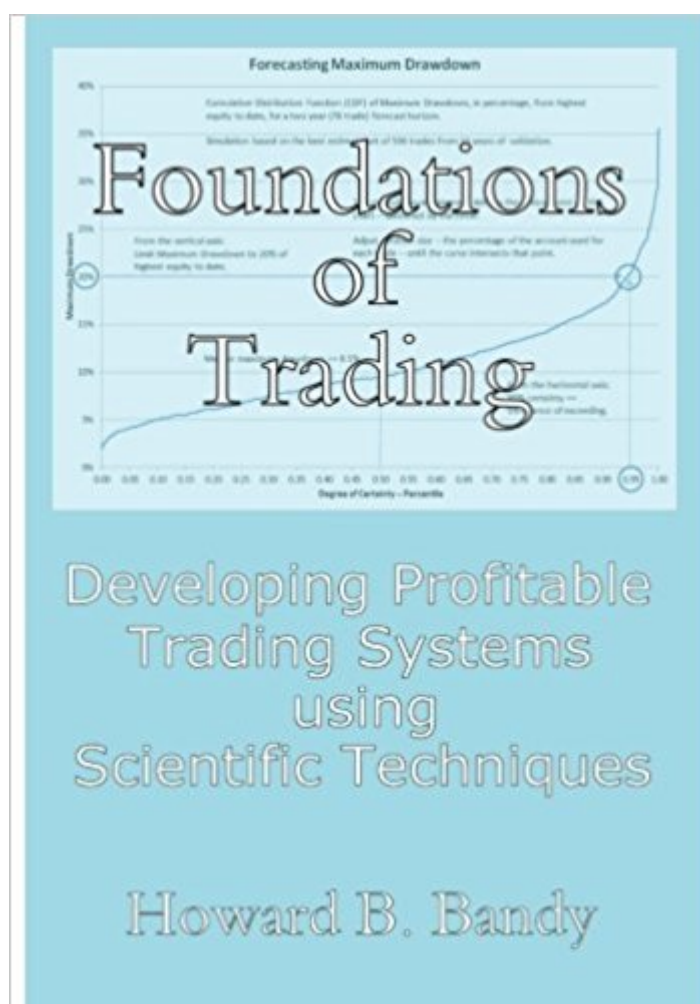


The book was found

# Foundations Of Trading: Developing Profitable Trading Systems Using Scientific Techniques



## Synopsis

The trader's universal goal: To have confidence that the signals generated by the trading system precede trades that provide rewards adequate to compensate for the risk.... The key word is confidence.... The primary limitation is risk. This book presents an approach to developing profitable trading systems using scientific techniques, melding together several key aspects:... Personal risk tolerance.... Profit potential of the financial issue being traded.... Data analysis.... Adjusting the model to fit the data.... Validation to estimate future performance.... Comparing alternative use of funds.... Determining whether the system is working or broken.... Computing a proper position size to maximize account growth while holding drawdown within the trader's tolerance.

## Book Information

Paperback: 168 pages

Publisher: Blue Owl Press, Incorporated (August 24, 2016)

Language: English

ISBN-10: 0979183863

ISBN-13: 978-0979183867

Product Dimensions: 7 x 0.4 x 10 inches

Shipping Weight: 13.8 ounces (View shipping rates and policies)

Average Customer Review: 5.0 out of 5 stars [See all reviews](#) (8 customer reviews)

Best Sellers Rank: #91,621 in Books (See Top 100 in Books) #81 in [Books > Business & Money > Investing > Analysis & Strategy](#) #420 in [Books > Science & Math > Mathematics > Applied > Probability & Statistics](#)

## Customer Reviews

My approach is take my current best trading system and apply the principles provided by a book to see if that improves my return and if the effort appears profitable. In this case Dr. bandy's encouragement offered in this book is a success. My out-of-sample performance improved two-fold. It was a bit painful as I am a casual Amibroker user and known to be a bit stubborn and not prone to much effort. Resisting change may be normal. At least in my case, the applied effort appears rewarding. Mind you, I am still not "up to speed" in all that this book offers but I thought my current success is worth passing on. My first hurdle was his use of "CAR25" as an objective function. A little encouragement from Amibroker's support to read the documentation for the included Monte Carlo routine brought the reward, plug and play. It also refreshed my use of CAR plus 3 times the maximum draw-down as an objective function to be considered. The second hurdle was to

incorporate a risk measured stop loss. Here again Amibrokers' references were helpful. The third was to incorporate a limited term holding period. The beauty of the Amibroker platform is its ability to address a number of optimization parameters applied against a set of buy candidates. Those improvements to my former "best" approach brought the out-of-sample performance into three digits over the recent six plus years, the max draw-down under 8% and the Ulcer Performance Index above two digits. I still may incorporate a general market timer such as StormGuard Armor a la SectorSurfer. Dr Bandy's works are a great resource for the development and application of mechanical trading strategies. I still have much to learn from them.

Writers know writing more is easier than writing less. I have purchased all of Howard's books. This one distills a lot of the nuggets from the bigger, earlier reference-like tomes down to nectar drinkable in just one shot. Howard Bandy writes methodically and clearly covering how to think through solutions and then how to code them (more so in the larger, earlier books). This is what's needed in this sliver of technical analysis.

First of all I am a big fan of Dr. Bandy and his ideas have definitely influenced my approach to backtesting and trading system development. I've purchased all of his books. This book was brought to my attention by a trading friend and billed as a summary of Dr. Bandy's work. The book is exactly that, a nicely structured "Cliffs Notes" version of his previous work. If you are new to Dr. Bandy's work this is an excellent and inexpensive starting place to get a sense of what he's all about in terms of his approaches to trading system development. If you like what you read then there are the other books for more detail. For long time readers of Dr. B's work, this book will serve as a nice single reference location for the main concepts developed over the years. Full disclosure: I received this book free of charge on a first come basis. However, I jumped on the offer immediately based on the first two sentences of my review and my review would be the same. Dr. Bandy produces some great stuff if you are an active trader or system developer.

Foundations of Trading provides a quick concise summary of the material presented by Howard Bandy in his other systematic trading books along with some updates. The approach to trading system design in this book is logical and scientific, and I have no doubt that following the steps diligently will produce trading systems that perform well in out of sample data. The nitty gritty details and code are not in this book, meaning you can apply this method regardless of what platform you use, from traditional trading system development software to programming languages like python or

R. The logic behind each step is well presented, and Howard argues very convincingly with mathematics and simulation for his choice of short holding periods rather than long term trend following. Chapter 2 on Risk is essential reading even if you disagree with shorter term trading ideas. I have Howard's other four trading system books already, and this one makes a great addition to my bookshelf.

[Download to continue reading...](#)

Foundations of Trading: Developing Profitable Trading Systems using Scientific Techniques Options Trading: A CherryTree Style Trading Book (Options Trading, Options Trading for Beginners, options trading guide, options trading tips, binary options trading, trading options, option strategies) Day Trading Strategies: A Beginners Guide To Day Trading (Day Trading, Trading, Day Trading Strategies, Day Trading Books, Day Trading For Beginners, Day Trading Stocks, Options Book 1) Forex: Using Fundamental Analysis & Fundamental Trading Techniques to maximize your Gains. (Forex, Forex Trading, Forex Strategy, Forex Trading Strategies, ... Forex Trading Books, Trading Strategies) Day Trading: A Beginner's Guide To Day Trading - Learn The Day Trading Basics To Building Riches (Day Trading, Day Trading For Beginner's, Day Trading Strategies Book 1) Day Trading: Day Trading for Beginners - Options Trading and Stock Trading Explained: Day Trading Basics and Day Trading Strategies (Do's and Don'ts and the Small Letters) - 3rd Edition Day Trading: Day Trading for Beginners - Options Trading and Stock Trading Explained: Day Trading Basics and Day Trading Strategies (Do's and Don'ts and the Small Letters) TRADING: Intermediate, Advanced, Tips & Tricks and Strategy Guide to Crash It with Day Trading - Day Trading Bible (Day Trading, Trading Strategies, Option Trading, Forex, Binary Option, Penny Stock) DAY TRADING for EXPERT: Intermediate and Advanced Guide to Crash It with Day Trading - Day Trading Bible (Day Trading, Stock Exchange, Trading Strategies, Option Trading, Forex, Binary Option) The Simple, Battle-Tested, Algorithmic Forex Trading Strategy: Master the dark art of profitable forex trading even if you have never traded a single dollar or lost thousands in hobby trading RSI Trading: How to Build a Profitable Trading System Using Relative Strength Index Forex: Do's And Don'ts To Make Money Online Trading (Foreign Exchange, Currency Trading, Forex Trading, Investing, Trading Strategies, Options Trading, Make Money Online) Stock Trading: The Definitive Beginner's Guide - Make Money Trading The Stock Market Like A Pro (Stock Trading, Stock Trading For Beginners, Stock Trading Strategies, Investing Basics) Trading: 6 Manuscripts + 8 Bonus Books - Forex Guide, Day Trading Guide, Options Trading Guide, Forex Strategies, Day Trading Strategies, Options Trading Strategies Options Trading: Strategies - Best Options Trading Strategies For High Profit & Reduced Risk (Options Trading, Options Trading For Beginner's, Options Trading Strategies Book

2) Day Trading: 3 Manuscripts Penny Stocks Beginners, Options Trading Beginners, Forex Beginners (Trading, Stocks, Day Trading, Options Trading) Options Trading: QuickStart Guide - The Simplified Beginner's Guide to Options Trading (Options Trading, Trading Options, Options Trading for Beginners) Options Trading: Strategies - Best Options Trading Strategies For High Profit & Reduced Risk (Options Trading, Options Trading For Beginner's, Options Trading Strategies) (Volume 2) Forex Trading: A CT Style Guide (Forex, Currency Trading, Forex for beginners, forex trading strategies, forex scalping, forex day trading, forex algorithmic trading, forex guide, forex investing) Day Trading: Trading Guide: Make Money on Stocks, Options & Forex (Trading, Day Trading, Stock, Options, Trading Strategies)

[Dmca](#)