confirm in which direction it is going. And at the latest, by Friday's close, it will have revealed itself.

If your program has a higher hit rate, it could also improve the situation on the positive side of things.

Taking equation (4) and improving the profitable side by 20% (Type-A and Type-B trades) would generate the following:

$$F(t) = \$100,000 \cdot\ 0.51 \cdot 1.089^{157} \cdot 1.0234^{324} \cdot 1.0^{177} \cdot (0.9338)^{124} = \$12,221,958,974 \qquad (5)$$

Those are the stakes at play.

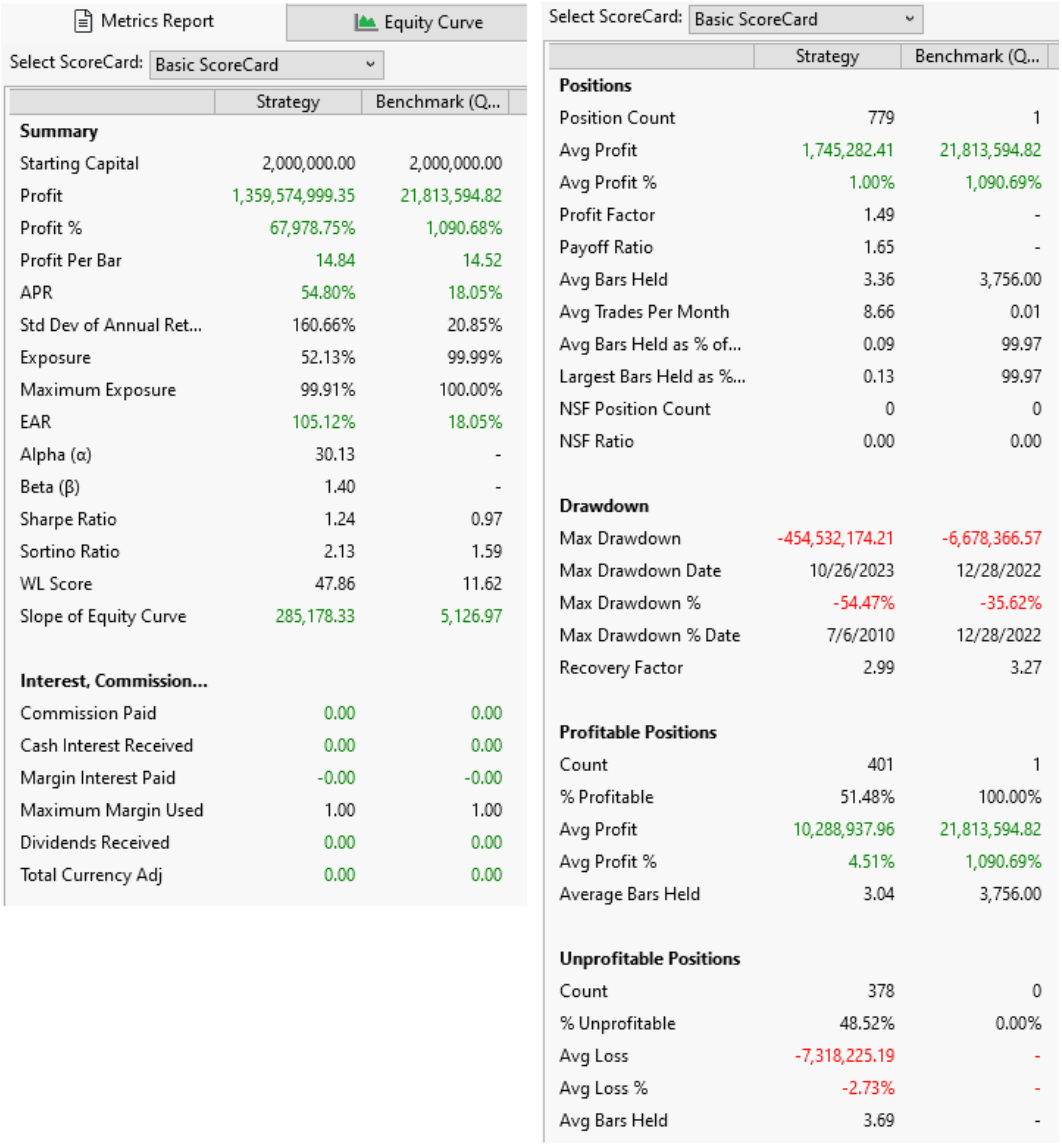
The TQQQ trading strategy is 100% scalable.

If you want 10 times more, put in 10 times more capital. You will have the same number of profitable and losing trades with the same profit or loss percentage. All that would change would be the quantity traded. All trade outcomes are expressed in percentages. A 7% profit target will not change whatever the price might be.

If you take equation (3) as is, meaning as the WL8 simulation gave over those 15 years and raised the stake to $\$2$M, the outcome would have been: $\$1,359,574,999$ (see Figure #2 below).

There are a lot of choices to be made: some good, some bad. But overall, we can determine those that fit our view of what could or might happen.

Figure #2: With A $2 Million Stake, 15 Years. WL8 Metrics



Metrics Report | Equity Curve

Select ScoreCard: Basic ScoreCard

	Strategy	Benchmark (Q...
Summary		
Starting Capital	2,000,000.00	2,000,000.00
Profit	1,359,574,999.35	21,813,594.82
Profit %	67,978.75%	1,090.68%
Profit Per Bar	14.84	14.52
APR	54.80%	18.05%
Std Dev of Annual Ret...	160.66%	20.85%
Exposure	52.13%	99.99%
Maximum Exposure	99.91%	100.00%
EAR	105.12%	18.05%
Alpha (α)	30.13	-
Beta (β)	1.40	-
Sharpe Ratio	1.24	0.97
Sortino Ratio	2.13	1.59
WL Score	47.86	11.62
Slope of Equity Curve	285,178.33	5,126.97
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

Select ScoreCard: Basic ScoreCard

	Strategy	Benchmark (Q...
Positions		
Position Count	779	1
Avg Profit	1,745,282.41	21,813,594.82
Avg Profit %	1.00%	1,090.69%
Profit Factor	1.49	-
Payoff Ratio	1.65	-
Avg Bars Held	3.36	3,756.00
Avg Trades Per Month	8.66	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	-454,532,174.21	-6,678,366.57
Max Drawdown Date	10/26/2023	12/28/2022
Max Drawdown %	-54.47%	-35.62%
Max Drawdown % Date	7/6/2010	12/28/2022
Recovery Factor	2.99	3.27
Profitable Positions		
Count	401	1
% Profitable	51.48%	100.00%
Avg Profit	10,288,937.96	21,813,594.82
Avg Profit %	4.51%	1,090.69%
Average Bars Held	3.04	3,756.00
Unprofitable Positions		
Count	378	0
% Unprofitable	48.52%	0.00%
Avg Loss	-7,318,225.19	-
Avg Loss %	-2.73%	-
Avg Bars Held	3.69	-

(**Click here to enlarge**)

We can observe in Figure #2 that the Max Drawdown % of -54.47% occurred in May 2010.

SPLITTING THE STAKES

One suggestion to reduce volatility would be to take a percent of your portfolio with the **One Percent Per Week** operating in parallel, such as:

$$F(t) = \$2,000,000 \cdot 0.50 \cdot (1+0.20)^{15} + \$2,000,000 \cdot 0.50 \cdot (1+0.548)^{15} = \$717,774,420$$

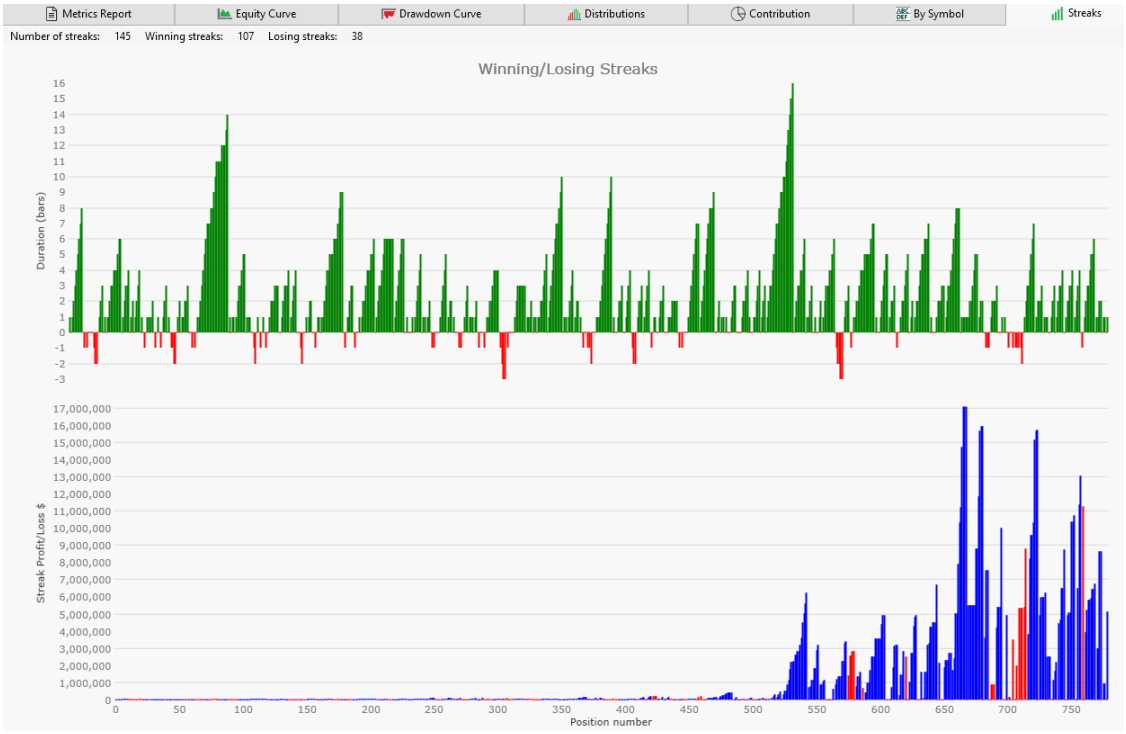
This would lower the strategy's potential compared to equation (5). The above scenario did not include leverage, which the strategy's trading operation would pay

for. Whatever the level of leverage used, the WL8 simulation will account for the incurred fees.

The **One Percent Per Week** trading philosophy could help many strategies with its gaming of the system. All I did here was only scratch the surface. There is always a better trading strategy, and this one is no exception.

The winning and losing streaks for this strategy are given in Figure #3. As can be seen, there are losses, but there are also more winning trades. There are more winning streaks (green bars, up to 12 in a row) compared to losing streaks, which made only two streaks with at most 3 losing trades in a row. Nonetheless, losses are losses, and you will still get some of those in the future as well.

Figure #3: Winning And Losing Streaks. 15 Years. WL8 Metrics



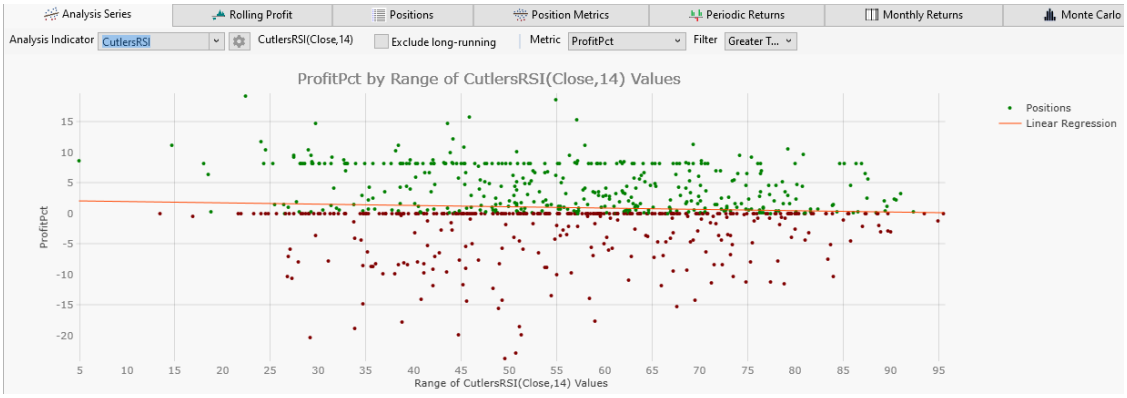
(**Click here to enlarge**)

The trade distribution from the WL8 simulation in Figure #1, which should be the same as in Figure #2, is displayed below.

All four trade types are clearly represented in Figure #4.

The Type-C trades (the stop-loss viewed as a feature) are composed of a series of red dots at the zero line, easily observable in Figure #4. You only have Type-C trades on that zero line, producing zero profits or losses for the strategy since all those trades (222) were closed at break even.

Figure #4: Trade Distribution, 15 Years. WL8 Metrics



(**Click here to enlarge**)

Any red dot below the zero line is a Type-D trade, accounting for all this strategy's losses. All the negative red dots in the chart appear randomly distributed, just as the green dots above the zero line but below the profit target.

The average loss for all the red dots was -2.73% per trade on those 378 trades, of which 222 were non-profitable. The Type-C trades help reduce the average percent loss per trade. The actual losing trades, the 156 Type-D trades, are averaging a -6.62% loss per trade.

Type-A trades appear as the series of green dots at the profit target of 7%, 8.2%, and all the other green dots above the 8.2% profit target. All other green dots, not part of the profit target line and above, appear randomly distributed between the zero line and the 7% profit target.

The red dots below the zero line are all Type-D trades. Whereas all green dots above the zero line are either Type-A ($>$7% profit) or Type-B (trades with profits ranging between 0 and 7%).

Part of the ***One Percent Per Week*** strategy could be integrated into other programs, thereby gaining protective measures from the other strategy while enabling testing of some of its new properties.

Looking at the possibilities could be rewarding in itself. There is always a better trading strategy out there.

You have in Figure #4 the visual representation of the four types of trades generated by the ***One Percent Per Week*** trading strategy. We rarely have all the trades so clearly delimited. All the green dots are either equal and above the 7% (Tape-A) or above zero and below the 7% target (Type-B). The line of red dots on the zero line (Type-C) is a subset of the total red dots, which includes all losing trades (Type-D).

Trade types B and D appear as if almost randomly distributed, and not surprisingly, they are. At least, they would pass randomness tests. Both trade types (B and D) are closed on Friday's close. The trades were opened on Monday's open and closed on Friday's close. As was demonstrated, Type-D trades alone almost cancel out Type-A and Type-B trades combined.

TO CONCLUDE

Do your research. Verify all of it. Try to find flaws if you can. Improve the program; it can do more.

You will find ways to improve that strategy by incorporating some of its features into your trading methods. Or, do the reverse, improve some of the features of the ***One Percent Per Week*** strategy by including your own methods.

The game is not to be right; it is to make money.

Where is all this leading to? These trading methods could help you integrate these procedures into your retirement fund to support your quest for a higher overall return on your stock portfolio.

The objective is to do your best, whatever will be thrown at you. And be assured, the market and the financial industry can throw a lot of curve balls.

The TQQQ 3x-leveraged strategy is easy to execute. You have all the trading rules below Table #1. And you can modify them at will. You could also easily override the trading procedures.

For instance, for whatever reason, you opt not to trade a week here and there. All that does is add a Type-C trade, which has little impact on the strategy's outcome. Nonetheless, it is a game where participation is required to make those gains.

As said before, all the trading procedures can be done on your cellphone from anywhere, requiring less than 5 minutes a week of your precious time.

However, if you do not participate in this game, do not expect any of this to happen.

The relevant points the ***One Percent Per Week*** strategy gave the past 15 years:

Strategy	Total Profit	Profit Per Bar	15-Year CAGR	Market Exposure	Avg. Return Per Week	Max Percent Drawdown [1]
TQQQ	$67,993,698	$14.83	54.74%	52.12%	1.0%	54.47%

[1] *The max percent drawdown was during the Flash Crash of May 2010. It lasted 39 minutes. That is 39 minutes over a trading interval of 15 years. Furthermore, it*

was unpredictable, and no one saw it coming. There was no protection against such an unprecedented phenomenon. Your stop-losses were ineffective; they only actualized your loss. The market quickly recovered from that mishap. Doing nothing turned out to have been the best policy for all scenarios.

Doing the same simulation and comparing relevant benchmarks:

Buy & Hold Benchmark	Total Profit	Profit Per Bar	15-Year CAGR	Market Exposure	Max Percent Drawdown
SPY	$463,320	$6.17	12.26%	99.96%	34.10%
QQQ	$1,117,564	$14.87	18.21%	99.99%	35.62%
TQQQ	$19,986,431	$265.92	42.60%	100.00%	81.75% [2]

[2] *The max percent drawdown here shows that buying and holding TQQQ for the duration was risky. However, with the TQQQ strategy, that drawdown was reduced to 54.47%. It is still high, but with the added protective measures, this could be reduced to something close to the other benchmarks. Simply mixing the TQQQ strategy with another less volatile scenario might be sufficient.*

All the choices you can make are available. Whichever case you select, you will have to put the money on the table.

It is not because you buy and hold that your money is not on the table; it is. Based on the table above, the benchmarks have an effective 100% exposure, while the TQQQ strategy scenario is at 52.12%. On a risk-adjusted basis, the 54.74% CAGR is even more valuable with its lower market participation.

The simulation of the TQQQ strategy shows that its set of trading rules delivered added value. It demonstrates that even simple trading rules can do a remarkable job.

It is always your choice. You have the tools at hand. The most precious of them will be common sense.

You have the program code, the trading philosophy, and the mathematical equations explaining the outcome. The same tools that analyze the past performance of this trading strategy can project, on average, what it will do next over the short term.

With this scenario, you can outperform professionals with 5 minutes of your time per week. Will you use those tools? That is entirely up to you. Take charge and do it all yourself.

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