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AI in Systematic Trading: **How to Use Artificial Intelligence** **to Build, Test, and Improve** **Trading Systems Faster Than Ever**

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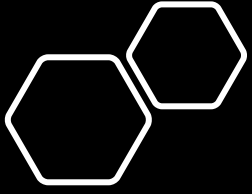
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AI in Systematic Trading:

How to Use Artificial Intelligence to Build, Test,
and Improve Trading Systems Faster Than Ever



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AI in Systematic Trading

How to Use Artificial Intelligence to Build, Test, and Improve Trading Systems Faster Than Ever

- Adrian Reid, Founder - Enlightened Stock Trading
- 20+ years systematic trading across ASX, US, TSX, HK, crypto
- Left a \$230,000 salary in 2012 when trading made more than the job
- Now trade in 20-30 minutes a day using end-of-day systems
- Fully automated - no screen-watching
- Founded Enlightened Stock Trading in 2014
- Tonight's goal:
Show you exactly how to use AI to build and test trading systems safely and efficiently



AI's Dirty Little Secret

The AI Trading Temptation

Have you ever typed this into ChatGPT?

- “Give me a profitable stock trading system for US Stocks”



- **Market:** US stocks
- **Entry Strategy**
 - Focus on **liquid stocks** (average daily volume > 500k shares)
 - Price > \$5 (reduces extreme volatility)
 - Stock above its **50-day moving average (trend filter)**
 - Stock shows **recent upward momentum** (e.g., RSI(14) > 50 but < 70)
 - Price **pulls back to support** (like 20-day moving average or prior consolidation)
 - Volume **above average** on breakout
- **Exit Strategy**
 - **Profit target:** 2–3x your risk (reward-to-risk ratio $\geq 2:1$)
 - **Stop-loss:** Below recent swing low (for longs) or swing high (for shorts)
 - **Trailing stop:** Optional, to lock in profits as stock moves favorably
- **Risk Management**
 - Never risk more than **1–2% of total capital per trade**
 - Diversify across **3–5 stocks max** to avoid overexposure
- **Optional Enhancements**
 - Use **swing high/low breakouts** for entries
 - Consider **moving average crossovers** for trend confirmation (e.g., 20MA crossing 50MA)
 - Add **volume indicators** (OBV, VWAP) for confirmation

It sounds great. But would you trade it with real money?

AI's Dirty Little Secret

The AI Trading Temptation



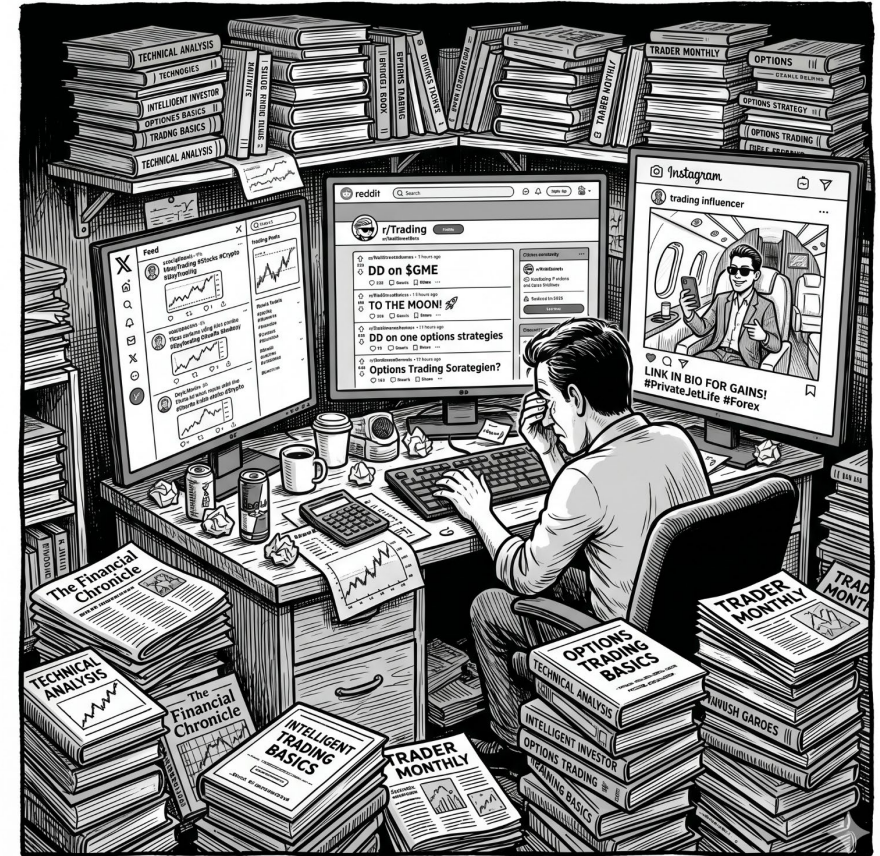
US Pullback Momentum	
Periods	8,392
NetProfit	(\$90,212)
Comp	True
ROR	-6.72%
MaxDD	-96.43%
MAR	-0.07
Trades	2,348
PctWins	29.73%
Expectancy	0.04%
AvgWin	9.47%
AvgLoss	3.96%
WinLen	25.04
LossLen	8.31
ProfitFactor	0.96
Sharpe	-0.12
AvgExp	152.18%
MaxExp	433.64%

AI's Dirty Little Secret

Why AI-Generated Strategies Are Almost Certainly Unprofitable

- AI has been trained on thousands of forum posts, blog articles, and textbooks. This includes Reddit and X posts
- **Most of this training data describes approaches that don't work, aren't tested, or are over-fitted to historical data**
- AI cannot distinguish between a good trading idea and a plausible-sounding one
- It pattern-matches on text, not on actual market data
- Confidence of language has zero correlation with quality of the trading idea

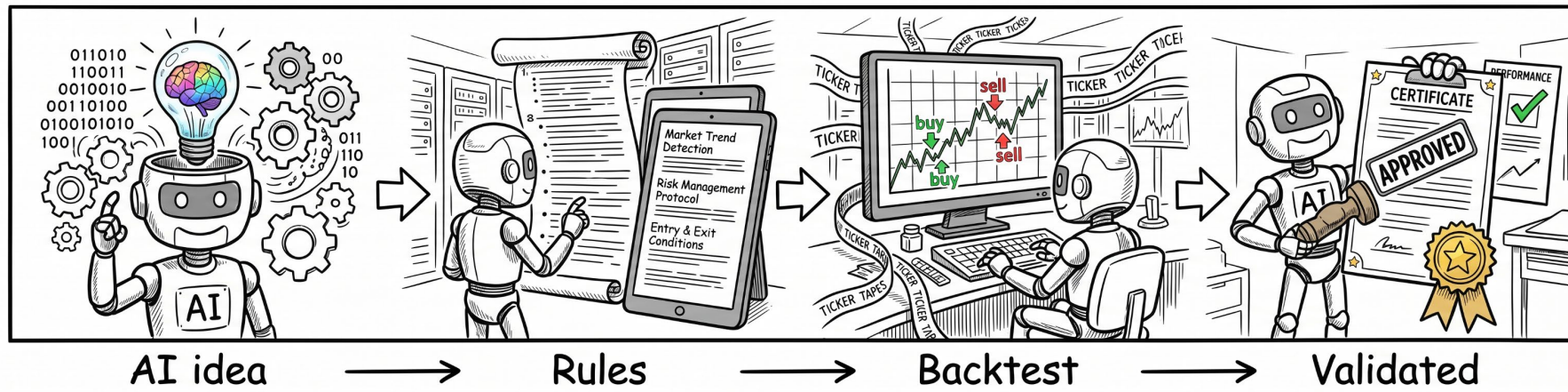
**Would all this conflicting information make you profitable?
That is what the AI training data essentially is!**



The Only Escape: Testable, Rules-Based Systems

The One Thing You Must Do Before Acting on Any AI Idea

- If you cannot test it objectively, you cannot know if it works
- AI ideas must be expressed as complete, objective rules before they have any value
- Every entry, exit, and position sizing rule must be defined precisely
- Only then can you run it against historical data and find out what you actually have



The Only Escape: Testable, Rules-Based Systems

The Foundation: Trading With Rules, Not Emotions

To test a trading system it must fully define every decision so there is zero subjectivity

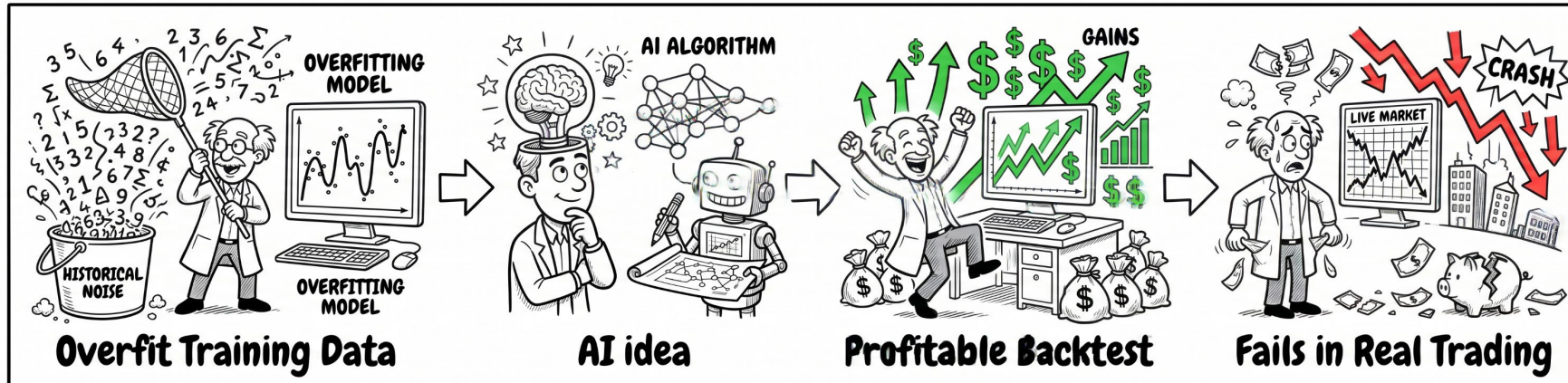


System Component	Specifications Required
Universe & Data	Universe Bar size / timeframe Backtest date range
Filters	Market regime filter Liquidity filter Volatility filter Price filter Other filters
Entry	Index constituency Setup rules Entry trigger Entry order type Trade direction Re-entry rules
Position Management	Position sizing rule Position score rule Maximum number of positions Pyramiding rules
Exits	Stop loss rule Trailing stop rules Time stop Exit rules Exit order type
Portfolio & Backtest Settings	Starting capital Commission Slippage Benchmark

The Only Escape: Testable, Rules-Based Systems

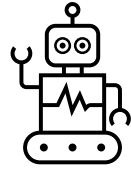
Even With Backtesting There's a Problem

- Garbage In → Garbage Out



- LLMs may also present systems that backtest profitably because the source material is overfit
- We need much more than just a simple backtest to validate systems sourced from AI
- We need to check parameters for robustness, check rules for significance, check edge for stability and validate on out of sample data followed by incubation
- Only this comprehensive process protects us from the flawed training data used by the models!

The Right Mental Model



**AI is a research
assistant and a
coding tool**



**You are still the
trader and are
fully responsible.**



You still need the process, the backtesting, and the judgment.

The Right Mental Model

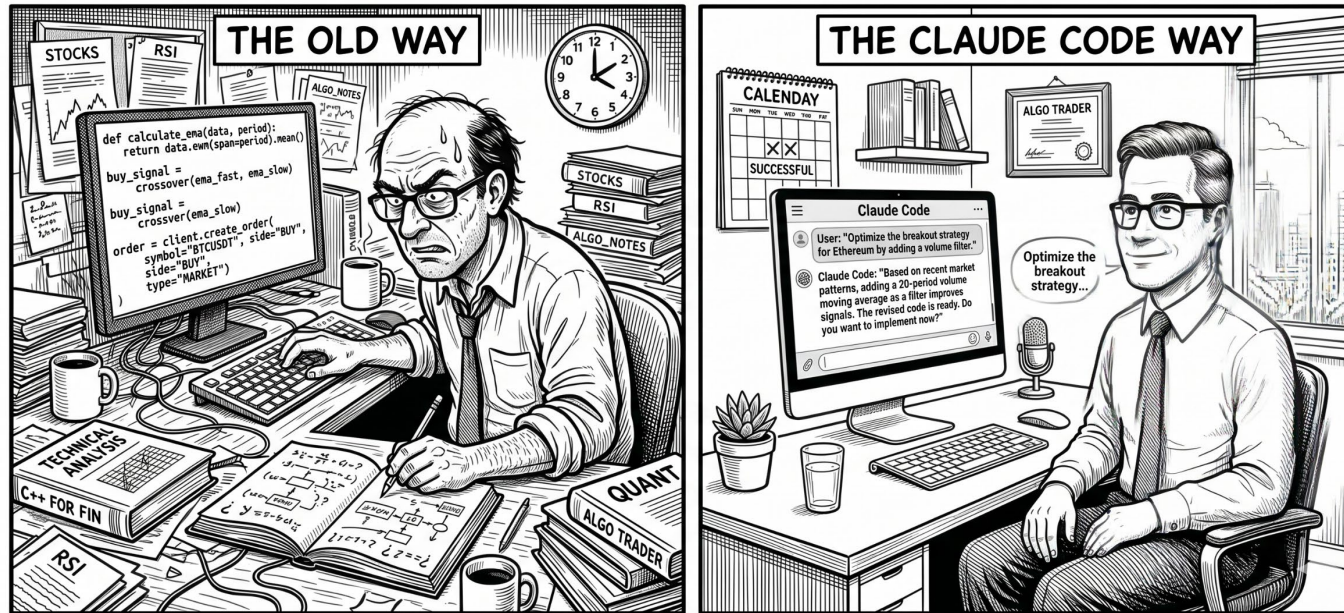
- **AI doesn't replace the trader's edge - it compresses the cycle time**
- The system development process does not change
- AI just makes each cycle faster
- A trader who used to test 1 idea a week can now test 20
- Over a year this compounds into a massive research advantage
- But only if the process underneath is sound!



You need to understand the principles & process to drive the AI correctly!

The Right Mental Model

TRADING SYSTEMS: MANUAL VS. AI-ASSISTED



AI Is Extremely Good At...

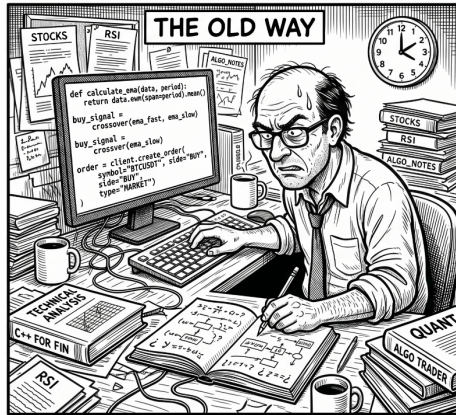
- **Coding trading systems...**
Once you teach it the right structure and framework
- **Backtesting trading systems...**
Once you fully define the backtesting process, how to make the decisions and connect it to a real backtesting engine (I recommend RealTest with CLI)
- **Brainstorming improvement ideas...**
Once you give it sufficient context and information to come up with useable ideas, and give it access to your past testing results
- **Analysis and filtering...**
Once you define objective criteria for it to make each decision
- **Documenting test results...**
Once you teach it what to report on and how to present results
- **Learning from past tests...**
Once you create a memory system so results can be queried efficiently
- **Following a consistent process...**
Once you define every step in the process precisely with examples and success criteria
- **Brainstorming new system ideas...**
Once you give it access to all of your testing research

The Right Mental Model

This Compounds Into A Massive Research Advantage

1 Week

1 Year

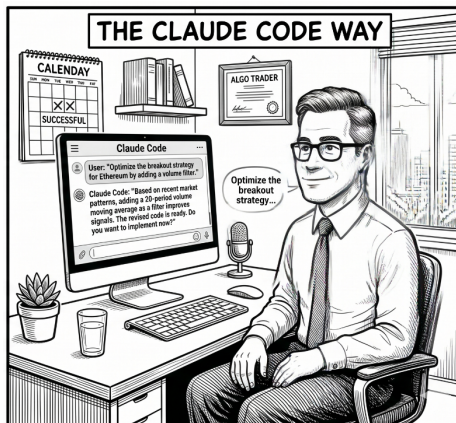


- 1 idea generated & coded
- 2 pages of written notes
- 2 new ideas generated
- **0.1 systems in incubation**



- 50 ideas generated & coded
- 100 pages of written notes
- 100 new ideas generated
- **5 systems in incubation**

AI is a force multiplier - but only if the process underneath is sound



- 20 ideas generated & coded
- 60 pages of indexed notes
- 30 new ideas generated
- **3 systems in incubation**

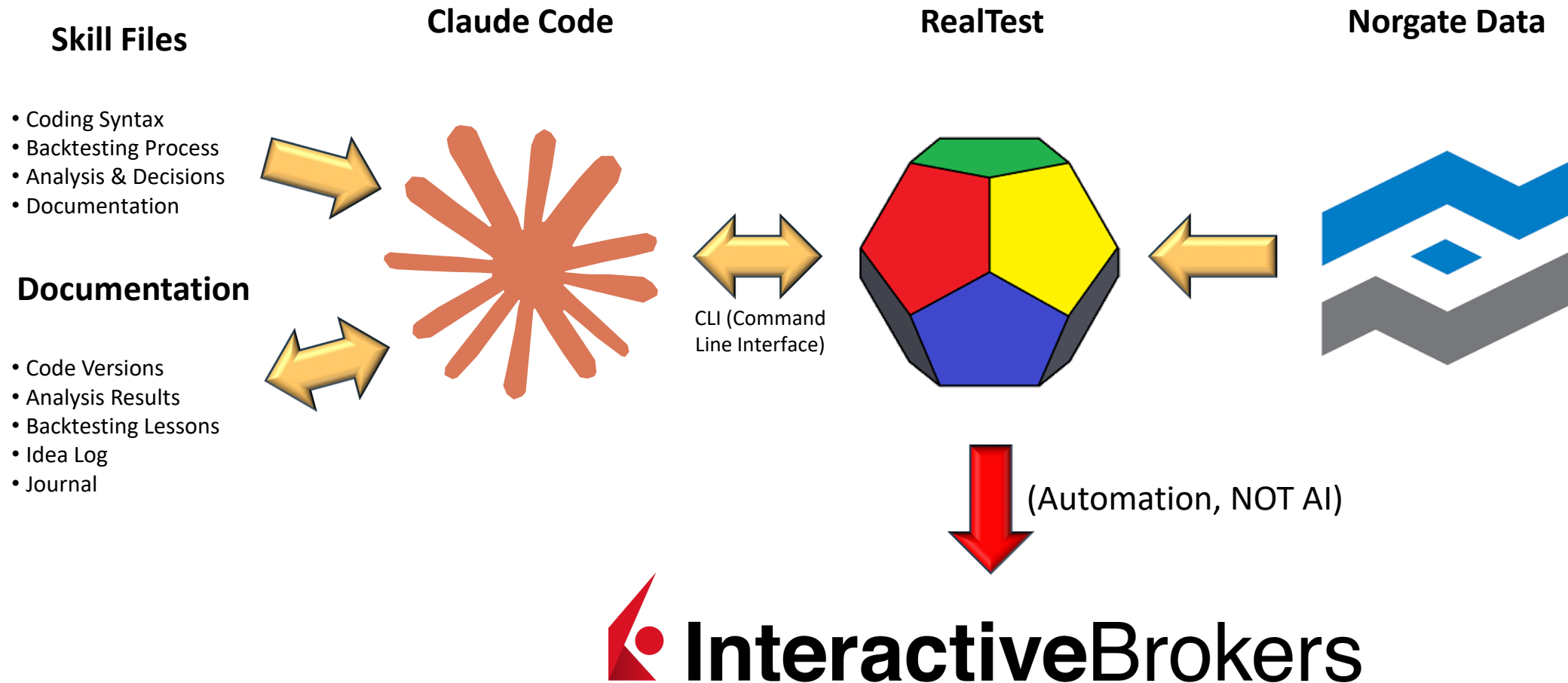


- 1000 ideas generated & coded
- 3000 pages of indexed notes
- 1500 new ideas generated
- **150 systems in incubation**

What Not To Do with AI

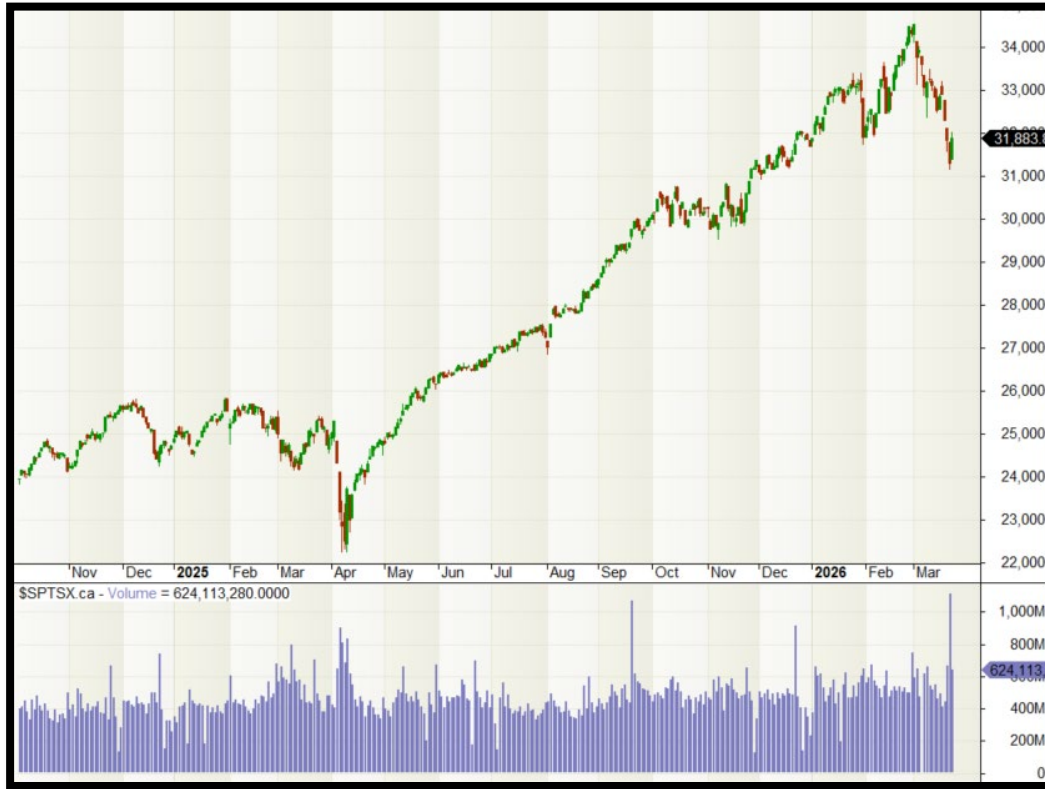
- **Don't ask AI for "the best" trading system.**
There is no best. It will confidently give you something mediocre.
- **Don't trust AI's opinion on whether a system "works."**
It cannot evaluate edge. Only correct backtesting on real data can do that.
- **Don't skip your validation process because AI sounds confident.**
Confidence of language has zero correlation with quality of the trading idea.
- **Don't use AI-generated parameters without testing:**
If it says, "use a 20-day lookahead", that number came from text frequency, not from optimisation.
- **Don't share proprietary system rules with public AI tools:**
You risk any intellectual property or edge being used by the AI publicly.
- **Don't ask it to backtest your idea without the right infrastructure:**
AI models on their own cannot backtest and don't have data, you need to set up your environment and permissions to allow your LLM to access your backtesting tools
- **Don't get an AI to trade for you:**
Trading is a process task that must be 100% repeatable. This is a job for automation, not AI.

AI Systematic Trading Setup



Example: Ideal Move Hypothesis Creation

Look at this chart and describe the market behavior you see:



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Claude Code:

This chart shows the Index daily from roughly October 2024 through March 23, 2026, with the last bar at 31,883.8.

Key phases:

Oct 2024 - Feb 2025: Sideways consolidation roughly between 24,000 and 25,500. The market was choppy and going nowhere for several months.

Late Feb - April 2025: A sharp sell-off. The index dropped from around 25,500 down to approximately 23,000-23,500 - a decline of roughly 8-10% in a short period. This was the most violent move on the chart with large-range bars and high volume.

Mid-April - August 2025: A remarkably steady recovery and uptrend. The market climbed from ~23,500 to ~28,000 with very little pullback. The bars are small and consistently green, showing low volatility and persistent buying. This is the "grind higher" you were referring to in your previous question.

Aug - Oct 2025: A brief consolidation/pullback around the 28,000-29,000 area, then continuation higher.

Nov 2025 - Feb 2026: Acceleration to the upside, reaching a peak near 35,000. Larger bars, more momentum.

Feb - March 2026: A notable pullback from ~35,000 to the current level around 31,884. This is a roughly 9% decline from the highs - similar in magnitude to the April 2025 sell-off. Volume picked up on this decline as well.

The big picture: The market essentially went from 23,000 to 35,000 (a ~52% move) in about 10 months, and has now given back about a third of that in the most recent pullback. The current situation looks structurally similar to what happened in April 2025 - a sharp sell-off after an extended rally - which is exactly the setup your entry rules from the previous discussion would be watching for.

Example: Ideal Move Hypothesis Creation

I want to create a trading system that is completely objective and backtestable that enters after a violent pullback is over and the market returns to low volatility, rising conditions, like we saw in mid-April to August 2025 on this chart.

This is not a mean reversion strategy; it's a trend following strategy that enters once a panic is over and a clearly strong low volatility uptrend has commenced.

I want to hold the position while this low volatility uptrend is in place and close it when the market is no longer trending smoothly, like what we saw in August to October 2025.

Please give me 5 setup entry and exit rules that I can combine together into complete systems to backtest.

Claude Code:

- Here are five complete entry/exit rule sets, each designed to capture the same pattern - enter when post-panic volatility subsides and a smooth uptrend begins, exit when the smooth trend breaks down.
- **System 1: ATR Compression Breakout**
 - **Entry:** ATR(20) crosses below MA(ATR(20), 50) AND Close > MA(Close, 50) AND at some point in the last 60 bars, the index was more than 8% below its 252-day high (confirming a prior panic occurred).
 - **Exit:** ATR(20) crosses back above MA(ATR(20), 50) AND Close < MA(Close, 20). Volatility is expanding again and price is weakening - the smooth grind is over.
 - The logic: ATR explodes during the sell-off, then contracts as the grind begins. You enter on the compression, exit when volatility re-expands with price weakness. The drawdown filter prevents you entering during random quiet markets that never had a panic.



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Example: Ideal Move Hypothesis Creation

Claude Code:

- **System 2: Bollinger Band Width Squeeze with Trend Filter**
 - **Entry:** Bollinger Band Width(20, 2) falls below its 20th percentile over the last 100 bars AND Close > MA(Close, 50) AND MA(Close, 20) > MA(Close, 50) (both MAs aligned bullish). Must have been below the 50-day MA within the last 60 bars (panic filter).
 - **Exit:** Close drops below MA(Close, 50) OR Bollinger Band Width(20, 2) rises above its 80th percentile over the last 100 bars. Either the trend breaks or volatility explodes - both mean the smooth ride is done.
 - The logic: Band width directly measures how tight price action is. Narrow bands plus aligned moving averages equals the exact low-volatility uptrend you're targeting.

Claude Code:

- **System 3: ADX Trend Strength with Volatility Normalization**
 - **Entry:** ADX(14) > 25 (strong trend) AND +DI(14) > -DI(14) (trend is up) AND ATR(20)/Close < MA(ATR(20)/Close, 100) (volatility as a percentage of price is below average). Prior 60 bars must include a drawdown of 8%+ from the 252-day high.
 - **Exit:** ADX(14) < 20 (trend weakening) OR -DI(14) crosses above +DI(14) (directional change). When ADX collapses, that's the August-October chop zone where direction disappears.
 - The logic: ADX measures trend strength regardless of direction. Combined with DI crossover for direction and normalized ATR for volatility, this identifies strong, smooth, low-volatility uptrends specifically.

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Example: Ideal Move Hypothesis Creation

Claude Code:

- **System 4: Linear Regression Slope with R-Squared Filter**
 - **Entry:** The slope of a 40-day linear regression is positive AND $R\text{-Squared}(40) > 0.85$ (price is closely following a straight line upward). Must have experienced a close more than 7% below the 252-day high within the last 60 bars.
 - **Exit:** $R\text{-Squared}(40)$ drops below 0.60 OR the slope of the 40-day linear regression turns negative. When R-squared falls, price is no longer moving in a smooth line - the orderly uptrend has broken down into chop.
 - The logic: R-squared directly measures how "straight line" the trend is. A high R-squared with positive slope is the mathematical definition of a smooth, consistent uptrend. This is probably the most precise measure of exactly what you described - price edging up consistently week after week.

Claude Code:

- **System 5: Keltner Channel Containment**
 - **Entry:** Close has remained inside the Keltner Channel (20-period MA, 1.5x ATR bands) for at least 20 consecutive bars AND $\text{Close} > \text{MA}(\text{Close}, 50)$ AND $\text{MA}(\text{Close}, 20) > \text{MA}(\text{Close}, 50)$. Must have closed below the lower Keltner Channel (20, 2.5) within the last 60 bars (the panic spike outside the channel).
 - **Exit:** Close breaks below the lower Keltner Channel (20, 1.5) OR Close has broken outside either channel band more than 3 times in the last 20 bars. The first condition catches a trend break; the second catches the transition from smooth to choppy where price keeps whipsawing through the bands.
 - The logic: During a smooth uptrend, price stays neatly within the channel. During panic or chop, it repeatedly breaks through the bands. Counting band violations directly measures how "orderly" the market is.

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Example: Code Generation

Me:

Use the RealTest coder skill to code System 1 into a complete RealTest file. Ask me whatever additional questions you need to complete this system code.

Claude Code:

- Before I code this up, I need to clarify a few things:
- Instrument:
 - Which instrument do you want to apply these rules to?
 - If it's a single-instrument system on an ETF, which specific ticker?
- Position Sizing:
 - Since this is a single instrument trend system, are you going all-in with 100% of equity on each entry? Or do you want a fixed percentage (e.g., 95% to leave cash buffer)?
 - What starting account size? (default \$100,000)
- Data Source:
 - Norgate Data with TSX coverage? (I'll set up the import accordingly)
- Date Range:
 - Start date for the backtest? (How far back does your Norgate TSX data go - roughly 2000, or earlier?)
- Additional Exit Rules:
 - Do you want a maximum time stop (e.g., exit after X bars regardless)?
 - Do you want a trailing stop as a safety net in addition to the ATR expansion + price weakness exit? For example, a catastrophic stop at 15-20% below entry in case the market gaps down hard before the primary exit triggers?
- Re-entry:
 - If the system exits and then conditions are met again (another ATR compression), should it re-enter immediately, or do you want a minimum delay between trades?



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Example: Code Generation

Me:

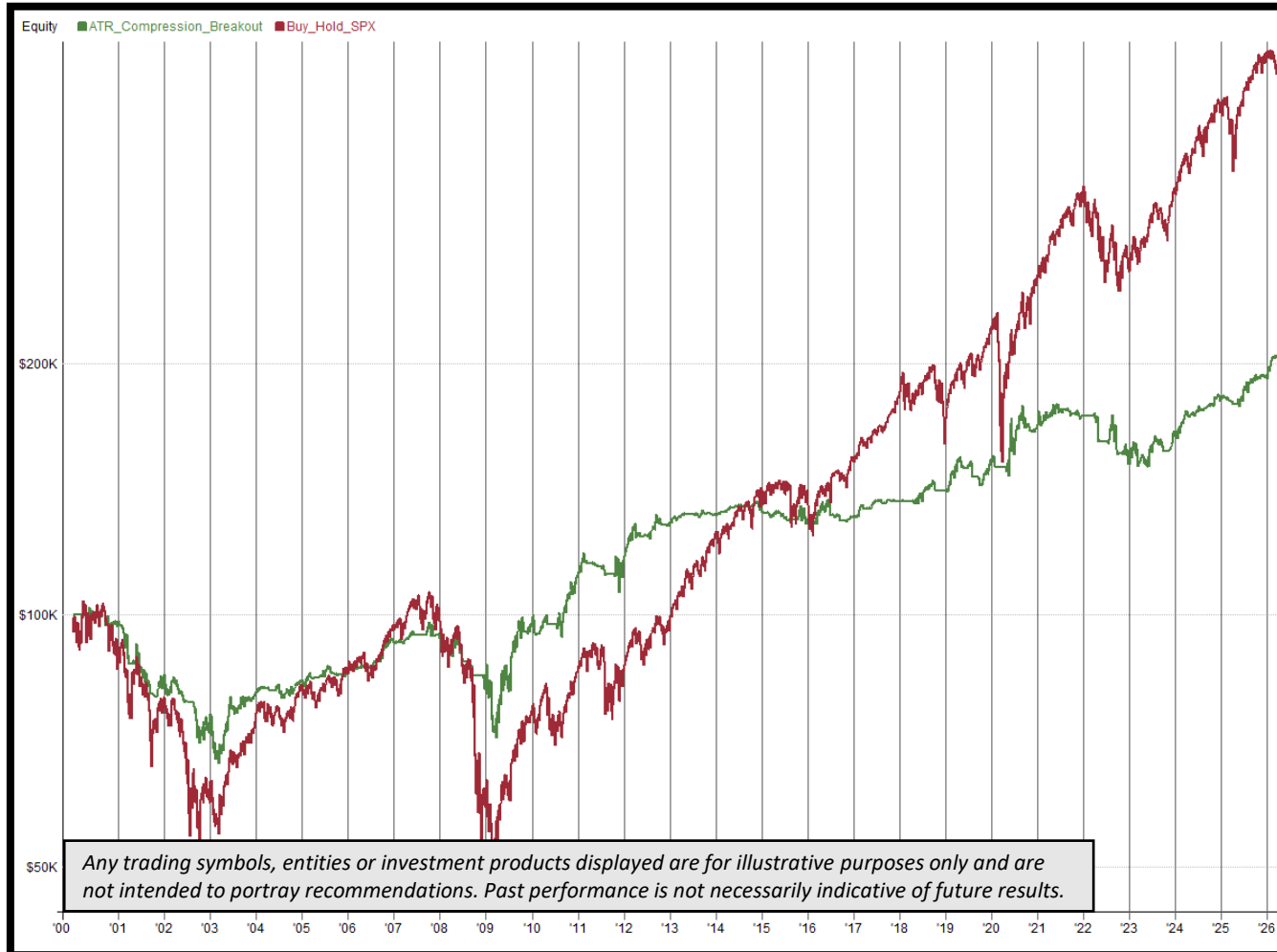
- Instrument: yes, let's trade this via ETF, but I want to apply it to a range of ETFs. Let's apply it to this Universe: XXXXX.
- For position sizing, it's not a single-instrument system; there are nine ETFs in our universe, so let's make position sizing $100 \div 9$ as a percentage so that we can fit a trade in all sectors. If it arises, make the starting account \$100,000.
- Data source: Norgate;
- Data date range: earliest to latest.
- Additional exit rules: none
- No time stop.
- Let's have an x% trailing stop to protect profits and make it an optimizable parameter between 10 and 30% in steps of 5.
- Yes, the system should re-enter as soon as the entry conditions are met.

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Claude Code:

[illegible]

Example: Backtest Using RealTest



Report 23 ATR_Compression_Breakout 3/1/00 - 23/3/26			Report List
Summary Stats			
	ATR_Compression_Breakout	Buy_Hold_SPX*	
Periods	6,535	6,594	
NetProfit	\$104,696	\$347,323	
Comp	True	True	
ROR	2.80%	6.56%	
MaxDD	-35.19%	-53.65%	
MAR	0.08	0.12	
Trades	505	1	
PctWins	48.32%	100.00%	
Expectancy	1.47%	347.47%	
AvgWin	8.31%	347.47%	
AvgLoss	4.92%	0.00%	
WinLen	69.31	6,593.00	
LossLen	31.54	0.00	
ProfitFactor	1.66	0.00	
Sharpe	0.36	0.40	
AvgExp	43.21%	117.84%	
MaxExp	103.43%	243.95%	
* benchmark strategies are not included in combined stats			
Strategy Correlations			
RETURNS	ATR_Compression_Breakout	Buy_Hold_SPX	
ATR_Compression_Breakout	1.00	0.52	
Buy_Hold_SPX	0.52	1.00	
DRAWDOWNS	ATR_Compression_Breakout	Buy_Hold_SPX	
ATR_Compression_Breakout	1.00	0.71	
Buy_Hold_SPX	0.71	1.00	

Example: Optimization Using RealTest

Me:

- Adjust the code so when I run an optimisation, it only uses data from the first of January 2000 to the first of January 2020. Leave the rest of the data out of sample. Save a new code file with a suffix "in sample"

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Claude Code:

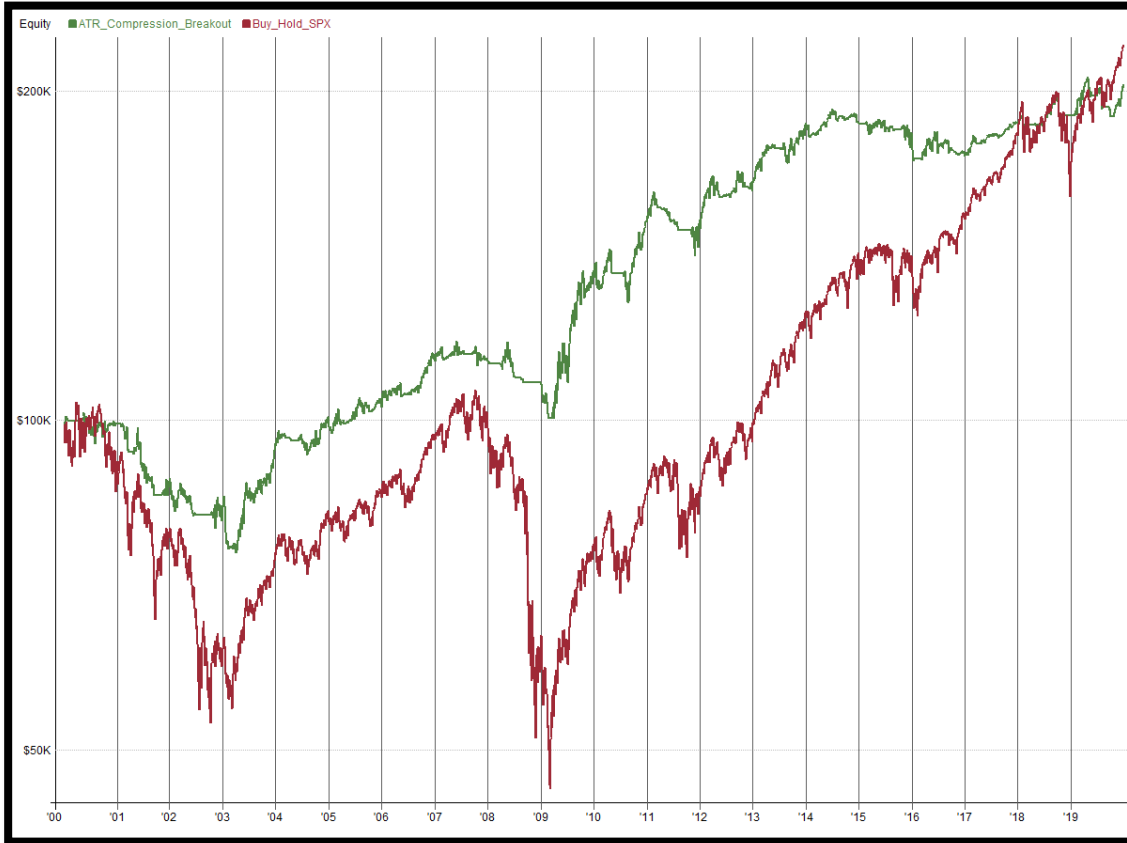
[illegible]

Me:

- Continue with the Expert's Guide to Backtesting Process Manually
- Some steps can be AI enabled / automated

Example: Optimization Using RealTest

In Sample



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Example: Filtering

Me:

- Analyse these five images, which are the five worst trades this system generated. And use this information to come up with five hypotheses to test to improve the system by filtering out bad trades like these ones.



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Example: Filtering

Claude Code: Analysis of the Five Worst Trades

- **Trade 1 (-14.58%):** Entry around June at ~\$11.10 during a bear market bounce. Price had been declining from ~\$12.30 and briefly popped above the trend MA. The MAs were flat-to-declining at entry. After entry, price rolled over and kept falling to \$9.50.
- **Trade 2 (-13.38%):** Entry around Jan 2009 at ~\$27.13 during the GFC. This was a textbook dead cat bounce - price had crashed from ~\$33 to ~\$24, bounced briefly, triggered entry, then resumed its collapse to ~\$22. The long-term MAs were clearly still falling at entry.
- **Trade 3 (-12.67%):** Another GFC bear market rally. The ticker crashed from ~\$42, bounced around the \$25 area triggering entry, then continued down. The ATR was still elevated relative to the earlier low-vol period - the compression was marginal.
- **Trade 4 (-12.47%):** Entry around late Dec 2004 at ~\$10.59. Price had rallied from ~\$9.40 to ~\$10.80 and ATR was extremely low. But this was a topping pattern - the rally ran out of steam and price drifted lower for months. The panic that qualified this trade was a relatively mild drawdown.
- **Trade 5 (-11.55%):** Entry around late Jan 2001 at ~\$29.86 during the dot-com bust. Price had rallied from ~\$26 to ~\$29.50, entry triggered, then the broader bear market pulled it back down. MAs were rolling over at entry.

Claude Code: Five Hypotheses to Backtest

- **Hypothesis 1: Add a broad market trend filter** Only enter when Index is above its 200-day MA. This single filter would have blocked all the GFC trades and the dot-com bust trades. The logic is simple - don't try to catch post-panic uptrends when the entire market is still in a bear.
Test: Add AND \$Index.C > MA(\$Index.C, 200) to entry conditions.
- **Hypothesis 2: Require the trend MA to be rising** Add a slope condition - the trend MA must be higher today than it was 20 bars ago. This filters out entries where price has bounced above a still-declining MA, which was the case in all five losers. A rising MA confirms the trend has genuinely turned, not just been temporarily pierced.
Test: Add AND ATRC_TrendMA > Ref(ATRC_TrendMA, -20) to entry conditions.
- **Hypothesis 3: Require deeper volatility compression** Instead of simply $ATR < ATR_MA$, require ATR to be meaningfully below - e.g., $ATR < ATR_MA * 0.85$ (at least 15% below). In several losers, ATR was only marginally below its MA - a brief pause in chaos, not genuine calm. A deeper compression threshold ensures you're entering truly quiet conditions.
Test: Replace $ATRC_ATR < ATRC_ATR_MA$ with $ATRC_ATR < ATRC_ATR_MA * (1 - ATRC_CompressionPct / 100)$ and optimise ATRC_CompressionPct from 0 to 30.
- **Hypothesis 4: Require minimum recovery from the panic low** Add a condition that price must have recovered at least X% from the lowest close within the panic lookback window before entry is allowed. In the losers, entry often happened with price barely off the panic low. A genuine post-panic uptrend (like the TSX April 2025 example) shows meaningful recovery before the grind begins.
Test: Add AND $(C - LLV(C, ATRC_PanicLookback)) / LLV(C, ATRC_PanicLookback) * 100 > ATRC_MinRecoveryPct$ and optimise from 5 to 20.
- **Hypothesis 5: Require sustained compression (consecutive bars)** Rather than entering on the first bar where $ATR < ATR_MA$, require ATR to have been below its MA for at least N consecutive bars. In the losers, the compression was brief and fragile. Requiring sustained compression (e.g., 10-20 consecutive bars) filters out temporary pauses during ongoing volatile conditions and ensures the market has genuinely settled.
Test: Add AND $CountTrue(ATRC_VolCompressed, N) = N$ and optimise N from 5 to 30 in steps of 5.

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Example: Filtering

Me:

- Code this using the RealTest switch code to allow me to test each of these rules separately with a single optimization

Claude Code:

```
// Hypothesis filter candidates
ATRC_Filt1: Extern($$SPX, C > MA(C, 200))
ATRC_Filt2: ATRC_TrendMA > ATRC_TrendMA[20]
ATRC_Filt3: ATRC_ATR < ATRC_ATR_MA * 0.85
ATRC_Filt4: (C - LLV(C, ATRC_PanicLookback)) / LLV(C, ATRC_PanicLookback) * 100 > 10
ATRC_Filt5: CountTrue(ATRC_VolCompressed, 15) = 15

// Hypothesis selector
ATRC_FilterRule: Switch(ATRC_FilterSelect,
    1, 1,
    2, ATRC_Filt1,
    3, ATRC_Filt2,
    4, ATRC_Filt3,
    5, ATRC_Filt4,
    6, ATRC_Filt5,
    1)

// Entry - volatility compressed, uptrend, recent panic, and hypothesis filter
ATRC_Entry: 1
            AND InList("ETFS")
            AND ATRC_VolCompressed
            AND ATRC_Uptrend
            AND ATRC_PanicOccurred
            AND ATRC_FilterRule
```

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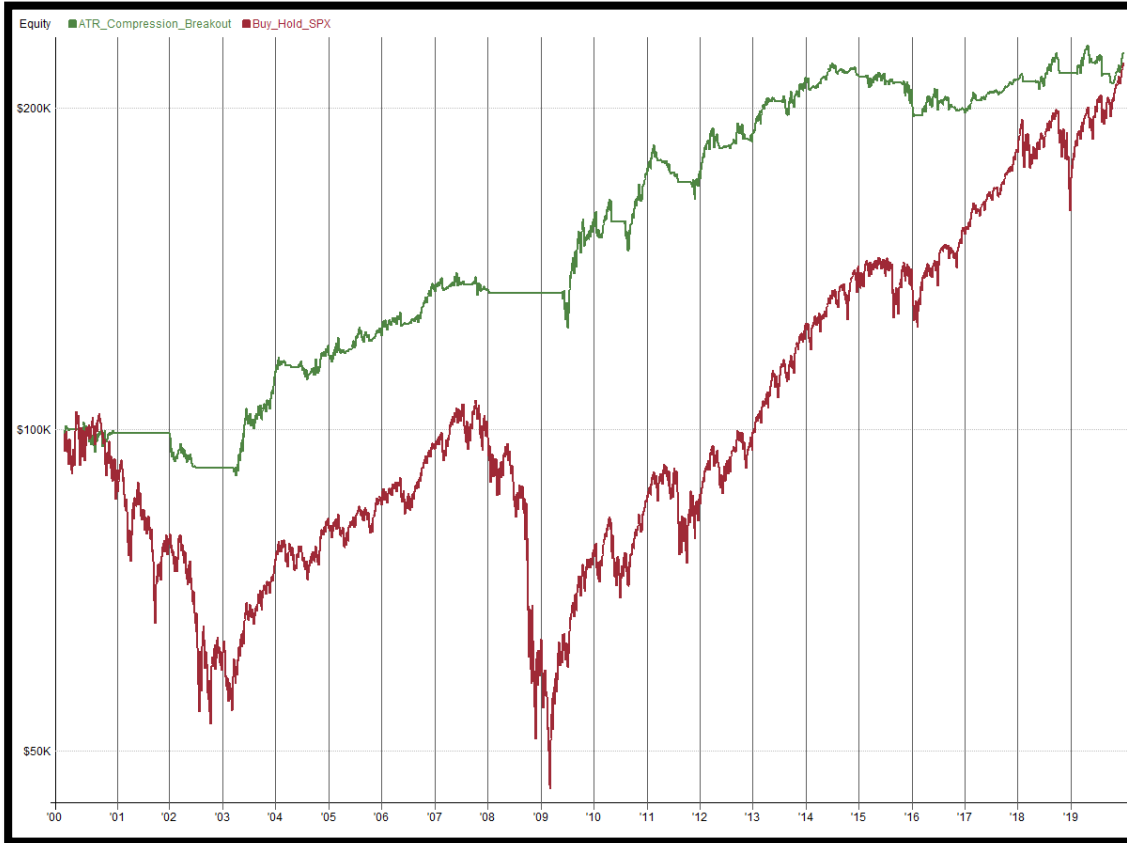
Example: Filtering

Test	6	5	4	3	2	1
Name	ATR_Compression_Breakout_IS	ATR_Compression_Breakout_IS	ATR_Compression_Breakout_IS	ATR_Compression_Breakout_IS	ATR_Compression_Breakout_IS	ATR_Compression_Breakout_IS
Dates	3/1/00 - 31/12/19	3/1/00 - 31/12/19	3/1/00 - 31/12/19	3/1/00 - 31/12/19	3/1/00 - 31/12/19	3/1/00 - 31/12/19
Periods	5,028	5,031	4,934	5,028	5,031	5,031
NetProfit	\$81,328	\$51,210	\$28,057	\$66,380	\$125,208	\$102,016
Comp	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
ROR	3.02%	2.11%	1.28%	2.58%	4.17%	3.60%
MaxDD	-23.76%	-23.64%	-23.28%	-23.32%	-11.25%	-25.46%
MAR	0.13	0.09	0.05	0.11	0.37	0.14
Trades	310	288	215	392	367	436
PctWins	54.84%	47.22%	50.23%	46.94%	52.04%	48.17%
Expectancy	1.93%	1.48%	1.23%	1.29%	2.15%	1.62%
AvgWin	7.52%	8.18%	8.02%	6.85%	7.49%	7.70%
AvgLoss	4.85%	4.51%	5.62%	3.63%	3.64%	4.02%
WinLen	72.6	77.88	79.46	69.52	76.74	75.73
LossLen	34.6	34.91	38.46	27.38	29.69	30.65
ProfitFactor	1.89	1.59	1.43	1.65	2.13	1.81
Sharpe	0.45	0.32	0.24	0.41	0.62	0.46
AvgExp	38.39%	35.55%	28.92%	41.35%	44.30%	50.95%
ATRC_FilterSelect	6	5	4	3	2	1

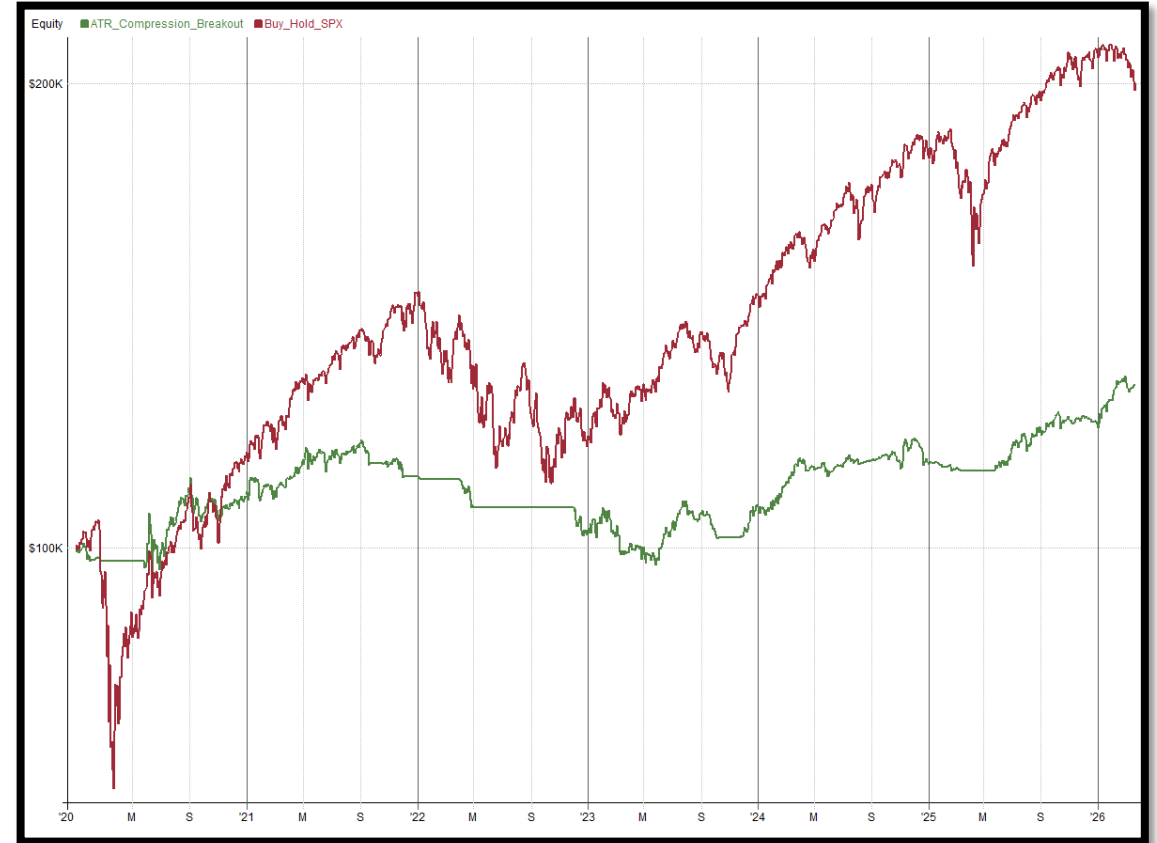
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Example: Validation Out of Sample

In Sample



Out of Sample



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Example: Validation Out of Sample

	In Sample	Out of Sample
Dates	3/1/00 - 31/12/19	2/1/20 - 23/3/26
Periods	5,031	1,563
NetProfit	\$125,208	\$27,458
Comp	TRUE	TRUE
ROR	4.17%	4.00%
MaxDD	-11.25%	-16.98%
MAR	0.37	0.24
Trades	367	144
PctWins	52.04%	44.44%
Expectancy	2.15%	1.64%
AvgWin	7.49%	8.48%
AvgLoss	3.64%	3.84%
WinLen	76.74	69.33
LossLen	29.69	29.89
ProfitFactor	2.13	1.75
Sharpe	0.62	0.52
AvgExp	44.30%	49.15%
MaxExp	101.74%	103.39%

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What We Just Accomplished

From a Chart Observation to a Validated Trading System

- Summary of the workflow outcome:
 - Started with a market observation - a pattern on a chart
 - AI analysed the market
 - Generated 5 testable hypotheses
 - Wrote the code
 - Analysed the losers to create improvement hypotheses
 - Systematic process validated the results in and out of sample
 - Total time with AI assistance: Minutes, not days
- The process is sound. AI made it fast. That combination is your edge.

6 Principles To Keep AI Trading Productive & Safe

1. Always test before trusting - no exceptions
2. Express every idea as complete, objective rules before testing
3. Separate in-sample and out-of-sample data & validate on related markets
4. You are the trader - AI is the assistant
5. Don't share proprietary rules with free public AI tools
6. AI gives you speed - your process gives you edge

Your 5-Step Action Plan

How to Start Using AI in Your Trading Today

Step 1: Identify a market behavior you want to capture - describe it in plain English & provide examples

Step 2: Use AI to generate 3-5 testable rule sets based on that description

Step 3: Use AI to code the most promising rule set into your backtesting platform

Step 4: Backtest it on in-sample data only

Step 5: If in-sample results are promising, optimize & fine-tune, then validate

Start simple, fully integrating AI with your backtesting is technical & complex, but performing each step using AI as an assistant is something you can start today.

And if you want the exact prompts that make each step work - here's where to get them...

Want the exact AI prompts used in today's demonstration?

I've put together the AI Prompt Toolkit for Systematic Traders - the specific prompts that drive every step of the workflow you just saw, plus all the resources in the Trader Acceleration Bundle.

Go to <https://bit.ly/ESTIB>
or scan the QR code now - completely free



SCAN ME

Want the exact AI prompts used in today's demonstration?

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