

Blackbeard Strategy Templates - Optimization Process for Predictive Time Windows, Exits, and Daily Limits (updated 2.17.2025)

2.17.2025 Bi-Weekly Power Practice Session LIVE Event Example
BBRange MNQ 1 Minute RTH 2.17.2025 Optimization

IMPORTANT: Before doing anything, remove the cache and all historical data by going into your `\Documents\NinjaTrader 8\db` folder and deleting ONLY these four subfolders: `\cache`, `\day`, `\minute`, and `\tick`.

Before choosing the predictive time window(s):

- rename **Template name** and **save template** with new name (to avoid overwriting original template)
- make sure you have correct instrument(s) in **Another instrument** (i.e. NQ) and in the **Data Series** (i.e. MNQ) and update **End date** to yesterday and choose the **Trading hours** template (i.e. Blackbeard US Equities RTH or Blackbeard CME US Index Futures ETH)
- choose **Start time**, **End time**, and **Close time** based on when you want the bot to trade (suggest use an End time of 15 to 30 minutes prior to Close time to avoid entering new trades during last few minutes of the trading day)
- uncheck ALL values in **Exits** and **Daily Limits** except for **Show stop+target** and **Close position on limits reached**
- uncheck **HTF Filter** -> **Enabled**
- **Run** backtest

What does the backtest **Summary Performance** AND **Equity Curve** (Analysis -> Cumulative Net Profit) look like for each individual predictive time window backtest run? Run backtests for each predictive time window and write down the backtest results to compare against each other.

Determine the best combination of predictive time windows. Suggest combining two predictive time windows (with **Combine filters via AND** checked). For example, if trading MNQ, look at backtest using NQ frequent and NQ medium to start, and then run backtest using NQ frequent and ES medium. Try different combinations when optimizing for index futures. For MCL, start by looking at combining CL frequent with CL medium. For MGC, start by looking at combining GC frequent with GC medium.

2.17.2025 Bi-Weekly Power Practice Session LIVE Event Example

- *NQ frequent only: 29k, 1.97, -1367 dd, 931 trades, 59.1%, 13/5, \$1157 ppm, 60 days*
- *ES frequent only: not as good as NQ frequent only*
- *YM frequent only: not as good as NQ frequent only*

Look at the backtest **Summary Performance AND Equity Curve** (Analysis -> Cumulative Net Profit).
Optional: with **HTF Filter** checked (may want to optimize?)

*Bi-Weekly Power Practice Session LIVE Event MNQ Example Winner: **NQ frequent***

Run backtests using a different combination of predictive time windows and write down the backtest results (see below).

Backtest results using **Combine filters via AND** checked:

- 1) *NQ frequent / NQ medium: 22.3k, 2.11, -767 dd, 721 trades, 59.3%, 12/6, \$876 ppm, 30 days
what does equity curve look like? GOOD!*
- 2) *NQ frequent / ES medium: not as good as NQ freq/med*
- 3) *NQ frequent / YM medium: 14.6k, 2.33, -723 dd, 438 trades, 61.4%, 11/6, \$574 ppm, 42 days
(not as good as NQ freq/med)*

*Bi-Weekly Power Practice Session LIVE Event MNQ Example Winner: **NQ frequent / NQ medium***

IMPORTANT NOTE:

When optimizing **Exits** and **Daily Limits** looking at different backtest results... consider not only **Max Drawdown** but **Max Time To Recover** as well?

What's most important to you?

For example, if one optimization backtest result shows a Total Net Profit of \$20,407 with a Max Drawdown of (\$742), and a Max Time to Recover of only 37 days... this may be preferred over an optimization backtest result showing a Total Net Profit of \$21,753 with a Max Drawdown of (\$549) and a Max Time to Recover of 73 days. A higher Return to Max Drawdown ratio may not be the most preferred option... Consider giving weight to the historical Max Time to Recover performance metric!

In addition to **Total Net Profit**, **Max Drawdown**, and **Max Time to Recover**, keep in mind other performance metrics such as **Profit Factor**, **Total # of Trades**, **Percent Profitable**, **Ratio avg win / avg loss**, **Max consec winners**, **Max consec losers**, **Avg # of trades per day**, and **Profit per month**.

Optimize Exits and Daily Limits

NOTE: For **Exits**, go to **Display -> Analysis** and look at **Trades (Period) Net Profit Distribution** (graph) to come up with a range.

Step 1) Optimize **Exits** -> **Use Stop Loss**: for example, between a minimum of 50 and a maximum of 125 (or 150 or smaller range) in increments of 5. Look at the Trades Net Profit Distribution for a range or set a maximum range based on how much you are willing to risk per trade.

Bi-Weekly Power Practice Session LIVE Event MNQ Example Optimized Stop Loss = 135

NOTE: For **Daily Limits**, go to **Display** -> **Analysis** and look at **Daily** (Period) **Net Profit Distribution** (graph) to come up with a range

Step 2) Optimize **Daily Limits** -> **Use Loss Limit**: for example, between a the **Use Stop Loss** value for the minimum and the **Largest Losing Day** for the maximum (you can sort Net Profit column by highest value to determine this value) in increments of 10.

Bi-Weekly Power Practice Session LIVE Event MNQ Example Optimized Daily Stop Loss Limit = 320

Step 3) Optimize **Daily Limits** -> **Use Max Losers**: for example, look at the maximum number of trades per day (sort number (#) of trades column by highest value) and optimize between 1 and the maximum number of trades per day in increments of 1. NOTE: If any results are the same or similar then go with the lower value for **Daily Limits** -> **Use Max Losers**.

Bi-Weekly Power Practice Session LIVE Event MNQ Example Optimized Max Losers = 3

Step 4) Optimize **Exits** -> **Use Profit Target**: for example, look at the **Trades Net Profit Distribution** graph, **Net Profit** column, and **Avg MFE** column (sort columns by highest value) to determine the range maximum. Start from the **Use Stop Loss** value rounded up (i.e. if Stop Loss value is 135, then round up to 140)) as the minimum. Optimize in increments of 10.

Bi-Weekly Power Practice Session LIVE Event MNQ Example Optimized Profit Target = 650

Step 5) Optimize **Exits** -> **Breakeven Trigger**: for example, between a minimum of 60 and one-half of the optimized **Use Profit Target** value as the maximum. Optimize in increments of 10 with the **Breakeven Offset** value set at 50.

Bi-Weekly Power Practice Session LIVE Event MNQ Example Optimized Breakeven Trigger = 130

Step 6) Optimize **Exits** -> **Breakeven Offset**: for example, between a minimum of 50 and the optimal **Breakeven Trigger** value minus 10 as the maximum. Optimize in increments of 10.

Bi-Weekly Power Practice Session LIVE Event MNQ Example Optimized Breakeven Offset = 80

Step 7) Optimize **Exits** -> **ATR Trailing Trigger**: for example, between the optimal **Breakeven Trigger** value plus 10 as the minimum and the optimal **Use Profit Target** value minus 10 as the maximum. At the same time, optimize the **ATR Trailing Multiplier** between 1 (tighter Trailing Stop) and 5 (wider Trailing Stop) in increments of 1.

Bi-Weekly Power Practice Session LIVE Event MNQ Example Optimized ATR Trailing Trigger = 360

Bi-Weekly Power Practice Session LIVE Event MNQ Example Optimized ATR Trailing Period = 21

Bi-Weekly Power Practice Session LIVE Event MNQ Example Optimized ATR Trailing Multiplier = 4