

ONE PERCENT PER WEEK STRATEGY: TRADE DISTRIBUTION

by: Guy R. Fleury

In the **One Percent Per Week Strategy: Trade Distribution**, the proposition is to use the TQQQ trading strategy and make trades lasting at most 5 trading days. Due to this time limitation, we will have to deal with the market's randomness face-on.

The trading rules applied are not carved out of fundamental or technical analysis. The strategy is solely based on gaming circumstances and stopping times. It gets in a trade at the open every Monday simply because it is Monday. A trade is taken not because of price or some indicator. It is like flipping a coin every Monday and betting head every time.

We have 15 years of price data on the 3x-leveraged TQQQ ETF based on the QQQ ETF. TQQQ attempts to respond to QQQ's every move and will try to replicate 3 times QQQ's daily return. TQQQ's price is reset every day to minimize the impact of the inherent return degradation from such an operation.

If QQQ goes up by $x\%$ during the day, we will have TQQQ go up by almost 3 times as much percentage-wise. If QQQ goes up during the week by 3%, you should expect TQQQ to generate nearly a 9% return. Over a week, we could see QQQ move by 5%+, resulting in TQQQ having a weekly 15%+ rise in price.

This higher volatility is exploitable.

It is the whole purpose of the **One Percent Per Week** strategy in trading TQQQ.

There are more than enough price fluctuations in TQQQ to support such an objective. It is as if the strategy's trading rules were specifically designed to exploit TQQQ's higher volatility than other non-leveraged ETFs.

The most basic advantage of TQQQ is that it is based on the QQQ ETF, which holds the top 100 largest companies in the NDX index. You will not see those top 100 stocks go bankrupt anytime soon. However, you will see the list change occasionally as a new stock will replace a stock dropping off the list. At all times, QQQ has held the top 100 highest-valued companies on NASDAQ since 1999.

An expected 1% per week return over a year will result in: $(1 + 0.01)^{52} = 1.6777$. Therefore, as the strategy's name seems to imply, the strategy's long-term goal is to aim for that 67.7% CAGR.

A better trade selection process could improve the strategy's outcome.

Even though you are slicing a long data series into a string of weekly intervals, it is

not the same as a buy-and-hold scenario, but still getting close to it.

We can express this TQQQ strategy, as any other, using the following formula:

$$F(t) = F_0 + \sum_1^N (\mathbf{H} \cdot \Delta \mathbf{P}) = F_0 \cdot (1 + \bar{g})^T \quad (1)$$

where \mathbf{H} is the inventory holding matrix for a number of stocks, and $\Delta \mathbf{P}$ is the matrix of price variations for these stocks, including buying and selling prices. Here, we would have $T = 15$ years and $N = 780$ trades or weeks. Both parts of the above equation will give the same answer.

Equation (1) can apply to any trading strategy. You could even use it for any investment, with an initial buying price and some form of ongoing valuation method. The payoff matrix would give you the total profit generated.

Should your investments be in stocks, bonds, real estate, housing units, or collectibles, equation (1) could handle it. It is an investment portfolio's simplest expression, reducing the many to the one thing that matters: \bar{g} , the average growth rate on those investments over the interval T .

That is all good, but it only analyzes the past. Just like doing a simulation using past market data. A simulation does not make you any money. However, it can give you data that can be transformed into tradable information.

What about the future? Not surprisingly, it would be the same equation with time adjustments.

$$F(t) = \left[F_0 + \sum_1^N (\mathbf{H}_a \cdot \Delta \mathbf{P}_a) \right] + \sum_N^{\nu} (\mathbf{H}_b \cdot \Delta \mathbf{P}_b) \rightarrow [F_0 \cdot (1 + \bar{g}_a)^T] \cdot (1 + \bar{g}_b)^\theta \quad (2)$$

where what you achieved over the past becomes the initial value for what will be applied in the future. Essentially, it is the continuation of the same equation. The first phase goes up to T and N , and from there, we will add ν trades over the extended period θ .

If we have an equation describing the outcome of a portfolio, then whatever we do can be explained by that equation. Equation (2) could handle a hundred stocks or more over years and years. The payoff matrix could even include different types of assets, and the equation would still be valid.

The above equation could also reveal trading habits acquired over the previous N trades. This behavioral and relevant information could also apply to an extended future period ν after having reached N . It is the same principle that was used in my free book: [Gain Your Financial Freedom](#) where the future portfolio expectation was based on the first 15 years of accumulated trading history.

These numbers become more statistically significant as you increase the trades over the investment period. At 780 trades, you have exceeded the required minimum to address the problem of statistical significance. It could mean that your first 15 years of trading become the most valuable information you have on how your trading strategy will behave in the near future.

That you slice the 15 years of data into 780 one-week chunks does not change the outcome. You still have the same data series. Nor does it change if you slice it all into 3,900 trading days.

However, when you look at the future and estimate where you are going, the problem changes. You can no longer give an answer to $F(t)$ as in equation (2) above since you have no methods to predict or ascertain the daily outcome of ΔP_b over the next 15 years. All you have are generalities and your past trading history.

If you cannot determine the outcome of the payoff matrix, you cannot determine the value of \bar{g}_b over the next 15 years without reaching that 15-year milestone.

The question becomes: are your guesses about the future outcome of your trading strategy any good? Can the structure you built with your trading rules withstand unknown future price gyrations?

After a nine-month walk forward, the strategy held its portfolio metric averages at about the same level, justifying those forward expectations made nine months ago.

To outperform market averages, you will have to bring more to the game. You will have to overcome the fact that the market average is your most expected outcome.

From my last article: [THE TQQQ 3x-LEVERAGED SCENARIO](#), here is an updated and relevant table making part of that point.

Table #1: Trade Benchmark Scenarios – February 8th, 2025

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%

You could buy and hold any of the three ETFs mentioned. You might have questioned the TQQQ scenario with its 81.75% max percent drawdown. But, from that table, QQQ was the one to pick from the remaining two scenarios even if it had 1.52% more for its max percent drawdown.

SPY is a proxy for the market's average performance; it holds the top 500 tradable stocks in the S&P 500 index.

Understandably, the average of the top 100 stocks out of the top 500 should outperform the 500 average, which the above table shows.

That table states you can beat the SPY market average by buying a different ETF, namely QQQ. It is a one-decision process that demands no time and is valued at more than half a million dollars. It would be 10 times more if you started with a one-million stake. It is a decision you have to make.

**By definition, the average market participant
has a hard time outperforming market averages.**

It might appear as bunkers stating that you could achieve that 67.7% CAGR. It would seem unprecedented if it were not for Medallion Fund, which has produced a 63% CAGR before fees using its proprietary software programs over the last 30+ years.

But Medallion Fund is not alone; others have achieved similar results, and you can too.

THE ONE PERCENT PER WEEK TRADING PROGRAM

The **One Percent Per Week** program has simple trading rules:

- Every Monday, it uses a limit buy order above the ask at the open.
- If the profit target is reached ($\geq 7\%$) during the week, it sells the position.
- If the price closes 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.

The latest simulation generated the following:

Table #2: Trade Statistics – February 8th, 2025

Trade Type	Trade Outcome	Trade Result	# Trades	≈ Percent Of Total	Reason Position Sold	Average # Trades/Year
A	Positive	$\geq 7\%$	135	≈ 17.26%	Above Profit Target	9.0
B	Positive	$> 0 < 7\%$	269	≈ 34.39%	On Friday's Close	17.9
C	Zero	$= 0$	222	≈ 28.38%	Break Even	14.8
D	Negative	< 0	156	≈ 19.94%	Losing Positions	10.4
		Total →	782			

Even though we have the number of trades in each category, these remain almost randomly distributed. We cannot predict which one will happen next, none of them.

For example, the next trade might have a 17.26% chance of closing with its $\geq 7\%$ profit target (Type-A). But we should also realize that there is an 82.74% chance of being something else.

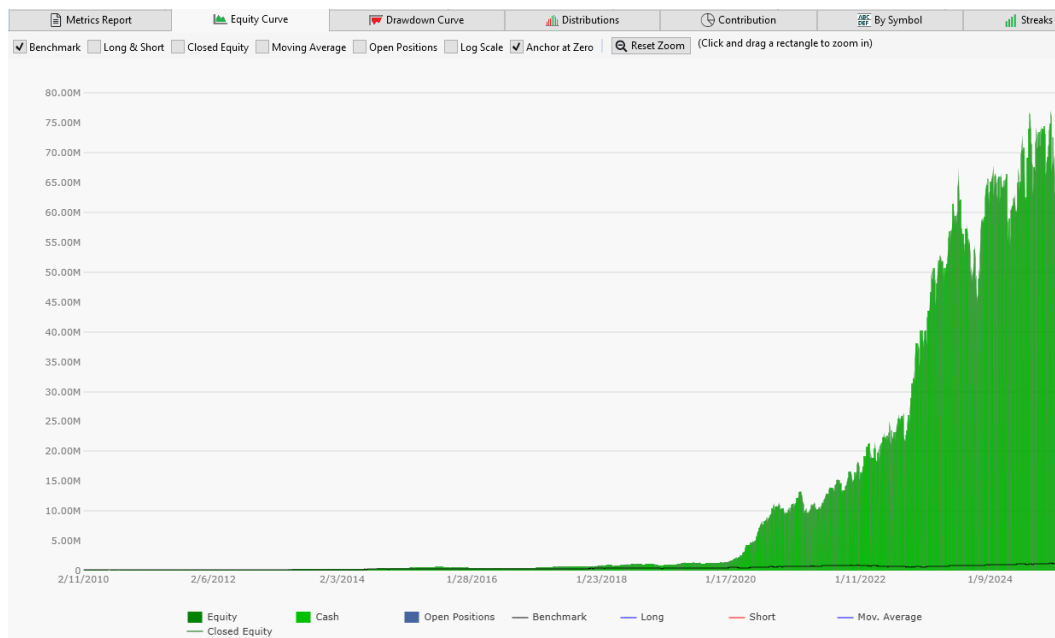
Betting for a Type-A trade as the next outcome would not be the wisest thing you could do. However, betting that over the following 780 trades, Type-A trades will occur about 134 times (~17%) might be reasonable.

The chart below shows that it is not in the beginning that it matters the most. Over the last few years, this exponential function has exploded. Those are remarkable results, especially considering the overall exposure was only 52.13%. Over those 15 years, the strategy had to survive all the market's gyrations.

The return distribution is quasi-normal (bell-shaped) with an average 1.0% return per trade. The exact shape is unimportant, only that it is quasi-normal or looks like a standard distribution curve.

The equity curve for this strategy (Figure #1) holds the outcome of the above table.

Figure #1: Portfolio Equity Curve. 15 Years. WL8 Simulation

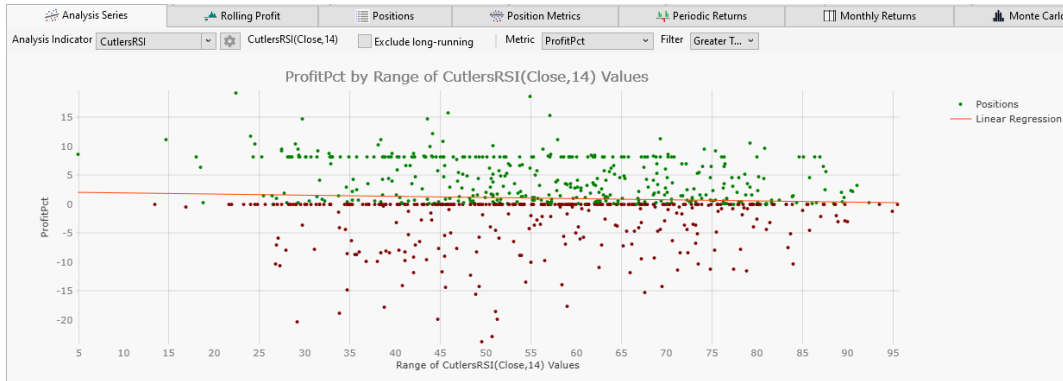


[\(Click here to enlarge\)](#)

There are many ways to look at the data. Like in the previous article ([THE TQQQ 3x-LEVERAGED SCENARIO](#)), we can show an updated version of the trade distribution by return for the data in Table #1 above. It would give Figure #2, another graphical representation of the data in Table #1 above, and its four trade types.

Each trading rule had its consequences. By setting a 7% profit target, all trades reaching it produced the straight green line in the Type-A trades (see Figure #3 below). Those gaping even higher than their target exit got executed at the opening price.

Figure #2: Trade Distribution By Profit Percent. 15 Years. WL8 Simulation

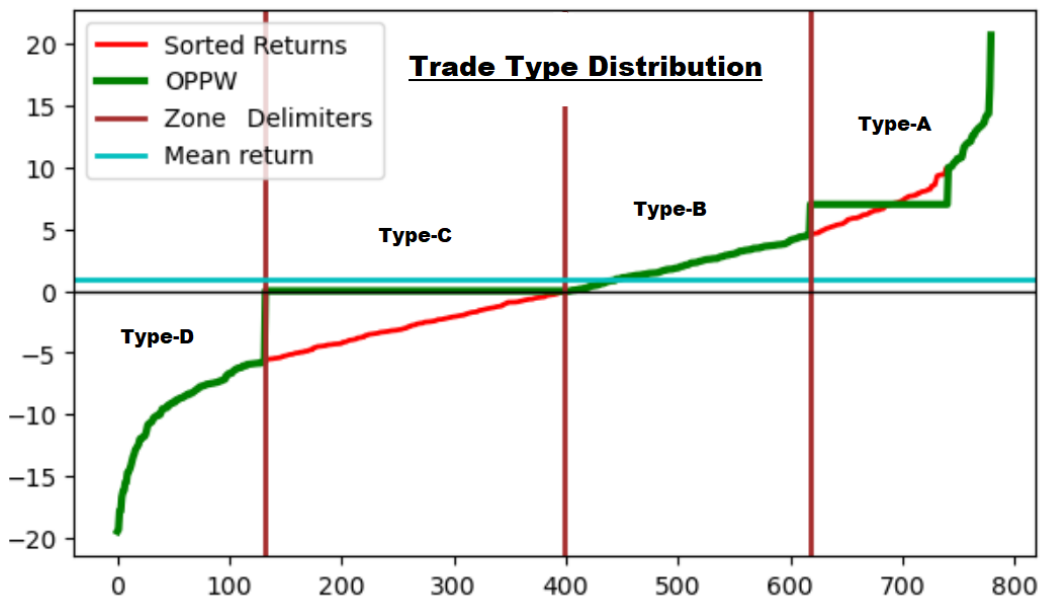


[\(Click here to enlarge\)](#)

The profit target acted as a stop-profit exit, sometimes doing better than average and sometimes doing worse. Bagging in profits was the strategy's primary objective in the first place.

Sorting the strategy's returns gives a series going from the most negative to the most positive and generates something similar to the red line in Figure #3:

Figure #3: TRADE DISTRIBUTION (By Type). 15 Years. WL8 Simulation



[\(Click here to enlarge\)](#)

Type-B trades finished positive for the week but were below their profit target. However, just like Type-A trades, Type-B trades had to show a profit at the end of every trading day; otherwise, they would fall into a Type-C trade and most often would not generate a profit.

If we compare Type-A and Type-D trades, they will almost annihilate each other out $1.088^{135} \cdot (1 - 0.0662)^{156} = 2.016$. That would be a 4.78% return over those 15 years. That certainly would not be a good reason to participate in this trading strategy. That would have only doubled your investment in 15 years. Simple: it is not enough.

The Type-C trades might be the most interesting. They generate absolutely no profits.

Its value resides in that it generated no losses either. In Table #1, you had 222 such trades (taking 222 weeks) with a total profit of zero.

Therefore, we could eliminate Type-C trades. There is no need for them. But that would not be good, since your overall profit would drop sharply. Even if Type-C trades produce nothing, they saved you from what could be significant losses. It demonstrates that not losing money is also a form of winning.

The worst trade type is Type-D. That is where all the losses accumulate.

For a first observation, I put in some stop-loss measures to reduce the drawdown's impact. However, any fixed value stop-loss, like a -5% stop-loss, would significantly reduce the overall strategy profit. The strategy would have its best results without a fixed stop-loss.

Moreover, some drawdowns are inevitable. For example, the worst percent drawdown was during the 2010 Flash Crash, which lasted about 39 minutes. It became: how much would you pay to spare your feelings? And should you have any feelings while playing this game?

In Figure #3 above, the red line in the Type-C zone is what you should have lost. But the break-even stop-loss saved the day (222 times).

The average return per trade is at 1% (light-blue line) in Figure #3, which is the average return per trade the simulation gave (refer to Figure #4, Avg Profit % in the Positions section).

The hit rate for the strategy was 51.66%. About the same numbers were achieved over the last 9 months of simulation. Each time a similar chart was presented since last May 2024, the average portfolio metrics remained about the same. What changed were the number of trades executed and the total profit. The last simulation generated a 56.43% CAGR. All of it came from the simple trading rules presented above.

The above tables and charts are different representations of the same data. However, Figure #3 takes randomness out of the picture and only looks at the results.

As you increase the number of trades, their outcome will fall into one of the four trade types and close to the probability distribution given in Table #1. The 782 trades are enough to set the probability of occurrence for each type of trade. We should also expect long-term averages to persist or remain close to those long-term averages in the short term.

A trade has only four possible outcomes. You might not know which trade type will come out next, but if you agree to keep trading for many years, your trade percent distribution will resemble the numbers in Table #1.

Figure #4: Portfolio Metrics. 15 Years. WL8 Simulation

Metrics Report		Equity Curve	
Select ScoreCard: Basic ScoreCard		Select ScoreCard: Basic ScoreCard	
	Strategy	Benchmark (Q...	
Summary			
Starting Capital	100,000.00	100,000.00	
Profit	81,683,854.08	1,113,203.05	
Profit %	81,683.85%	1,113.20%	
Profit Per Bar	15.14	14.76	
APR	56.43%	18.12%	
Std Dev of Annual Ret...	160.10%	20.75%	
Exposure	52.13%	99.99%	
Maximum Exposure	99.91%	100.00%	
EAR	108.23%	18.12%	
Alpha (α)	31.72	-	
Beta (β)	1.39	-	
Sharpe Ratio	1.27	0.97	
Sortino Ratio	2.17	1.59	
WL Score	49.28	11.67	
Slope of Equity Curve	14,488.61	258.16	
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	
Positions			
Position Count	782	1	
Avg Profit	104,455.06	1,113,203.05	
Avg Profit %	1.02%	1,113.52%	
Profit Factor	1.59	-	
Payoff Ratio	1.66	-	
Avg Bars Held	3.36	3,771.00	
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	-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	3.59	3.33	
Profitable Positions			
Count	404	1	
% Profitable	51.66%	100.00%	
Avg Profit	544,551.34	1,113,203.05	
Avg Profit %	4.52%	1,113.52%	
Average Bars Held	3.04	3,771.00	
Unprofitable Positions			
Count	378	0	
% Unprofitable	48.34%	0.00%	
Avg Loss	-365,912.40	-	
Avg Loss %	-2.73%	-	
Avg Bars Held	3.69	-	

(Click here to enlarge)

Each week, the strategy took a stand. It bought at the open no matter what.

It did not ask for market conditions, trend lines, or some fundamental data. It simply took a position, and it went all-in on every trade. Anyone in his or her right mind will tell you that such a stance is financially ruinous. You do not play a poker game and go all-in each time you get a pair of deuces. Somehow, somewhere along the line, you will lose.

And yet, in this TQQQ trading strategy, you went all-in 782 times. Not only you won, you won big if you compare the results to the average portfolio performance based on SPY.

In the presented buy-and-hold proposition using either SPY or QQQ, you would be all-in and all the time. There is a mathematical reason why you win using TQQQ, and you will find it in equation (1).

What will happen to this strategy in the future?

There will be Mondays in the future. Therefore, no surprise. You will be able to get into a trade every one of those Mondays. If you want to do this for 15 more years, I expect you to make 780 trades, which will take 3,900 trading days.

You better be patient since getting there will take 5,460 days. You intend to undertake a journey that will take over 5,460 days to get there, and you have to live it all one day at a time with no restart button. You want to win this game, any other outcome should not be an option.

You are the one to set the trading rules. If you accept the **One Percent Per Week** trading rules, you have a 5-day time limit on all those trades. No matter whether you are at a gain or a loss, if you are still in a position at the close on Friday, it is liquidated. If you want, you can override the strategy and close any position before the Friday deadline.

Based on the strategy's trading rules, trades will fall into one of the four trade types with about the same probability of occurrence as in Table #1. If you have a 20% chance of having a Type-D trade, you should expect that over the next 15 years, you should have about 156 such trades, which will negatively impact your portfolio. The same goes for the other types of trades; they should occur at about the same frequency.

The question should be: will the market change its fluctuation habits over the next 15 years? TQQQ's variance will be about the same as it has averaged over the past 15 years.

The strategy relies on this weekly variance, and it is on what it plays. A 2.5% price

move in a week for QQQ is sufficient for TQQQ to hit its 7% profit target. This higher price volatility happens reasonably often with a 17% frequency (see Table #2).

Also profiting were the 34% of Type-B trades having a positive return greater than zero but below the 7% profit target. Most of the strategy's profit will come from the Type-B trades.

Here are the relevant points the **One Percent Per Week** strategy gave over the past 15 years (refer to Figure #4):

OPPW Strategy	Total Profit	Profit Per Bar	15-Year CAGR	Market Exposure	Avg. Return Per Trade	Max Percent Drawdown
TQQQ	\$81,683,854	\$15.14	56.43%	52.13%	1.02%	54.47%

Compare the above with Table #1. In the end, it is your choice to make. However, how will you get there if you do not undertake the journey?

BEING MORE AGGRESSIVE

Based on Figure #4, we already seem aggressive with our 56.43% CAGR for a job taking us less than 5 minutes per week, and the free trading program can do the job in a few seconds per week.

Nonetheless, going for more is more than just an option. It is a question of initial trading conditions. It is your decision to determine how much to put on the table or if you will apply added leverage.

Increasing the initial capital to one million from the \$100k presented in Figure #4 would increase profits by 10 times. Furthermore, applying a 20% leverage would push performance even higher.

Those are choices an individual can make since the strategy is 100% scalable.

If you put in some leverage, leveraging fees will be paid from the trading account. It would be like in any other business; you would be ready to pay the added expenses for having a higher return as long as it would be worthwhile.

After such a statement, the only thing left is to show that it would be the case.

So, I did a simulation (taking about 2 seconds) under the same trading rules over the past 15 years. The initial capital was set at one million and leveraging at 20%. For anyone wishing for more leverage, it would also work. Again, it is how aggressive you want your trading strategy. It will have, as a consequence, an increase in the overall profit.

Figure #5 below illustrates the point. You still have 782 trades with an average profit of 1.02% per trade. The CAGR jumped to 66.00% even after having paid all the leveraging fees. The hit rate is the same at 51.66%, and the average percent profit per winning trade is also the same at 4.52% per trade.

It is easily explainable since all trades were executed at the same prices as in Figure #4. Also demonstrating that the **One Percent Per Week** strategy is, in fact, 100% scalable.

Figure #5: Portfolio Metrics. 15 Years. 20% Leverage, One Million Initial Stake

Metrics Report		Equity Curve	
Select ScoreCard: Basic ScoreCard		Select ScoreCard: Basic ScoreCard	
	Strategy	Benchmark (Q...	
Summary			
Starting Capital	1,000,000.00	1,000,000.00	
Profit	1,991,765,347.46	11,134,909.45	
Profit %	199,176.53%	1,113.49%	
Profit Per Bar	15.14	14.76	
APR	66.00%	18.12%	
Std Dev of Annual Ret...	244.98%	20.75%	
Exposure	62.74%	99.99%	
Maximum Exposure	127.06%	100.00%	
EAR	105.20%	18.12%	
Alpha (α)	36.53	-	
Beta (β)	1.68	-	
Sharpe Ratio	1.24	0.97	
Sortino Ratio	2.18	1.59	
WL Score	38.26	11.67	
Slope of Equity Curve	335,119.01	2,582.27	
Interest, Commission...			
Commission Paid	0.00	0.00	
Cash Interest Received	0.00	0.00	
Margin Interest Paid	-38,226,366.72	-0.00	
Maximum Margin Used	1.27	1.00	
Dividends Received	0.00	0.00	
Total Currency Adj	0.00	0.00	
Positions			
Position Count	782	1	
Avg Profit	2,595,897.33	11,134,909.45	
Avg Profit %	1.02%	1,113.52%	
Profit Factor	1.54	-	
Payoff Ratio	1.66	-	
Avg Bars Held	3.36	3,771.00	
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	-657,303,622.95	-3,339,111.34	
Max Drawdown Date	10/26/2023	12/28/2022	
Max Drawdown %	-63.63%	-35.62%	
Max Drawdown % Date	8/22/2011	12/28/2022	
Recovery Factor	3.03	3.33	
Profitable Positions			
Count	404	1	
% Profitable	51.66%	100.00%	
Avg Profit	14,403,929.25	11,134,909.45	
Avg Profit %	4.52%	1,113.52%	
Average Bars Held	3.04	3,771.00	
Unprofitable Positions			
Count	378	0	
% Unprofitable	48.34%	0.00%	
Avg Loss	-10,024,327.25	-	
Avg Loss %	-2.73%	-	
Avg Bars Held	3.69	-	

[\(Click here to enlarge\)](#)

You are the one to determine the degree of trade aggressiveness to apply. And the question becomes: how far do you intend to go?

You are at the center of it all. Your choices will prevail, and you can change them any time you want.

It also stresses a point I often make: find more capital to make it more worthwhile for you.

You are on the clock, and one way to squeeze time in this exponential function is to raise the growth rate. And that is what this strategy can do for you.

You have the free trading program to verify that all the above is valid for the past 15 years. You can verify all the presented numbers and scenarios in this series of articles on the **One Percent Per Week** strategy (see the list below). The strategy does not use fundamental or technical analysis to make its trade choices; it only exploits TQQQ's variance using stopping times.

It also puts all your investment and retirement fund problems in your hands. You have the tools, you have the know-how, and you have your future portfolio expectations.

Doing it all yourself would outperform most professional money managers without investing much of your time.

The program showed that the trading rules applied would also prevail in the future. Furthermore, you could even apply those trading rules by hand. You could execute the strategy as a discretionary trading method, even opt for fuzzy entries and exits, and halt the trading process anytime you want.

Add funds to your account or take some out; it is all a part of your choices.

Regardless, you should add more protective measures even if the strategy has two stop-loss procedures in play. The break-even stop-loss has proven to be valuable. The trading interval of at most one week is a time-based stop-loss or stop-profit, whatever the outcome is on Friday's close. Nonetheless, you need another one to bypass major declines or at least alleviate their impact.

There is much room to improve this trading strategy. Refer to Table #1, equation (2), and Figures #3, #4 and #5 for some inspiration.

Also, all my articles since last May 2024 have been on the **One Percent Per Week** trading strategy, where you will find an elaborate analysis of what the strategy does and why it works.

A problem might be the lack of available capital to get things going. Borrow the money or start small. As long as you have a long-term vision of where you want to go, monthly or yearly contributions will act the same way as making contributions to your pension plan. The difference will be that you will increase your CAGR to much

higher levels than market averages.

The above results were not surprising. They resulted from the higher volatility encountered in a 3x-leveraged ETF such as TQQQ. Already in Table #1, we had QQQ at a CAGR of 18.21%. And therefore, we should have expected that TQQQ would have aimed for a 54.63% CAGR.

It all boils down to the choices you have to make. But at least you can do something about it.

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Make Your First \$50M Before You Retire

Your Trading Rules Matter

Gain Your Financial Freedom *Free book.*

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The One Percent a Week Stock Trading Program: [Part VII](#), and [Part VIII](#)

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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](#)

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