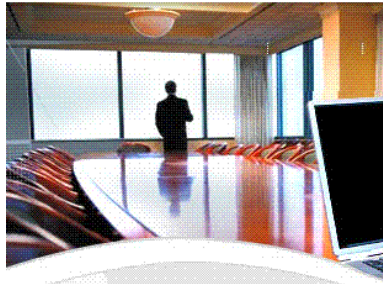

SteadyWinner EA

(Version 5.0)

User Manual

An EA used by the developer himself
on his live account



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Honesty is our Policy

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SteadyWinner EA (V5.0) – User Manual

This document will attempt to introduce you to the possibilities of automated forex trading, and it will also guide you through the setup of the SteadyWinner EA (V5.0).

What is Forex ?

The foreign exchange (Forex or FX) market is by far the largest market in the world, in terms of cash value traded. It includes trading among large banks, central banks, currency speculators, multinational corporations, governments, and other financial markets and institutions. The trade happening in the Forex markets across the globe currently exceeds \$1.9 trillion a day. Retail traders are a small part of this market.

Characteristics of the Forex market

Enormous trading volume

Low minimum investment

Very high liquidity

Geographically decentralized

Long trading hours - 24 hours a day (closed on weekends)

Large variety of factors affecting currency exchange rates.

How can I participate ?

There are hundreds of retail Forex brokers online. Most use their own trading platforms but many also use the MetaTrader 4 trading platform. Individuals can open a standard, mini or micro forex trading account with a broker and take part in the market. Free demo accounts are usually offered. Here below are some reputable brokers.

Alpari (UK) - <http://www.alpari-idc.com>

FXDD (USA)- <http://www.fxdd.com/index.html>

GoMarkets (Australia) - <http://www.gomarketsaus.com/>

(I use GoMarkets as my broker.)

What is a Trading Platform ?

A trading platform is the software that you have to install on your computer in order to be able to interact with the trading desk. It usually has a place for live market quotes, charts and your account information. You use the trading platform to open or close trades, adjust take profit and stop loss levels and so on.

What is MetaTrader 4 ?

MetaTrader 4 is a free trading platform developed by a company called Metaquotes software (www.metaquotes.net) and is one of the most popular trading platforms among retail forex brokers. MetaTrader gives a trader the ability to write a program which completely automates the trading operations of the MT4 platform using the MQL4 programming language. These programs are called Expert Advisors, or EAs.

What is an Expert Advisor ?

An Expert Advisor (EA) is a program written in the MQ4 programming language that has the ability to automate the opening and closing of live trades on the MetaTrader 4 forex trading platform. It can also manage stop loss, take profit and trailing stop levels according to preprogrammed parameters. Every EA is different. A well-tested, solid EA can be left unattended to trade a live trading account, hoping that the balance will grow as a result of the program's logic to enter the market.

Requirements for setting up an automated trading system

- A computer
- An Internet connection
- MetaTrader 4 (Free download)
- An Expert Advisor program (like SteadyWinner EA)
- A demo or live account with a forex broker
- You may need a VPS later on if you don't want to switch on your computer 24 hours a day, Monday to Friday.

The trading logic of SteadyWinner

SteadyWinner is based on four simple principles:

1. **Follow the trend.** There are many indicators helping traders find out the trend. The indicator being used is just some Exponential MAs. The method is very simple, but surprisingly effective.
2. **Enter buy or sell when there is a good position.** A good position to buy is when the trend is going up and we buy at a dip. And we do the opposite to make a sell entry. A good position is sometimes more important than whether we are with the trend.
3. **Enter the market when there is momentum.** The first two principles alone will make the EA profitable. The third principle can make the drawdown a bit smaller.
4. **Exit when there is a good position.** There is a fixed take profit and a stoploss for each order. However, the EA will try to find a better position to escape when the market situation is not favourable. This helps to reduce losses and drawdown.

If you learn MQL4 language, you will be able to see how these are done through the codes.

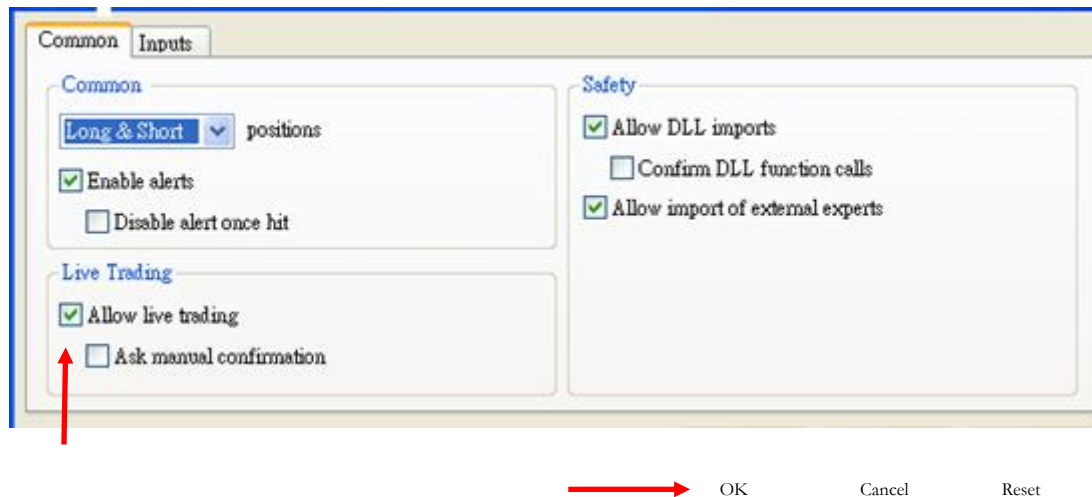
How to set up SteadyWinner V5.0

1. Download and install MetaTrader 4 (For example, free download at <http://www.gomarketsaus.com/>)
2. When you run MT4 for the first time, it will prompt you to open a demo trading account. Do so. It is free. Some demo accounts expire in three months. Demo accounts at Alpari(UK) never expire. Of course, if you have a live account, you can set up SteadyWinner EA on your live account.
3. You need an Expert Advisor in order to automate MetaTrader 4. Without an EA, MetaTrader is just like any other platform.
4. Place the EA file (.mq4 or .ex4) in the "experts" folder while MetaTrader is not running. If you use GoMarkets as the broker., the 'experts' folder of your MT4 installation is: C:\Program Files\Go Trader MT 4\experts\
5. Restart MT 4. You will see the new EA in the navigator window on the left under "Expert Advisors"



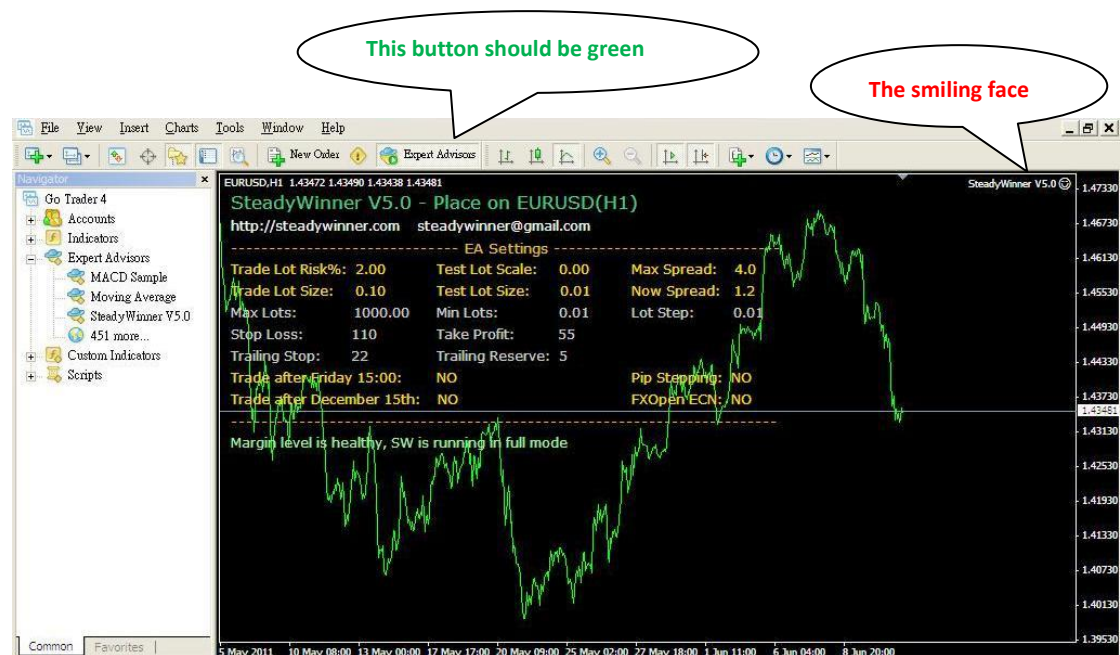
6. Open an EURUSD H1 chart. Drag-and-drop the icon of the EA to the chart you want to run it on. This will result in a pop-up box. Make sure you click on "Allow live trading" under the 'common' tab of that box so that the EA will work. Everything is hard-coded in the EA. Even if you put it on another timeframe, the result is just the same.

Click OK. If you did everything right, you will see a tiny smiling face at the top right hand corner of the chart with the name of SteadyWinner V5.0. Your automated trading system is now up and running.



NOTE: If the little face is not smiling (if it is a frown), it means you did not check the "allow live trading" check box when you attached the EA. To fix this, simply right click anywhere on the chart, and select "expert advisors" from the drop down menu and then "properties" to get to the current EA's properties. Once there, on the common tab, click to "allow live trading" and click "OK".

If there is no smile, try to check if you have clicked the “Expert Advisor” button on top and make it green.



That is it ! This system could be set up in less than one hour.

Important note

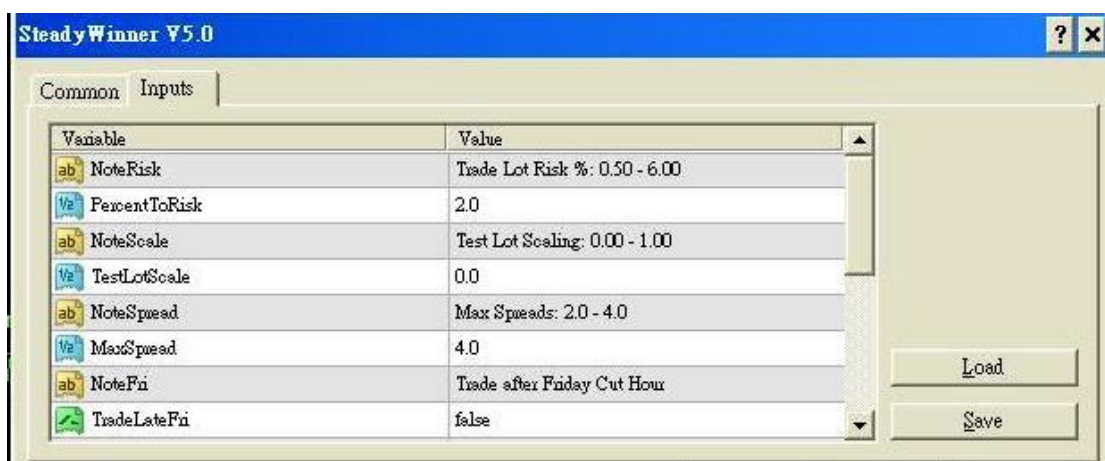
For the EA to work, you must switch on your computer 24 hours a day, Monday to Friday. If you find this too troublesome, you can put it on a VPS (Virtual Private Server). I use <http://www.forexvps.com/> and their service is excellent.

SteadyWinner Parameter Settings



There are many new parameter settings in SteadyWinner V5.0. Please read this section very carefully. Even old customers will get benefit reading this section, and it will greatly enhance your experience using SteadyWinner.

Follow these steps to open the inputs tab: **right click** anywhere on the screen – when you see the menu, choose **Expert Advisor** – and then **properties** – and then choose **Inputs**.



PercentToRisk - Default is 2 (2%), Valid range is 0.50 – 6.00

PercentToRisk defines how much Free Margin you want to risk per trade. Based on this value and stoploss, SteadyWinner will calculate the correct Trade Lot size (please read money management section for full detail).

TestLotScale - Default is 0.00. Valid range is 0.00 – 1.00

TestLotScale controls how SteadyWinner shrinks the Test Lot Size. You can input 0 to use your account's minimum lot size or input any number above 0.00 and up to 1.00 as a multiplier to Trade Lot size when calculating Test Lot size. For example:

<u>Values</u>	<u>Meaning</u>
0	$TestLot = Accounts\ Minimum\ lot$ (SW Classic, Highly Recommended)
0.2	$TestLot = 1/5\ TradeLot$
0.25	$TestLot = 1/4\ TradeLot$
0.33	$TestLot = 1/3\ TradeLot$
0.5	$TestLot = 1/2\ TradeLot$
1	$TestLot = TradeLot$ (Available but not recommended)

MaxSpread - Default is 4.0, Valid Range is 2.0 – 4.0

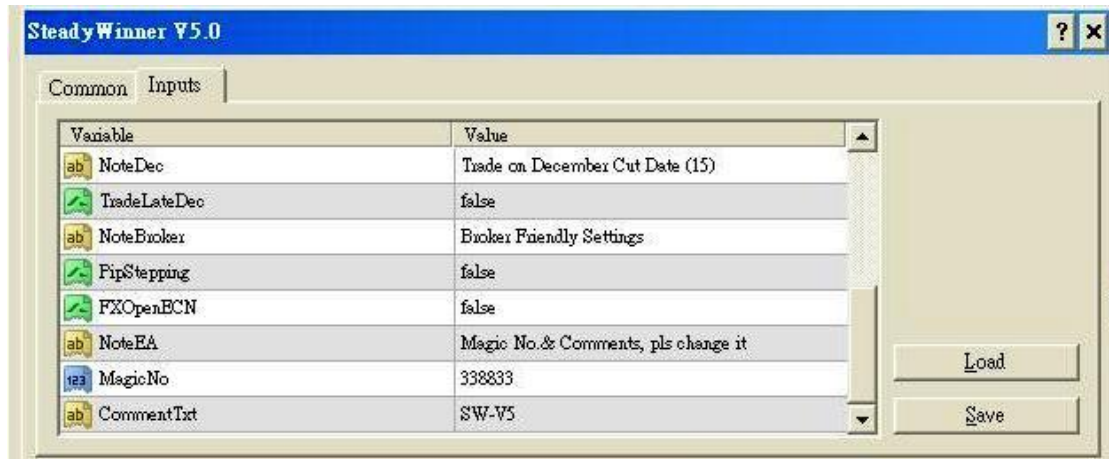
If you input a non-zero value here, SteadyWinner will compare the current spread with your input value and will stop trading if the current spread of EURUSD is higher than your input value. This prevents SteadyWinner from trading if the Spread is too high. Please do not ask for higher values. If your broker constantly gives you EURUSD spread above 4, you should consider switching broker as trading under such high spread is far less profitable and meaningless.

TradeLateFri - Default is False

You can set it True if you want SteadyWinner to trade on Friday after **FridayCutHour**. If **TradeLateFri** is false, SteadyWinner will stop trading on Fridays after **FridayCutHour**. If **TradeLateFri** is true, SteadyWinner only opens trades at Test Lot size after that time.

FridayCutHour - Default is 15, Set according to GMT 13:00

This is the **FridayCutHour** mentioned above. 15 here means 15:00 as we are using GoMarkets with GMT offset +2. Please set according to your broker's GMT offset.



TradeLateDec - Default is false

You can set it True if you want SteadyWinner to trade in year end after 15th of December. If **TradeLateDec** is false, SteadyWinner will stop trading after 15th of December. If **TradeLateDec** is true, SteadyWinner only open trades at Test Lot size after that date.

MagicNo - Default is 338833. (We highly recommend you change it)

MagicNo is used by an EA to track and manage its own orders. By using different Magic Numbers for EAs you use, all EAs can “live peacefully” together and will not mess with orders from other EAs. We recommend you change it to an uncommon and unique number so that each customer has a different magic number for SteadyWinner. This makes SteadyWinner more difficult to be cornered by our counter trade parties.

Comment - Default is SW-V5. (We highly recommend you change it)

Comment is written by EAs mostly for human users to recognize the EA's order. It is not as safe as MagicNumber as MT4 will modify the comments. For example, MT4 will add [sl] to the end of comment if the order was closed by a StopLoss hit or add [tp] if the order was closed by a Take Profit hit. For similar reason as MagicNo, we recommend changing the default to something only meaningful to you.

New in V5.0, there are 2 brokers friendly settings.

PipStepping Default is false

Set this to True if your broker has limited server capacity and does not like EAs that frequently modify StopLoss. Once enabled, modification of Trailing Stop Loss orders will occur once per 1 pip price movement instead of once per 0.1 pips. This parameter has no effect on accounts with 4-digit price feed.

FxOpenECN Default is false

Set this to true if you have an FX Open ECN account but SteadyWinner tells you that your account's minimum lot size is 0.01 (should be 0.1). This is a temporary patch as we find some of the FX Open ECN server has wrong minimum lot setting. This parameter has no effect if you are not using FX Open ECN account or your server setting is already correct.

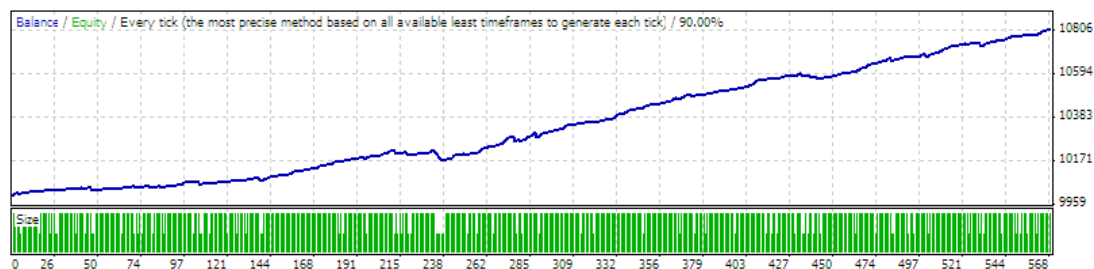
Money Mangement

Demo Version – trading 0.01 and 0.02

The money management system is very conservative and safe. The green verticle lines at the bottom show the lot size. SteadyWinnerV5--for small account trades with 0.01 and 0.02 on micro accounts, 0.1 and 0.2 on mini accounts and 1.0 and 2.0 on standard accounts.

Version 5--for small account (the free demo version you got) is in itself profitable. It is fully workable on a demo account or a live account and will never expires. It is not as good as the Full Version just because the lotsize is fixed. If you like this EA, you should upgrade to the Full Version.

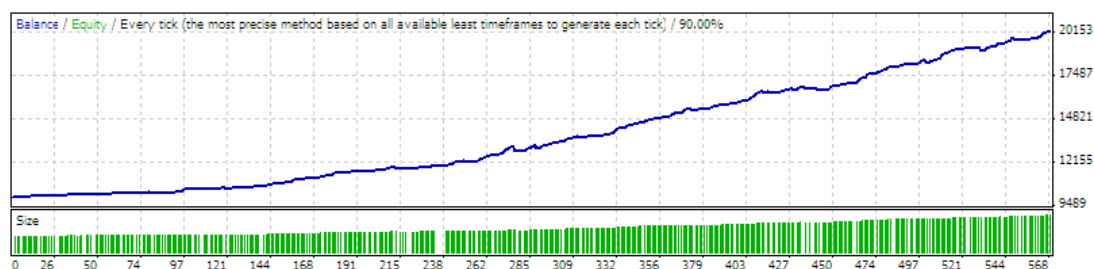
V5.0 for small accounts 90% backtest 01 Jan 2007 - 8 Jun 2011 (0.01, 0.02)



Full Version – V5.0 is a 2% trader (by default)

The default value of V5.0 (full version) is to trade 2% of your account equity. The money management part can modify the lotsize when the account is growing bigger, which creates a compound effect. It is the compound effect that generates significant profit in the long run. Compare the two pictures and you can see the point. It is the same EA, but with compound effect, there is a big difference in the profit. For the same starting point \$10000, the total net profit of the above picture is 810, while the total net profit of the picture below is 11282.

V5.0 90% backtest 01 Jan 2007 - 8 Jun 2011 (risk = 2%)



Why 2 percent?

Many users asked why they cannot input their own lotsize. The answer is SteadyWinner is a bit different from the EAs you got in the past. By default, it always trades 2% of your account equity, which is supposed to be the optimal lotsize. Why? There are theories behind this.

The 2% principle is famous in gambling and risk theory. Suppose I am a gambler and I have 10000 dollars. What amount of money should I bet each time? The answer is 200 dollars. That means if I lose, I will only lose 2 % of my account balance. If we bet \$300 (3%), we are taking too much risk and will lose faster than a gambler who is risking 2%. If we bet \$100, we are a bit conservative and will not win as much as a gambler risking 2%.

In forex, the calculation of risk is first determined by the leverage, and then by the stoploss. Suppose we use a broker with a leverage of 1:100, and our stoploss is 100 pips. If we have an account equity of \$10000, we should open a trade with 0.2 lots. If we win a little bit, we try 0.21. If we lose a little, we try 0.19. The lotsize is always 2% of our account free margin. In this way, we can always keep a balance between risk and growth. Without money management, the EA will become powerless. That is why there is no inputs tab for users to set their own lotsize.

Please read the following webpage and you will understand more.

http://www.babypips.com/school/dont_lose_your_shirt.html

Why a conservative MM is more profitable than an aggressive MM?

There are many EAs with a Martingale Money Management on the market. People get used to them and think that this is what a normal EA is like.

Actually, the Martingale system was first used in gambling. When a gambler loses, he increases his bet, usually by doubling it, hoping to recover his losses. The classical progression is 1, 2, 4, 8, 16, 32 There are milder variations like 1, 2, 3, 5, 8, 13 The thinking behind is the same, they want to solve their problem by increasing the lotsize.

This kind of EAs is very dangerous. They will blow up your account. The Martingale system is used by gamblers because they have no choice. The result of gambling is unpredictable, and they have in theory a 50% winning rate. They can only use Money Management to increase their chance. Forex is different. Many traders and EAs have a winning rate more than 50%. They can win in the long run even with a flat bet. There is no reason to take such a big risk.

As an experiment, I have coded a Martingale version of SteadyWinner. Though with a 85% win rate, still it got bust in some extreme market conditions. Even I modified it and made the result more consistent, the result is far from satisfactory. It is because we have to start with very small lotsize and therefore results in small profits.

The secret to big profit is to buy with bigger lotsize, but we cannot jump to big lotsize; otherwise, we will overtrade. We have to build ourselves up and the best method is compounding. To have the best effect on compounding, we have to avoid big drawdowns, because it takes more effort to climb than to fall. To avoid big losses, I found two ways: [1] stop trading after one loss. [2] give away some profits.

The above principles are behind the Money Management in SteadyWinner. We always trade 2% to avoid overtrading. We stop trading (0.01) to avoid big losses, and we give away profit (take profit = 55) to avoid big drawdowns. If we do not aim at big profits, we will not have big losses.

This method looks conservative, but in the long run, it is much more profitable than any aggressive money mangement system I have seen.

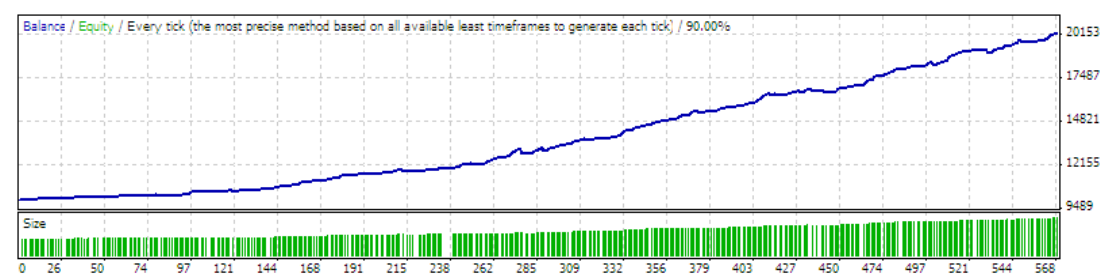
Is it possible to change the percentage of risk?

Yes, some users with special needs keep on asking if it is possible to change the lotsize according to their preference. So in the new version, it is possible to do that in the inputs tab. Users can enter the number of percentage they want to risk. PercentToRisk can be set between 0.5% and 6% with 2 decimal place precision. Any input value below 0.5% will be rejected and risk will be set at 0.5%. Any input value above 6% will also be rejected and risk will be set at 6%. This is to protect users from overtrading.

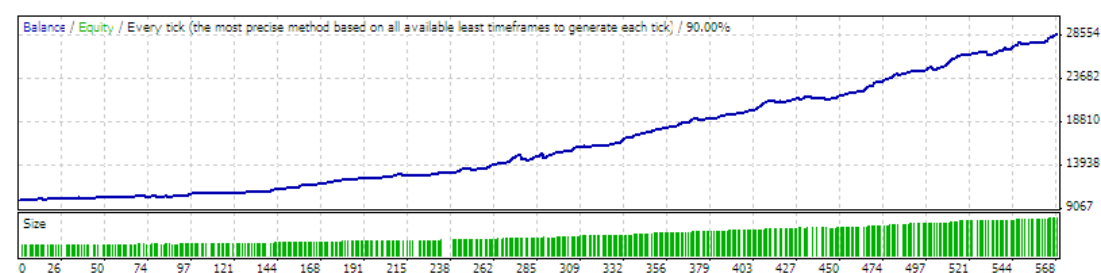


Here are some backtest reports showing the effects of a change in PercentToRisk.

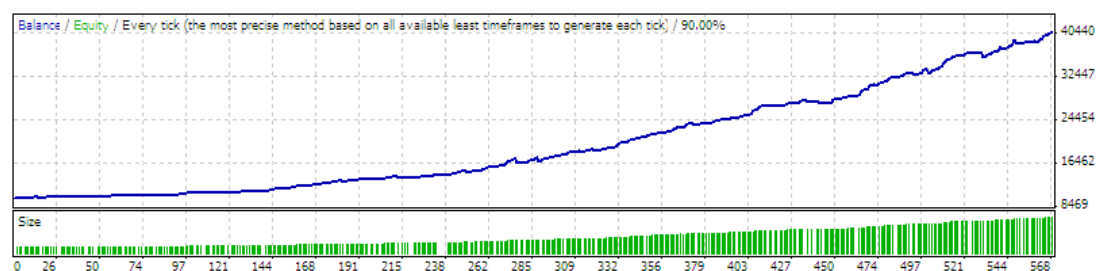
V5.0 90% backtest 01 Jan 2007 - 8 Jun 2011 (risk = 2%)



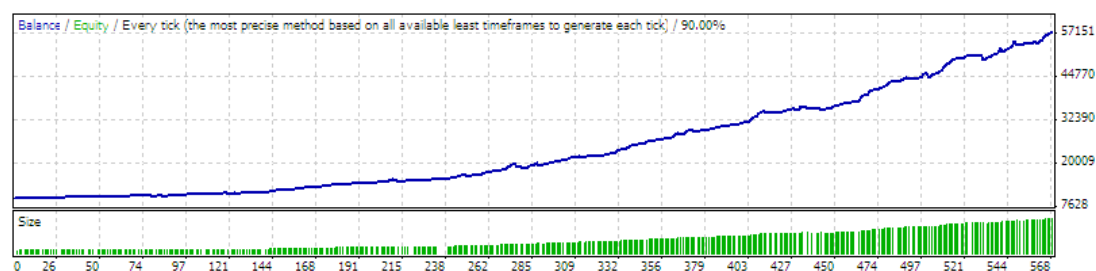
V5.0 90% backtest 01 Jan 2007 - 08 Jun 2011 (risk = 3%)



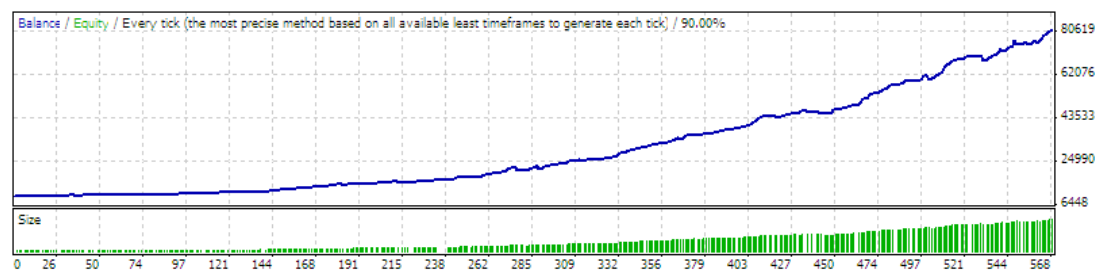
V5.0 90% backtest 01 Jan 2007 - 08 Jun 2011 (risk = 4%)



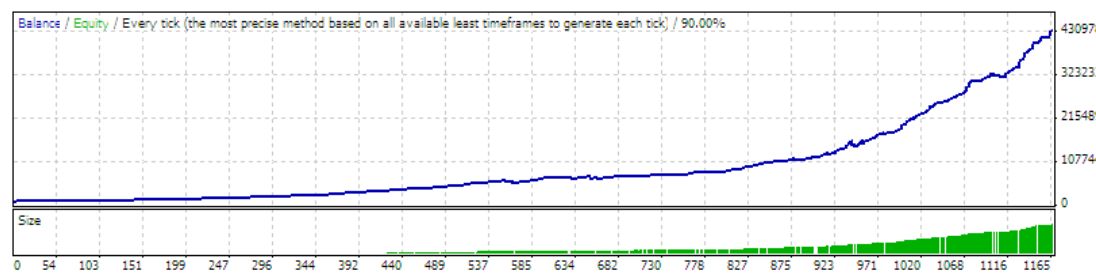
V5.0 90% backtest 01 Jan 2007 - 08 Jun 2011 (risk = 5%)



V5.0 90% backtest 01 Jan 2007 - 08 Jun 2011 (risk = 6%)



V5.0 90% backtest 01 Jan 2000 – 01 Dec 2010 (risk = 6%)



These charts only give a rough picture of the EA's performance. For more accurate information, please see the 99% backtest repots in the appendix.

Why we recommend the classic setting?

My opinion is that we still use the default setting (2%) for PercentToRisk. The higher risk levels should be used only with caution.

And for TestLotScale, again we recommend the default value (0.0). This setting is the classic setting used by previous versions of SteadyWinner EA. We recommend the classic setting because it is the safest Money Management mode.

We have already explained why it is 2%. Now we want to add a word on why TestLotScale should be 0.

Remember what the textbooks said when we learned how to trade? When something goes wrong, get out of the market immediately. By doing so, we can avoid end up in a catastrophe. Retreating to minimum lotsize actually means stop trading.

Why it is not zero? It is because we need to test when the market will become good again. We test with minimum lotsize until we win one trade back. This strategy is to think about losses first. By using this Money Management method, our capital will remain intact even if we lose 10 or 20 times.

In V5, users can choose their Test Lot scaling from 0.00 to 1.00, but we should do so with caution. If we change it to 0.5, which means half of the trade lots, or even 1.0, which equals Trade Lots, there will be a chance to suffer big losses.

It is because SteadyWinner is a trend following EA. When the market is ranging, we will have more losses than winnings. If you look at the backtest reports, you will see that the losses are crammed together. We must understand the risk before increasing the Test Lots.

Why are there so many 0.01 (minimum lotsize) trades?

Some users asked why there are so many 0.01(minimum) trades. Actually, there are more than one condition under which the EA will trade the minimum lotsize.

- [1] When the EA is used for the first time.
- [2] When it is losing.
- [3] When it is on Friday afternoon. (if TradeLateFri is set to True)
- [4] When it is the second half of December. (if TradeLateDec is set to True)

Can SteadyWinner EA run on my broker?

At the moment, V5.0 can run on 4 or 5 digit brokers, no matter they are micro, mini, or standard accounts, a normal broker or an ECN broker. If the EA does not work or works differently on your account, please send an email to steadywinner@gmail.com and state your broker.

The money management of Steadywinner EA is very advanced. It can calculate lotsize correctly in accounts based on all currencies, like US dollars, Euro, Pounds, Australian dollars, Yens, and so on.

How much money is needed to trade SteadyWinner?

Please note that there is an internal setting to stop trading if your account free margin fall below \$110. This is just to prevent margin call and actual trading capital should be well above \$110.

Since in V5.0, we allow users to choose the percentage of risk, we will provide some guidelines for the minimum size of accounts needed.

SteadyWinner V5.0 - Minimum Capital Requirement

Account Size	10K Currency	1K Currency
Pip Value / Lot	US\$10.00	US\$1.00
Min Lot Size	0.01	0.01
Stop Loss Pips	110	110
Min Capital for 2% Risk	US\$1,100.00	US\$110.00
Min Capital for 3% Risk	US\$733.33	US\$73.33
Min Capital for 4% Risk	US\$550.00	US\$55.00
Min Capital for 5% Risk	US\$440.00	US\$44.00
Min Capital for 6% Risk	US\$366.67	US\$36.67

Stoploss and take profit

To help users learn what lotsize they are trading. V5.0 will display the trading lotsize and other information on the screen. Such as the stoploss, take profit and trailing stop. V5.0 has a stoploss of 110 pips, a take profit of 55 pips and a trailing stop of 22 pips.



The 110 pip stoploss is like a safety net. Very often the trade will be closed by an internal take profit or an internal stoploss.

Trailing Reserve: 5

New in SteadyWinner V5.0, Trailing Reserve tells SteadyWinner to move the Stop Loss point to “Reserve” 5 pips of profit when Trailing Stop first triggered instead of just moving the Stop Loss to breakeven point. This gives you 5 pips benefit if the price just moves 22 pips, triggers the Trailing Stop, and then makes a full reverse and strikes through the breakeven point.

What are the differences among V1, V2, V3, V4, and V5?

Including this one, five versions of SteadyWinner have been released. What are their differences?

V1 is the original idea. It is based on multi-timeframes. We buy only when the price is above EMA700 in the following 5 timeframes: M1, M5, M15, M30, and H1. That means the EA will only open trades when there is an obvious trend. Normally, a human trader will not look at so many charts, but a robot can do the job easily. Once we are in the right direction, it is hard to lose. The coding of V1 was done in one sleepless night, and is therefore, a bit primitive.

V2 is a refined version, adding some filters to make it more stable. V2 has a stop loss of 200 pips, a takeprofit of 50, and a trailing stop of 20.

The main improvement in V3 is the stoploss. V3 has a stoploss of 50, a take profit of 12 and a trailing stop of 12. With a tighter stoploss, there will be more trades, and therefore, more profit.

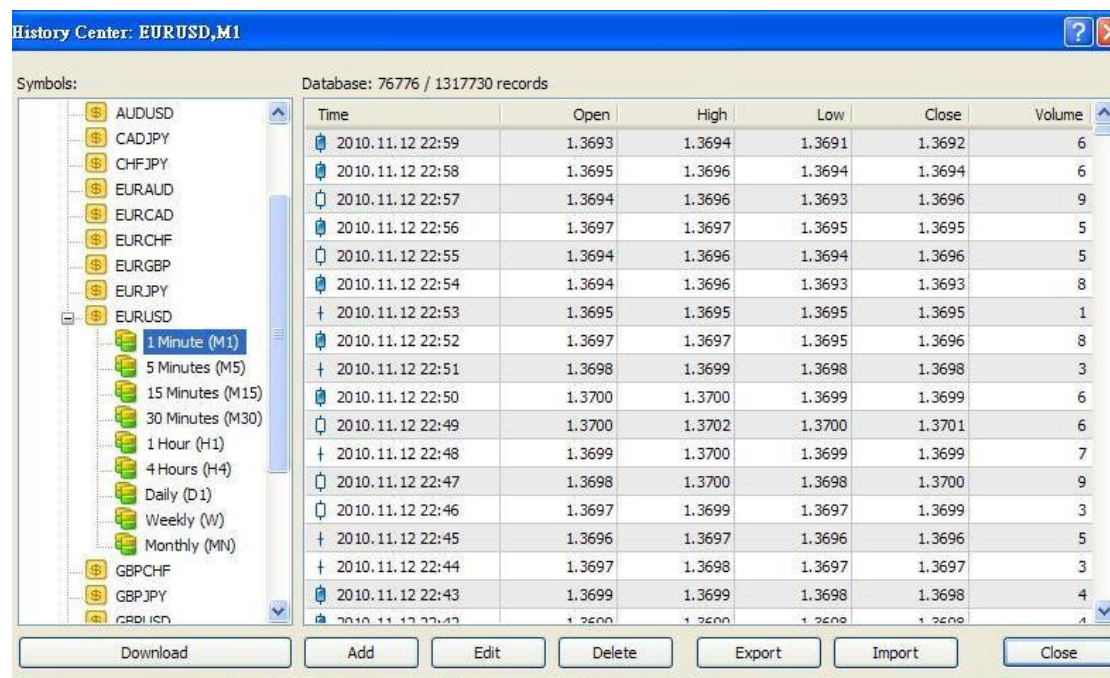
V4 is a big change. We reduced the number of EMAs to three: M1, M5, M15. Compared with V2 and V3, V4 is less stable and not all the trades are good ones, but it is compensated by a lot more trades. In the short run, V4 may not be as good as V3, but in the long run, because of the compounding effect, it will supercede V3. Also a new feature is added to the exit of V4 to make the drawdown smaller.

V4 seemed not very successful since many users cannot bear the drawdowns. Therefore, the main objective of V5 is to restore stability. We increase the number of EMAs from three to four. Also, we use one more indicators to measure the over-bought and over-sold positions. Although the total number of trades reduces, the number of bad trades reduces significantly too. The previous four versions can pass 90% backtests for more than ten years. And V5.0 can pass not only those tests, but also the 99% tick data backtest from 2007 to 2011. As far as I know, only a couple of EAs on the market can do this.

How to backtest properly

Backtesting in Metatrader is not as easy as we first thought. In the first two years I used Metatrader, I was puzzled by the backtest results. They seemed to be different each time. If you cannot produce the backtest results like mine, please download an article from <http://www.forexfactory.com/showthread.php?t=5966> called “Metatrader strategy tester” by Coder Guru. If you follow all the steps, you will get better results. Historical data is essential in backtesting, you must download them from reliable sources.

If you are new in backtesting, please at least download historical data from **Tools – Hisotry Center – Forex – EURUSD – Download**. It may take a few minutes as the files are very big. The download screen should look like this:



Time	Open	High	Low	Close	Volume
2010.11.12 22:59	1.3693	1.3694	1.3691	1.3692	6
2010.11.12 22:58	1.3695	1.3696	1.3694	1.3694	6
2010.11.12 22:57	1.3694	1.3696	1.3693	1.3696	9
2010.11.12 22:56	1.3697	1.3697	1.3695	1.3695	5
2010.11.12 22:55	1.3694	1.3696	1.3694	1.3696	5
2010.11.12 22:54	1.3694	1.3696	1.3693	1.3693	8
2010.11.12 22:53	1.3695	1.3695	1.3695	1.3695	1
2010.11.12 22:52	1.3697	1.3697	1.3695	1.3696	8
2010.11.12 22:51	1.3698	1.3699	1.3698	1.3698	3
2010.11.12 22:50	1.3700	1.3700	1.3699	1.3699	6
2010.11.12 22:49	1.3700	1.3702	1.3700	1.3701	6
2010.11.12 22:48	1.3699	1.3700	1.3699	1.3699	7
2010.11.12 22:47	1.3698	1.3700	1.3698	1.3700	9
2010.11.12 22:46	1.3697	1.3699	1.3697	1.3699	3
2010.11.12 22:45	1.3696	1.3697	1.3696	1.3696	5
2010.11.12 22:44	1.3697	1.3698	1.3697	1.3697	3
2010.11.12 22:43	1.3699	1.3699	1.3698	1.3698	4
2010.11.12 22:42	1.3699	1.3699	1.3698	1.3698	4

Also, the spread in the weekend is much higher than usual. Please backtest only on trading days when the market is open.

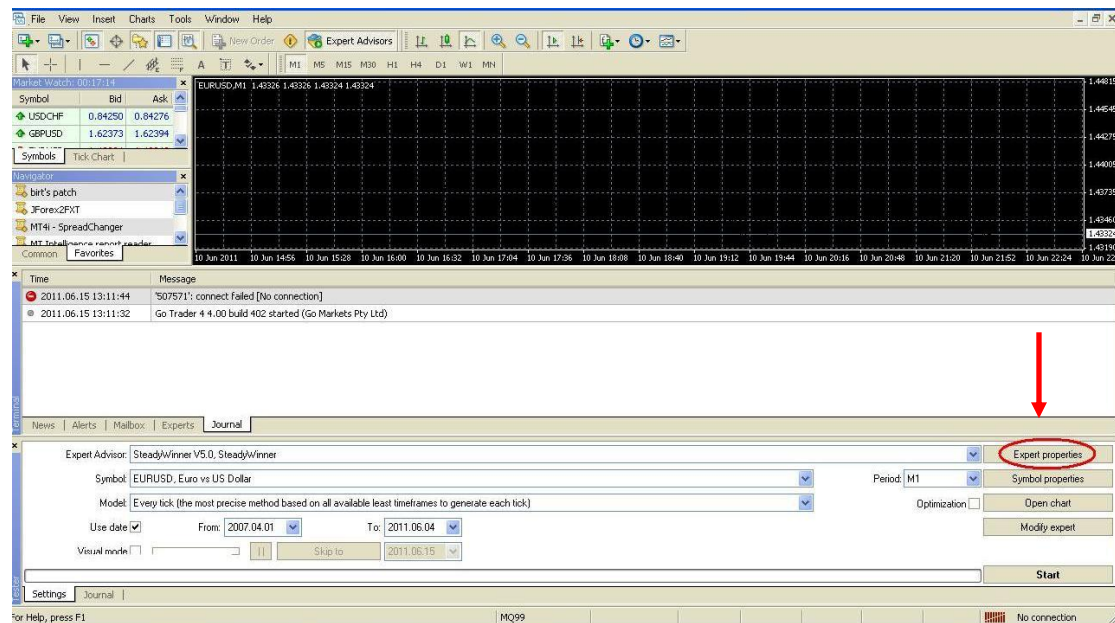
The 90% backtest results in this manual are all done on a live account at GoMarkets with a normal spread of 1.2 pips. The historical data are from Metaquotes, which are downloadable no matter which broker you use. The historical data from Metaquotes are widely used and accepted.

But still many people think that 90% backtesting is useless, we must do forward tests, and we must forward test an EA not on a demo account, but a live account, because the data

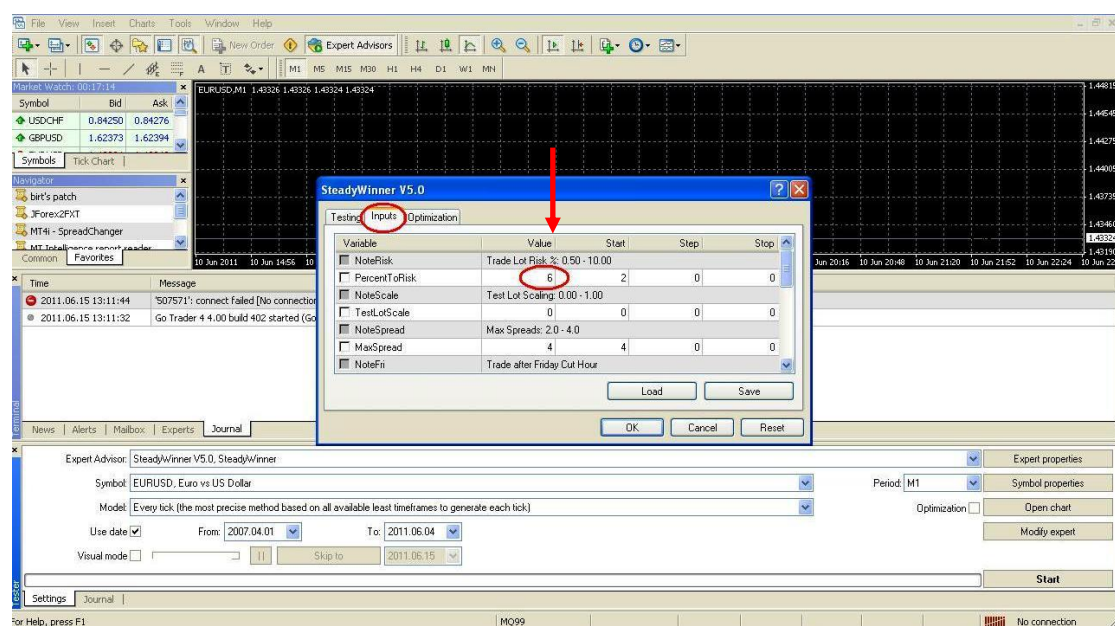
How to backtest with different parameters?

If you want to backtest with different parameters, the procedure is a bit different.

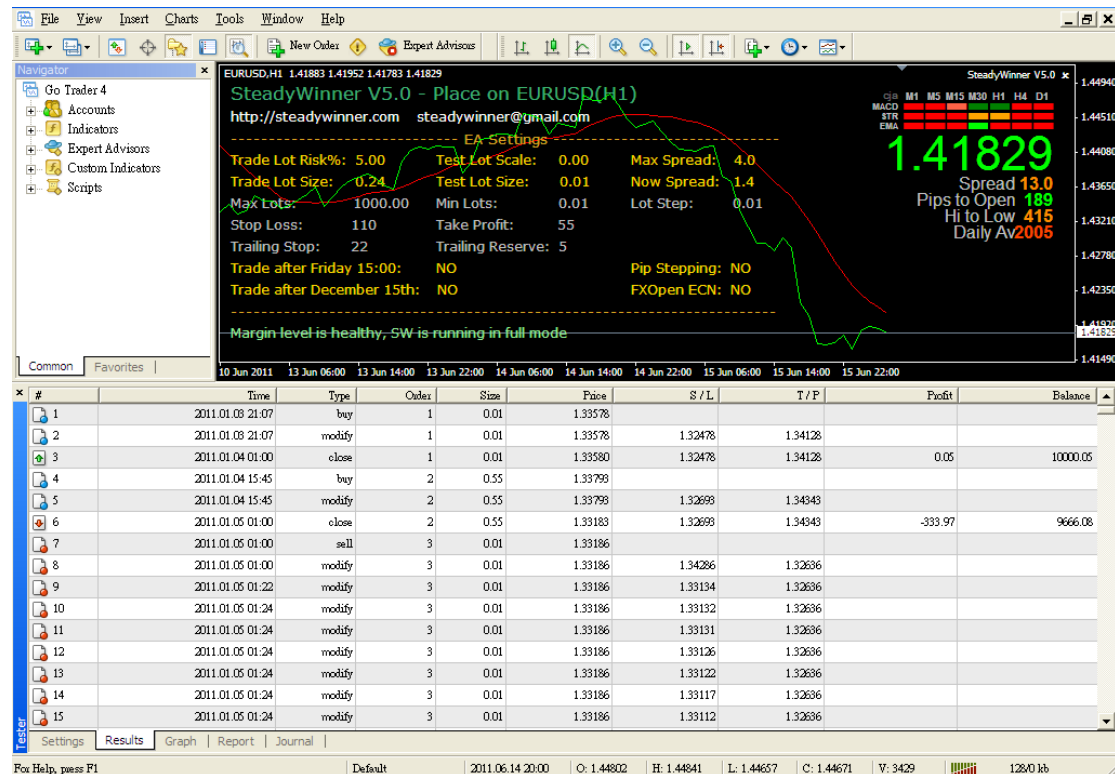
Suppose you want to know what will happen if you change PercentToRisk to 6, you have to open the Expert properties penal.



Find PercentToRisk, change 2 to 6. And then press OK to go back to normal backtest function. When you do the backtest at this time, you will see the result of the EA with the risk level of 6%



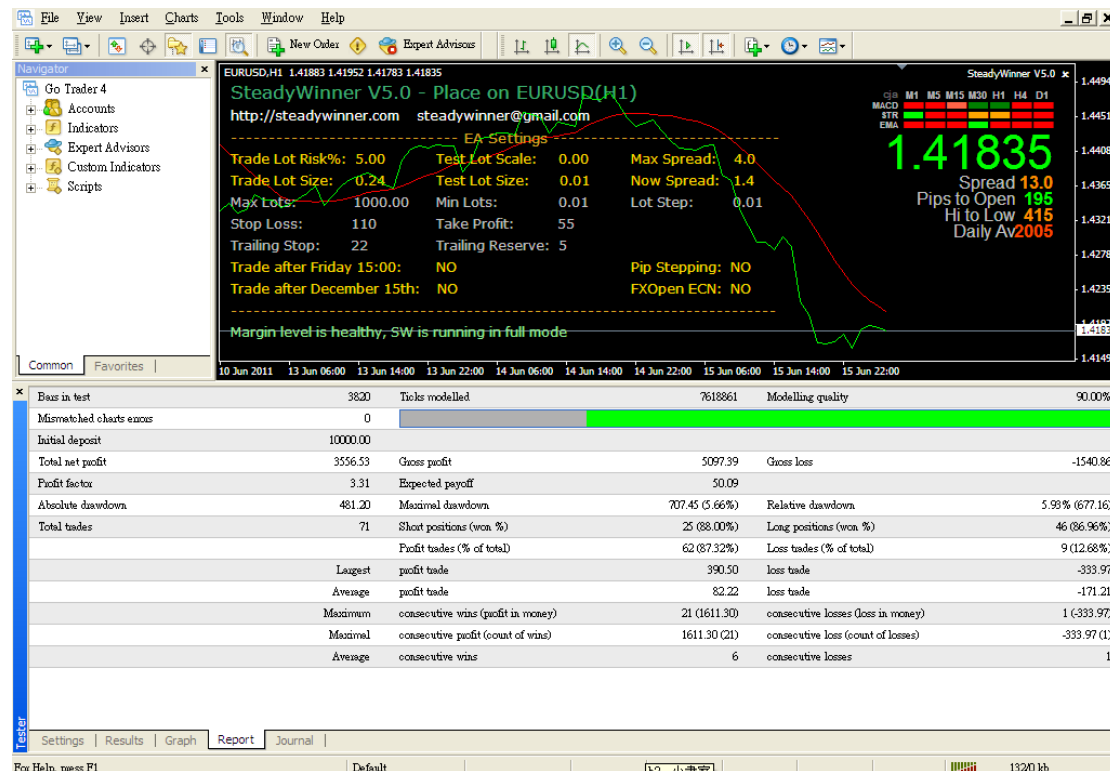
There are several pages you can read from the backtest report. The following page shows the details of each transaction.



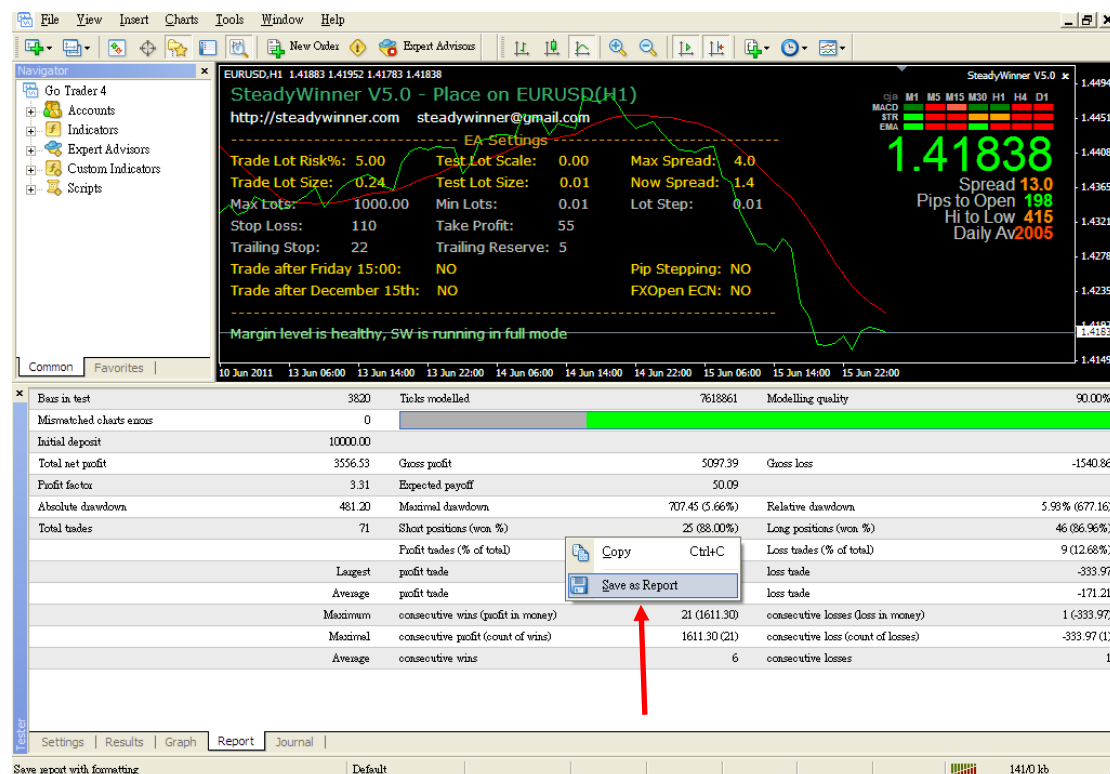
This page shows the equity curve.



This page is a summary, showing the Profit Factor, Maximum Drawdown, and so on.



We can save the report by the “Save as Report” function. Point your mouse to anywhere on the test report, press right key, and you will see the pop-up menu.



All test reports in this manual are done in similar way.

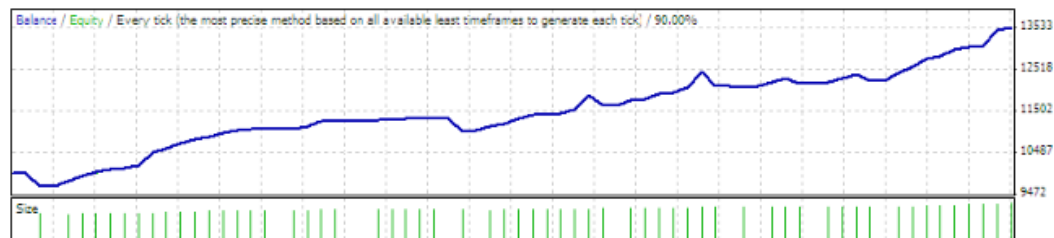
Here is a sample tester report:

Strategy Tester Report

SteadyWinner V5.0

GoMarkets-Demo (Build 402)

Symbol	EURUSD (Euro vs US Dollar)		
Period	1 Hour (H1) 2011.01.03 00:00 - 2011.06.16 03:00 (2011.01.01 - 2011.12.30)		
Model	Every tick (the most precise method based on all available least timeframes)		
Parameters	NoteRisk="Trade Lot Risk %: 0.50 - 10.00"; PercentToRisk=6; NoteScale="Test Lot Scaling: 0.00 - 1.00"; TestLotScale=0; NoteSpread="Max Spreads: 2.0 - 4.0"; MaxSpread=4; NoteFri="Trade after Friday Cut Hour"; TradeLateFri=false; FridayCutHour=15; NoteDec="Trade on December Cut Date (15)"; TradeLateDec=false; NoteBroker="Broker Friendly Settings"; PipStepping=false; FXOpenECN=false; NoteEA="Magic No.& Comments, pls change it"; MagicNo=338833; CommentTxt="SW-V5";		
Bars in test	3820	Ticks modelled	761861
Mismatched charts errors	0	Modelling quality	90.00%
Initial deposit	10000.00		
Total net profit	3556.53	Gross profit	5097.39
Profit factor	3.31	Gross loss	-1540.86
Expected payoff	50.09		
Absolute drawdown	481.20	Maximal drawdown	707.45 (5.66%)
Relative drawdown	5.93% (677.16)		
Total trades	71	Short positions (won %)	25 (88.00%)
Profit trades (% of total)	62 (87.32%)		
Largest profit trade	390.50		
Average profit trade	82.22		
Maximum consecutive wins (profit in money)	21 (1611.30)	Long positions (won %)	46 (86.96%)
Maximal consecutive profit (count of wins)	1611.30 (21)	Loss trades (% of total)	9 (12.68%)
Average consecutive wins	6	consecutive losses (loss in money)	1 (-333.97)
		consecutive loss (count of losses)	-333.97 (1)
		consecutive losses	1



Under what conditions will we lose?

SteadyWinner is a trend follower. If there is a trend in the market, it will win. If the trend ends and turns to another direction, it will lose. If the market turns again and again, there will be consecutive losses. But SteadyWinner will survive, because it will have turned to 0.01 mode. The only way to kill it is one lose one win, one lose one win, and so on. If you look at the charts in the backtests, you will see that the curves are not always smooth. There are some winkles. For V5, the maximum drawdown is about 10% even if you use a risk level of 6%. If you are unlucky to use the EA at the beginning of a drawdown, it is possible that you lose 10% of your balance before you win it back.

SteadyWinner is not a manual trading system

From the feedback of some users, we see a misunderstanding. They think SteadyWinner is a manual system, but automated by an EA. In fact, the trading logic of SteadyWinner has nothing to do with a manual trading system. When designing the EA, we only considered what an EA is capable of, and did not take human effort into consideration. Therefore, it is difficult, or even impossible, for human beings to trade in such a way. Please do not learn manual trading by watching the EA trades. There is nothing we can learn.

Some users watch H1 chart, and then write to ask why the EA trades in this way or that way. In fact, the EA does not look at H1 chart. It takes values freely from charts of various timeframes. All the values are hard-coded, so the result is the same no matter which chart you put the EA on. When coding SteadyWinner, we never looked at the charts ourselves. We only read the test reports.

It is because EAs are different from human beings. EAs do not have eyes and brains; human beings have. Therefore, something easy for human beings can be very difficult for EAs. And the opposite is also true. In our opinion, EAs and human beings should trade in different ways. Take walking as an example. It is easy for a human being to walk, but it is difficult to make a robot to walk in a similar way. However, the engineer can make the robot to run on wheels, which is easier and faster.

Similarly, EAs are very quick and accurate in trading. So it is alright to have trades with a very short lifespan. If there are many trades, it is alright to have only small profit for each of them. Human beings see with their eyes and trade with their hands. They are slow. Traditionally, manual trading is infrequent, has bigger take profit than stoploss to compensate for the bad trades and so on.

Manual trading has been practiced for a few hundred years and has developed some generally accepted rules, while automatic trading is very new, and there are different ways in programming an EA. We should keep our minds open to all possibilities.

How to get the latest version?

V5 for small accounts is free.

However, you have to pay USD\$88 for V5 full version. It is to encourage the coders to develop a better version.

Please visit the following website or go directly to the link provided by Plimus.

<http://steadywinner.com> or

<https://secure.plimus.com/jsp/buynow.jsp?contractId=2805868>

Refund Policy

We assume you have run the demo version for some time before making any purchase. However, if for any reason you cannot run the EA or find it unsatisfactory, a refund is possible because the distribution is through Plimus. They will hold the money for 60 days in case customers have complaints. We are honest EA developers. Any claims for refund will be handled according to the rules set by Plimus.

Unfortunately, we found some cases of abuse on this policy. Usually, these are users who know very little about backtesting. A typical case is that they buy the EA on Saturday and backtest it on the same day, without knowing that the spread on a non-trading day is much higher than usual. Some of them even do not bother to download the historical data. Of course, the results were disappointing. They thought they were scammed and asked for a refund on Sunday or Monday.

That is why we want to set a restriction that we will entertain request for refund after 40 days. One or two weeks is too short a time to judge an EA. We will not ask for your trading record, but we do hope that you have used it for some time, live or demo. Also, if you can, please state a specific reason for refund, this will help us improve our products in the future.

There are real scammers scamming our products. They want to get their products free by asking for a refund, and then resell it for profit. We have seen from some websites that they are selling our products many times more than we charged. For the benefit of our users, we do not protect our EAs. Everyone can see the source codes so that they know what they are using to trade. And our products are very much under-priced. Scammers are taking advantage of this and we, as the developer, suffers. If this continues, we have to lock our EAs and there will no longer be source codes. Or, we will not release any EAs at all.

The signal service

We are willing to share, but only to a reasonable extent. In our lab, there are some more advanced EAs, but we hesitate to make them public.

The only way we can think of is to provide signal services. We will do it in several steps. The first step is to provide free signals at Zulutrade.com. This will be available soon. Please visit our website <http://steadywinner.com> for the details.

How to learn forex and MQL4

Buying a good EA is not the end of the story. If you like forex trading, you can learn from the following sources:

For beginners

<http://www.babypips.com/school/>

Learn how to use Metatrader

<http://www.metaquotes.net/en>

Forex forums

<http://www.mql4.com/>

<http://www.forexfactory.com/>

<http://www.forex-tsd.com/>

<http://www.donnaforex.com/>

<http://indo-investasi.com/>

Learning how to code

Is it possible for a trader to learn how to code his or her own EA? I have gone through this myself. So I know that the answer is “yes”. Once we learn the codes, we will no longer be scammed or waste money on EA shopping.

Here below are some resources to learn MQ4. MQ4 is a kind of C language. You can understand it easily if you have taken a course in C.

[1] The MQ4 course by Coder Guru. This is the first book I read, but the English is sometimes unreadable.

<http://www.forexmt4.com/MT4Tutorials/Mql%20-%20Metatrader%20Development%20Course.pdf>

[2] A book by S. Kovalyov at <http://forum.mql4.com/12929>

This book is difficult.

[3] “MQ4 for Traders” by David M. Williams. This is an easy book, but you have to pay for it. The author also offers a free email course on his website. I suggest you read this book first. <http://www.iexpertadvisor.com/metatrader-mql-expert-advisor.htm>

[4] There is a new book called “Expert Programming” by Andrew R. Young. It is the first comprehensive guide to MQL programming. The author is an experienced coder, and he gives in-depth analysis on building complicated EAs. Source codes are included.

Closing remark

That’s all. I wish you good luck. If you have any questions, please feel free to write to: steadywinner@gmail.com

I want to take this opportunity to thank all those who have helped to make SteadyWinner a better product.

Happy trading!

Ming and Henry
SteadyWinner Development Team

Appendix – Backtesting SteadyWinner V5.0 using Tick Data

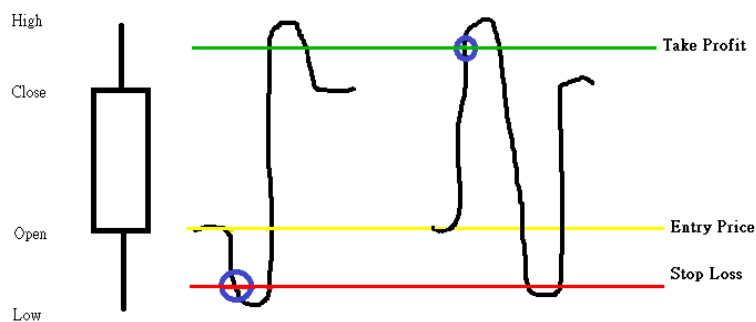
The Background

One of the major advancement of SteadyWinner V5.0 is the use of Tick Data for backtesting. So what's wrong with Meta Trader 4's backtesting and what are the benefits using Tick Data backtesting?

There are 3 key reasons.

1. Better accuracy

First, let's look at a 1 minute candle as an example. It only tells us 4 price points, being the **Open**, **High**, **Low**, **Close** within that minute. But it doesn't tell us whether the price reached the **High** point first or the **Low** point first. The diagram below shows 2 simple possible price movements within 1 minute that can leave exactly the same M1 candle.



However, to a Scalper EA seeking only a few pips, the difference means live or death. Let's assume an EA opened a BUY order with **Entry Price** at the yellow line, **Stop Loss** at the red line and **Take Profit** at the green line. If the price hit the **Low** first, the order will be closed by **Stop Loss** (the left blue circle). But the order could be closed with a **Take Profit** if the price hit the **High** first (the right blue circle).

Therefore, tick data simulation gives a more accurate picture of how SteadyWinner would have performed in history.

2. Avoid data gaps

Secondly, we found many gaps in MetaTrader 4's historical data. The backtest report of SteadyWinner V4.3N shows one of the biggest gaps. Note that there were no trades between 2010.05.08 and 2010.07.07 indicated by the red line in the diagram.

11529	2010.05.07 02:10	modify	1025	0.01	1.26611	1.26378	1.26126		
11530	2010.05.07 02:10	modify	1025	0.01	1.26611	1.26373	1.26126		
11531	2010.05.07 02:10	modify	1025	0.01	1.26611	1.26367	1.26126		
11532	2010.05.07 02:10	modify	1025	0.01	1.26611	1.26361	1.26126		
11533	2010.05.07 02:10	modify	1025	0.01	1.26611	1.26356	1.26126		
11534	2010.05.07 02:10	modify	1025	0.01	1.26611	1.26350	1.26126		
11535	2010.05.07 02:11	modify	1025	0.01	1.26611	1.26347	1.26126		
11536	2010.05.07 02:15	close	1025	0.01	1.26294	1.26347	1.26126	3.17	1532.55
11537	2010.07.08 14:01	sell	1026	0.02	1.26653	0.00000	0.00000		
11538	2010.07.08 14:01	modify	1026	0.02	1.26653	1.27168	1.26168		
11539	2010.07.08 14:26	modify	1026	0.02	1.26653	1.26652	1.26168		
11540	2010.07.08 14:26	modify	1026	0.02	1.26653	1.26648	1.26168		
11541	2010.07.08 14:30	s/l	1026	0.02	1.26648	1.26648	1.26168	0.10	1532.65
11542	2010.07.08 14:36	sell	1027	0.02	1.26759	0.00000	0.00000		
11543	2010.07.08 14:36	modify	1027	0.02	1.26759	1.27274	1.26274		
11544	2010.07.08 16:10	close	1027	0.02	1.26738	1.27274	1.26274	0.42	1533.07

When backtesting with Tick Data, such gaps do not exist.

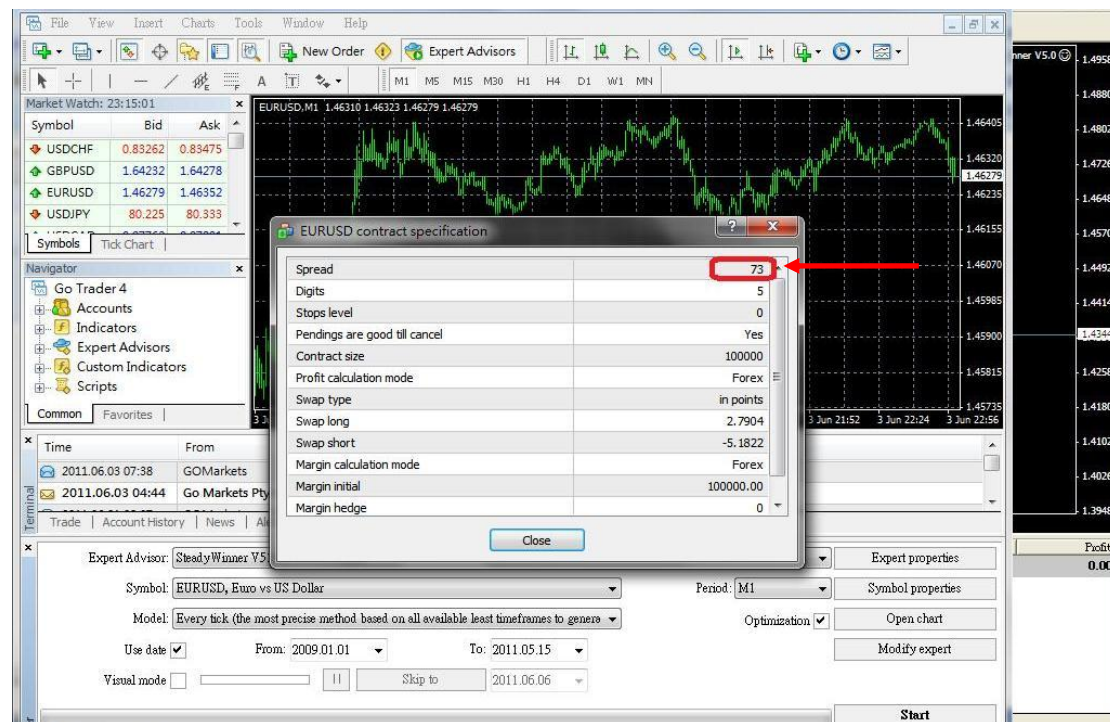
3. Choose our backtesting spreads

The last reason we use Tick Data is the ability to set the backtesting spreads ourselves. If you have tried backtesting an EA during weekends, you know the spreads are usually widened and MT4 uses that spread throughout the whole backtest. This will severely distort the backtest results.

Even we backtest during trading days, MetaTrader 4 uses spreads at the beginning of the backtest. Since the spread is constantly changing, we can have different results for every backtest even we use exactly the same EA with the same settings.

When we use Tick Data backtesting, we can set the spreads ourselves and use a fixed spread “high enough” to cover typical spreads in all major brokers, so our backtests will be more practical and more reliable.

Spread during weekend can be as high as 7.3.



If the spread is too high, the EA will refuse to trade. Therefore, it is also impossible to backtest. Try again on a trading day. Everything will return to normal.

How do we get Tick Data and use them?

The benefits of using Tick Data backtesting come at some pain and effort. We have to go through complicated downloading, data conversion process and we have to maintain the tick data manually at least once every month, or the tick data will become outdated and useless.

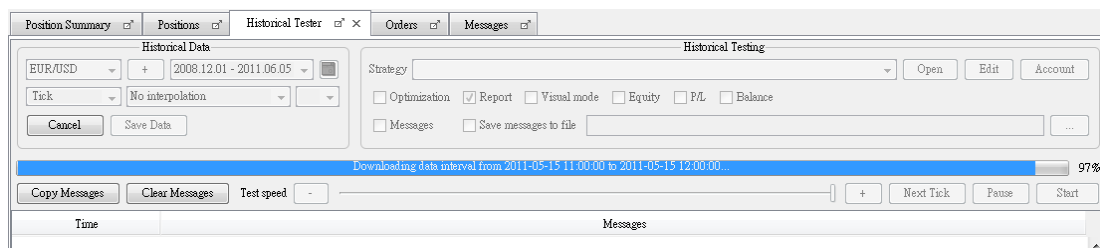
Note: If you are interested in doing your own Tick Data backtest, please visit Birt's EA review website: <http://eareview.net/tick-data>

He gives details on how to do it and provide all the tools for you to download.

Let us briefly show you how we set up the Tick Data in 3 laborious steps.

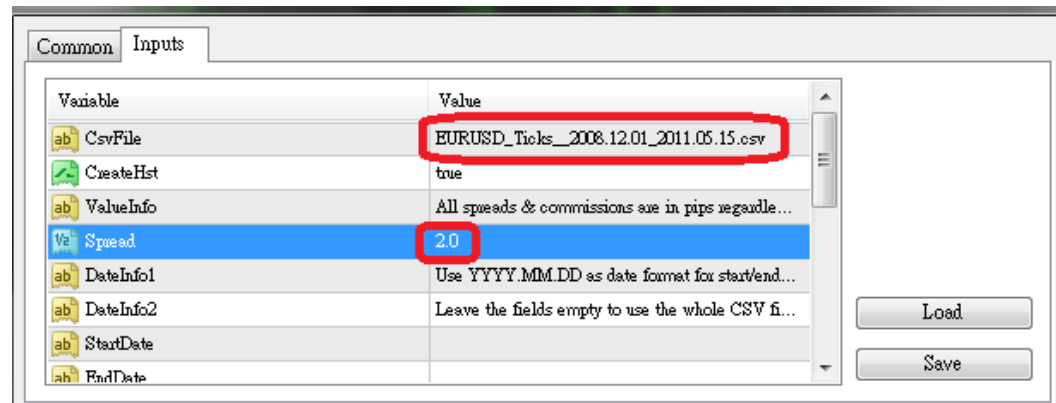
1. Download tick data

First, we need to download the tick data. As there could be hundreds of price ticks within one minute, tick data files are huge. We usually download one year of data at a time. On a slow PC or Internet connection, it can take more than 3 hours to download tick data for just one year and for just one symbol.



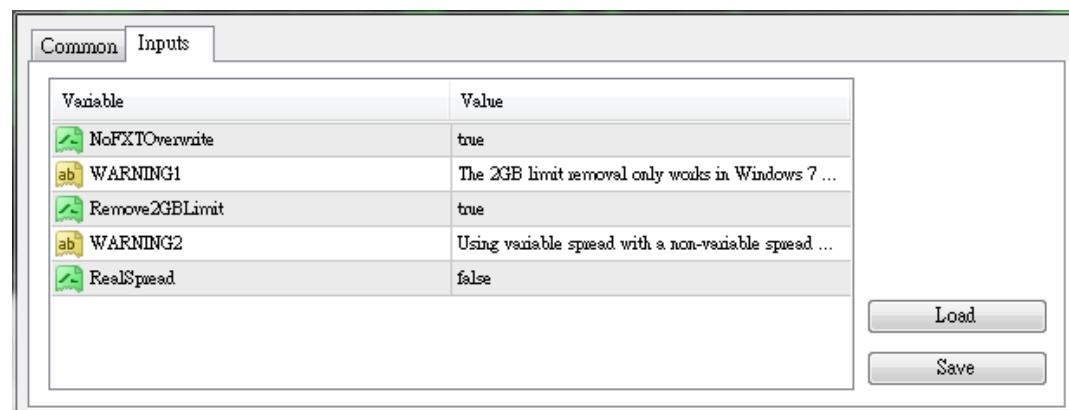
2. Convert the tick data to MetaTrader 4 format

The tick data we use are from another platform, we have to convert the tick data file into MetaTrader 4 format. We have to do it once for 1 minute time frame and do it again if we need 5 minute, 1 hour or other time frames.



3. Use the tick data for backtesting

Finally, to let MetaTrader 4 “uses” our tick data history instead of generating her own, we have to run a program to override her behavior. Otherwise, our tick data history file will get overwritten, and we will have to copy again.



Our Backtest Requirement for SteadyWinner V5

We find SteadyWinner Tick Data backtest results vary greatly among years but we managed to get our EA pass the following requirements.

1. Profit Factor ≥ 2

Profit Factor = Sum of dollar won / Sum of dollar lost (in the test period)

It is the simplest and most reliable Performance Indicator of an EA. A Profit Factor of 2 means for every 1 dollar we lose, we expect to gain 2 dollars back. PF under 1.5 means the EA was struggling. However, PF as big as 10 is too good to be true.

2. Maximal Draw Down < 10 (or 15% max)

The maximum drawdown MAX DD indicates how much % of capital we could lose according to history backtest if we start at the worst point and suffer many losses. At SteadyWinner, we believe any EA having MaxDD $> 15\%$ is no good.

3. A respectable Equity Curve

We don't believe in silky-smooth or straight-line equity curve. An EA trading long term without a single loss is incredible. We think a natural Equity Curve of an EA should have some drawdowns, but we try to make sure the EA does not take too long to recover from such a drop.

Interestingly, we find that when an EA has a respectable PF, it also has a good Equity Curve. The diagram below shows a report of SteadyWinner 5.0.

V5.0 99% backtest 01 Apr 2007 - 04 Jun 2011 (risk = 2%)

Strategy Tester Report

SteadyWinner V5.0

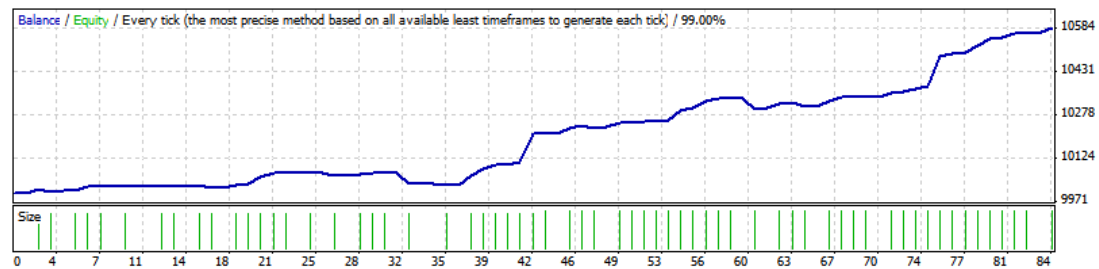
GoMarkets-Real 2 (Build 402)

Symbol	EURUSD (Euro vs US Dollar)		
Period	1 Minute (M1) 2007.03.30 16:01 - 2011.06.03 21:00 (2007.04.01 - 2011.06.04)		
Model	Every tick (the most precise method based on all available least timeframes)		
Parameters	NoteRisk="Trade Lot Risk %: 0.50 - 10.00"; PercentToRisk=2; NoteScale="Test Lot Scaling: 0.00 - 1.00"; TestLotScale=0; NoteSpread="Max Spreads: 2.0 - 4.0"; MaxSpread=4; NoteFri="Trade after Friday Cut Hour"; TradeLateFri=false; FridayCutHour=15; NoteDec="Trade on December Cut Date (15)"; TradeLateDec=false; NoteBroker="Broker Friendly Settings"; PipStepping=false; FXOpenECN=false; NoteEA="Magic No. & Comments, pls change it"; MagicNo=338833; CommentTxt="SW-V5";		
Bars in test	1546724 Ticks modelled	52198199 Modelling quality	99.00%
Mismatched charts errors	0		
Initial deposit	10000.00		
Total net profit	7422.10 Gross profit	10097.76 Gross loss	-2675.66
Profit factor	3.77 Expected payoff	14.30	
Absolute drawdown	27.65 Maximal drawdown	409.47 (2.81%) Relative drawdown	3.11% (361.60)
Total trades	519 Short positions (won %)	225 (85.33%) Long positions (won %)	294 (90.48%)
	Profit trades (% of total)	458 (88.25%) Loss trades (% of total)	61 (11.75%)
	Largest profit trade	173.04 loss trade	-286.00
	Average profit trade	22.05 loss trade	-43.86
	Maximum consecutive wins (profit in money)	48 (1104.59) consecutive losses (loss in money)	5 (-94.89)
	Maximal consecutive profit (count of wins)	1104.59 (48) consecutive loss (count of losses)	-296.97 (2)
	Average consecutive wins	9 consecutive losses	1

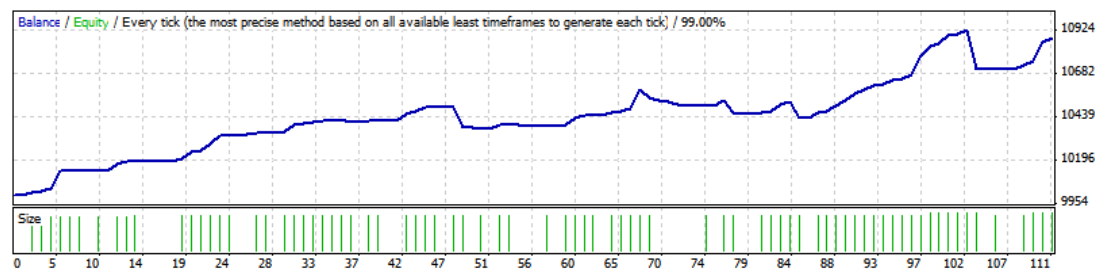


Here below are some of our test reports in 99% tick data backtest.

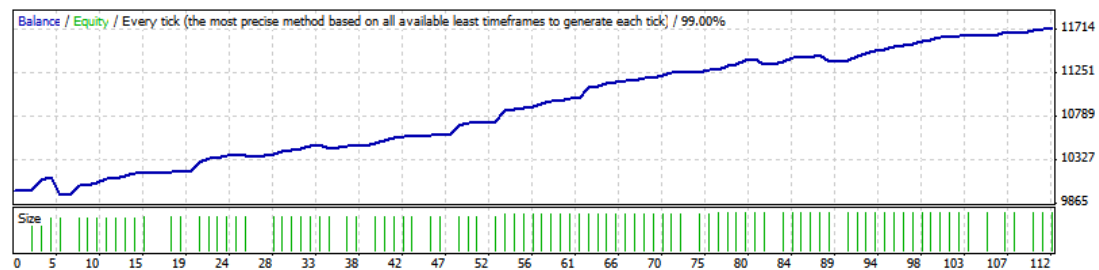
V5.0 99% backtest 01 Apr 2007 – 31 Dec 2007 (risk = 2%)



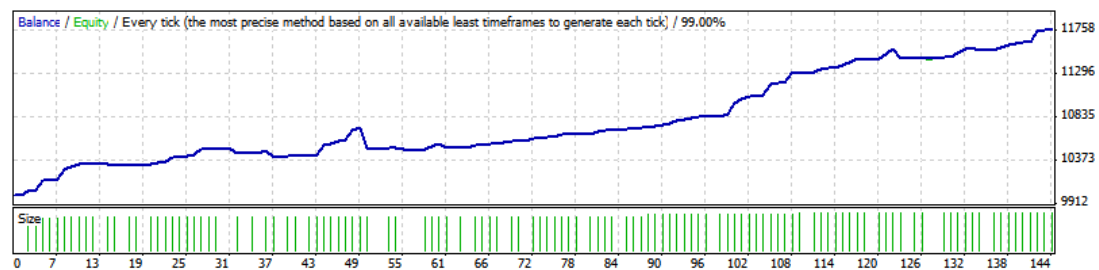
V5.0 99% backtest 01 Jan 2008 – 31 Dec 2008 (risk = 2%)



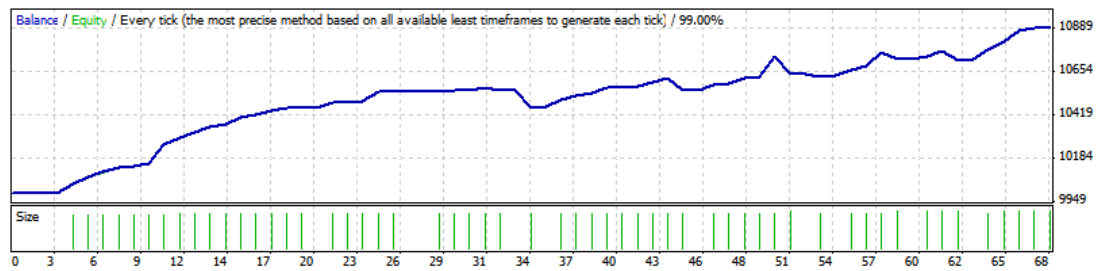
V5.0 99% backtest 01 Jan 2009 – 31 Dec 2009 (risk = 2%)



V5.0 99% backtest 01 Jan 2010 – 31 Dec 2010 (risk = 2%)

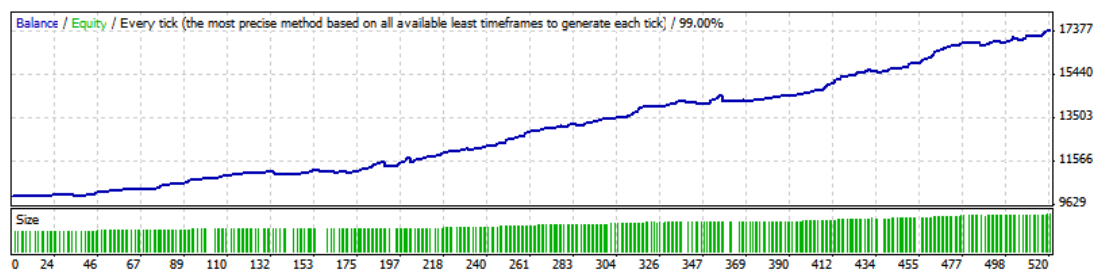


V5.0 99% backtest 01 Jan 2011 – 04 Jun 2011 (risk = 2%)

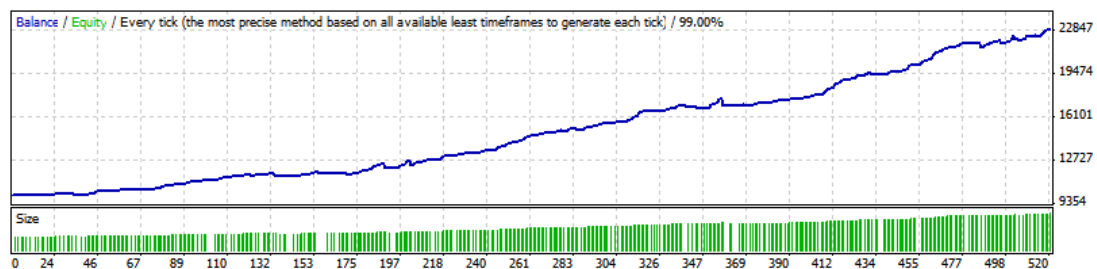


Here below are some reports from 2007 to 2011 using different percentages of risk.

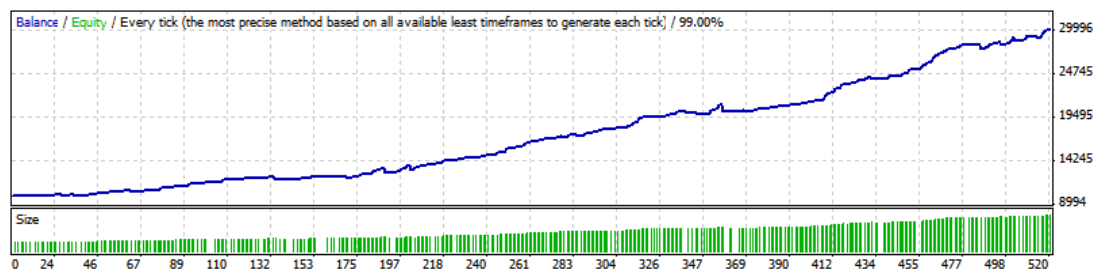
V5.0 99% backtest 01 Apr 2007 – 04 Jun 2011 (risk = 2%)



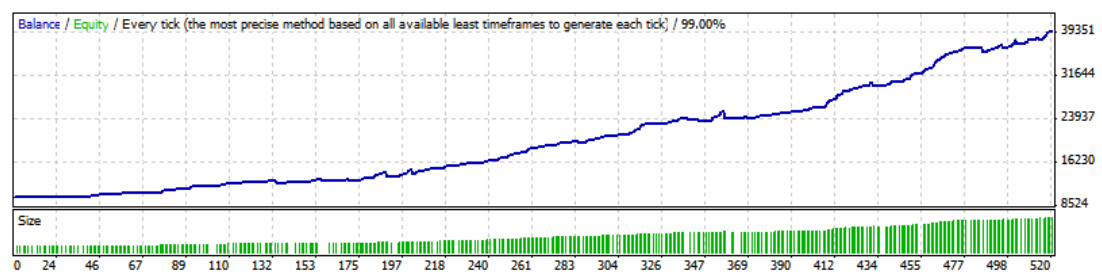
V5.0 99% backtest 01 Apr 2007 – 04 Jun 2011 (risk = 3%)



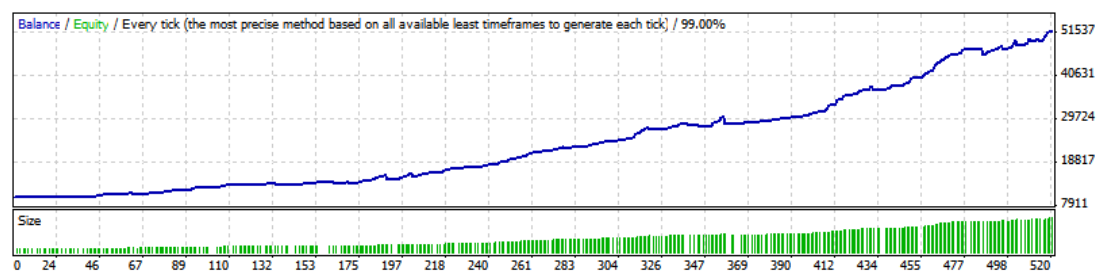
V5.0 99% backtest 01 Apr 2007 – 04 Jun 2011 (risk = 4%)



V5.0 99% backtest 01 Apr 2007 – 04 Jun 2011 (risk = 5%)



V5.0 99% backtest 01 Apr 2007 – 04 Jun 2011 (risk = 6%)



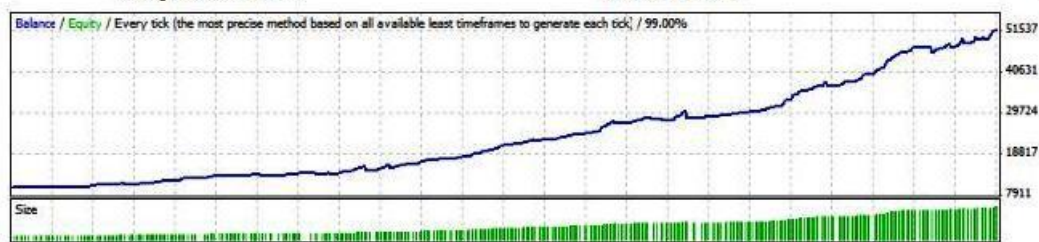
V5.0 99% backtest 01 Apr 2007 – 04 Jun 2011 (risk = 6%)

Strategy Tester Report

SteadyWinner V5.0

GoMarkets-Real 2 (Build 402)

Symbol	EURUSD (Euro vs US Dollar)		
Period	1 Minute (M1) 2007.03.30 16:01 - 2011.06.03 21:00 (2007.04.01 - 2011.06.04)		
Model	Every tick (the most precise method based on all available least timeframes)		
Parameters	NoteRisk="Trade Lot Risk %: 0.50 - 10.00"; PercentToRisk=6; NoteScale="Test Lot Scaling: 0.00 - 1.00"; TestLotScale=0; NoteSpread="Max Spreads: 2.0 - 4.0"; MaxSpread=4; NoteFri="Trade after Friday Out Hour"; TradeLateFri=false; FridayCutHour=15; NoteDec="Trade on December Cut Date (15)"; TradeLateDec=false; NoteBroker="Broker Friendly Settings"; PipStepping=false; FXOpenECN=false; NoteEA="Magic No.8, Comments, pls change it"; MagicNo=338833; CommentText="SW-V5";		
Bars in test	1546724	Ticks modelled	52198199 Modelling quality 99.00%
Mismatched charts errors	0		
Initial deposit	10000.00		
Total net profit	41789.32	Gross profit	56804.48 Gross loss -15015.16
Profit factor	3.78	Expected payoff	80.52
Absolute drawdown	101.65	Maximal drawdown	2918.37 (6.12%) Relative drawdown 9.22% (1441.70)
Total trades	519	Short positions (won %)	225 (85.33%) Long positions (won %) 294 (90.48%)
		Profit trades (% of total)	458 (88.25%) Loss trades (% of total) 61 (11.75%)
	Largest profit trade	1468.06	loss trade -1826.00
	Average profit trade	124.03	loss trade -246.15
	Maximum consecutive wins (profit in money)	48 (7092.32)	consecutive losses (loss in money) 5 (-237.69)
	Maximal consecutive profit (count of wins)	7092.32 (48)	consecutive loss (count of losses) -1836.97 (2)
	Average consecutive wins	9	consecutive losses 1



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