



Trading Manual

www.QuantumDollars.com

Foreword

Dear Trader,

Our development team would like to sincerely congratulate you on the purchase of Enigma G-12. The ideas behind this EA have helped us to become better traders and we hope the same will apply to you.

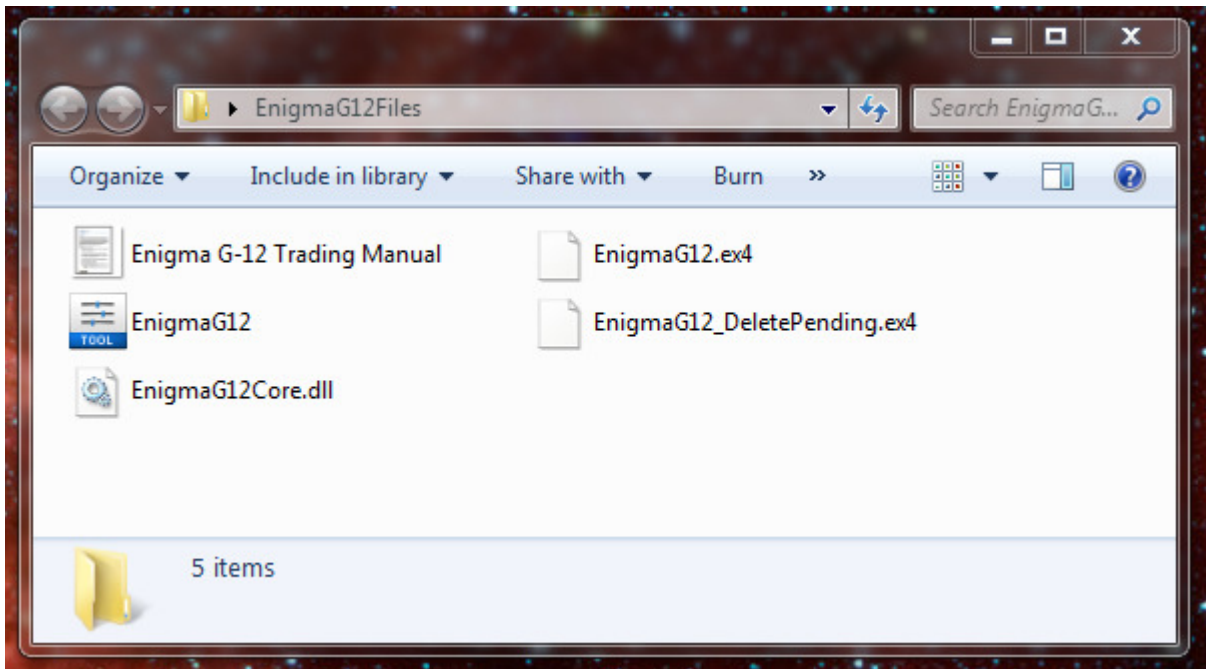
You are now holding a very powerful tool in your hands, a tool that will not just earn you money, but also a tool that will alter your perception of the Forex market. You will learn that what you see is often misleading and that the vast majority of information found on the Internet won't ever make you profitable. Just like in poker, the pros have better things to do than post on online forums.

And now, without further ado, let's dive into the description of Enigma G-12.

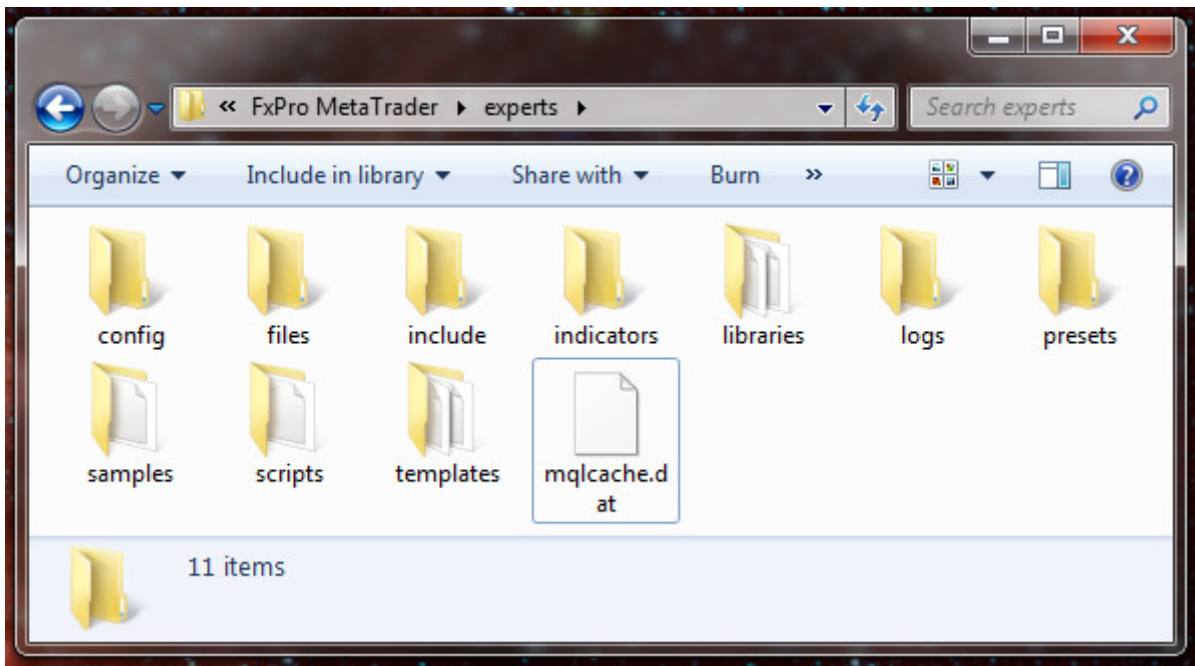
Installation

Please follow these steps to install Enigma G-12:

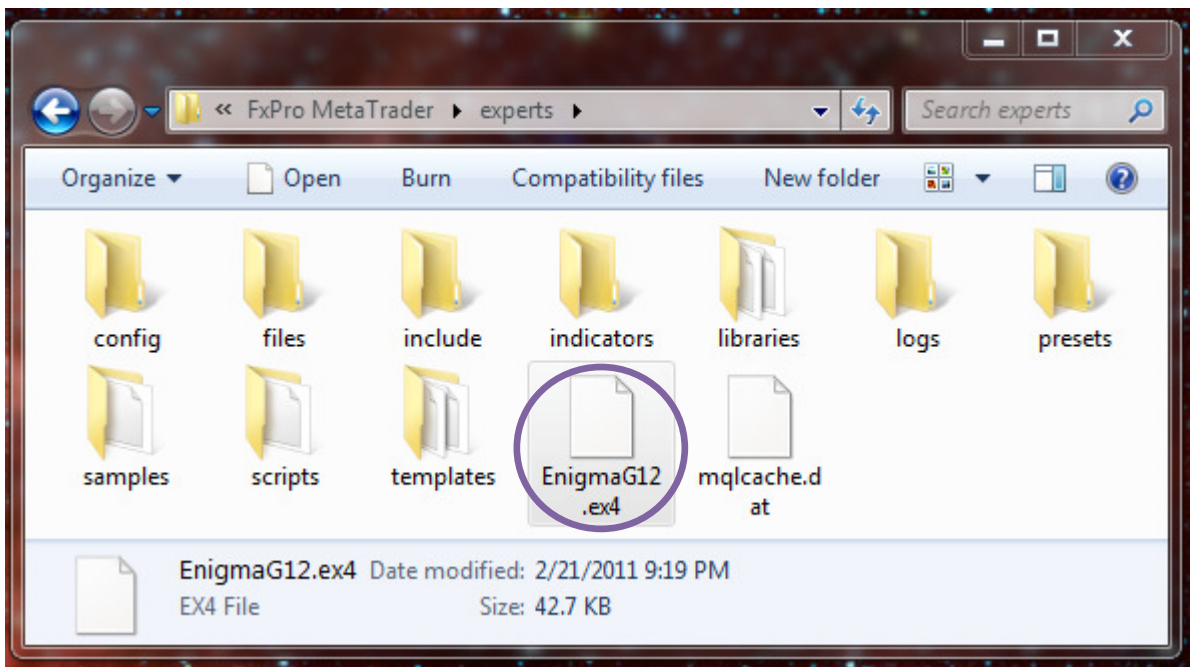
1. Extract files from the ZIP archive you received from us upon purchase into a temporary folder on your desktop, for example EnigmaG12Files:



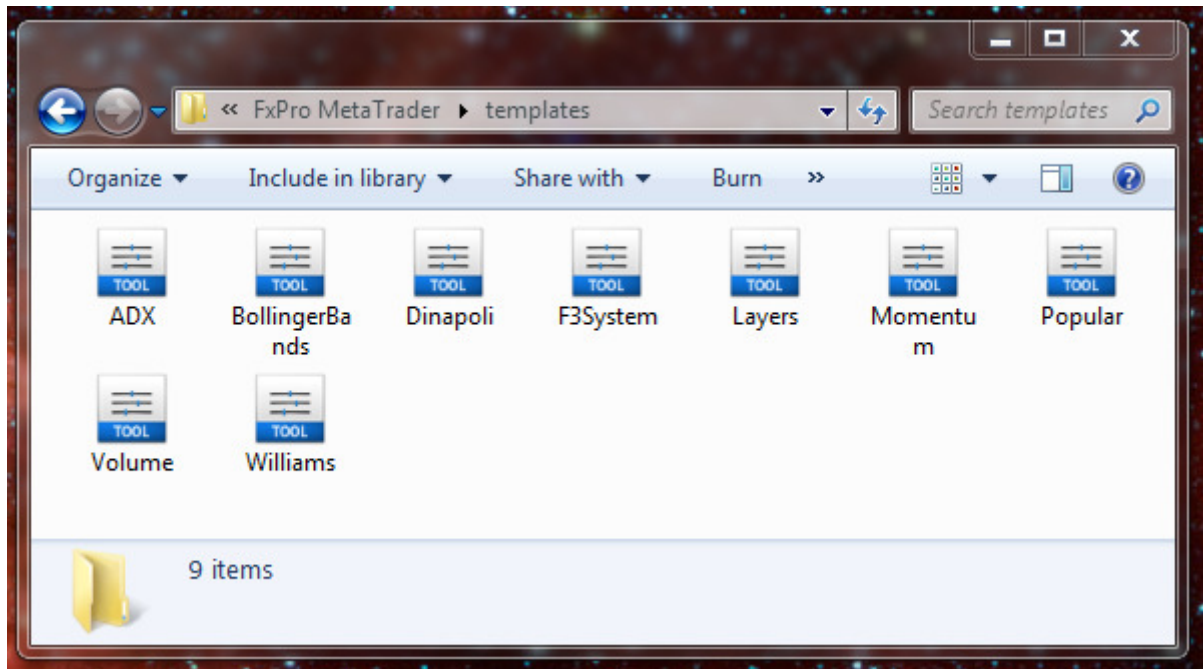
2. In Windows Explorer, navigate to the Experts subfolder of your Metatrader4 installation (for example C:\Program Files\FxPro MetaTrader\Experts):



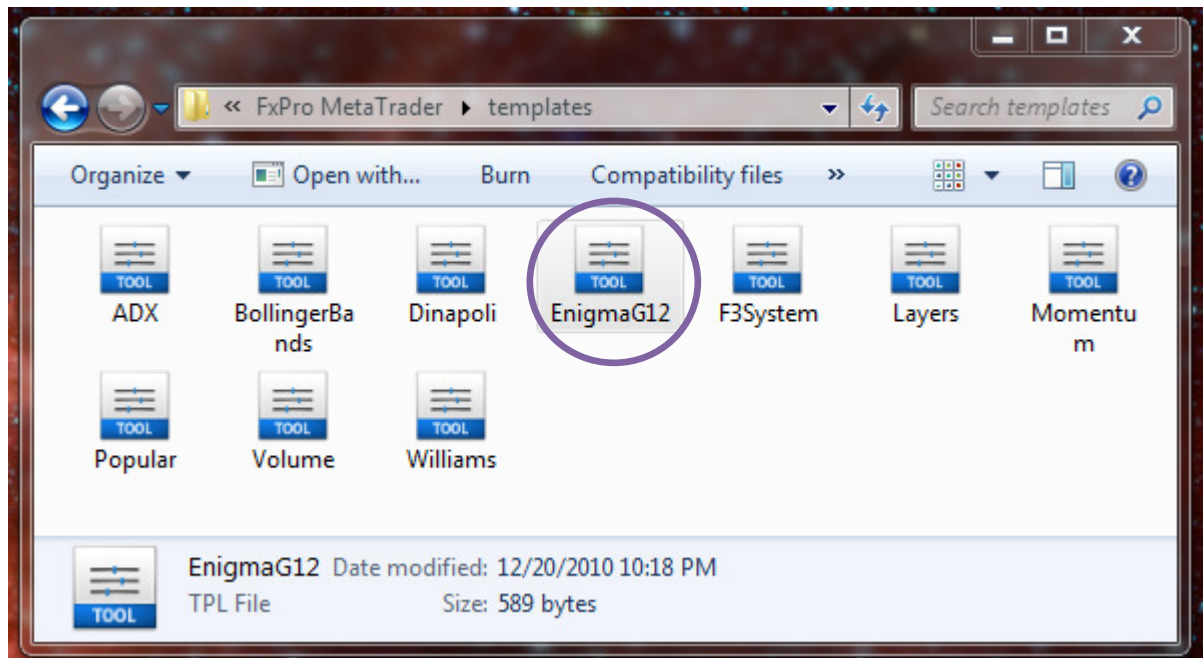
3. Copy EnigmaG12.ex4 from the EnigmaG12Files folder to the Experts folder:



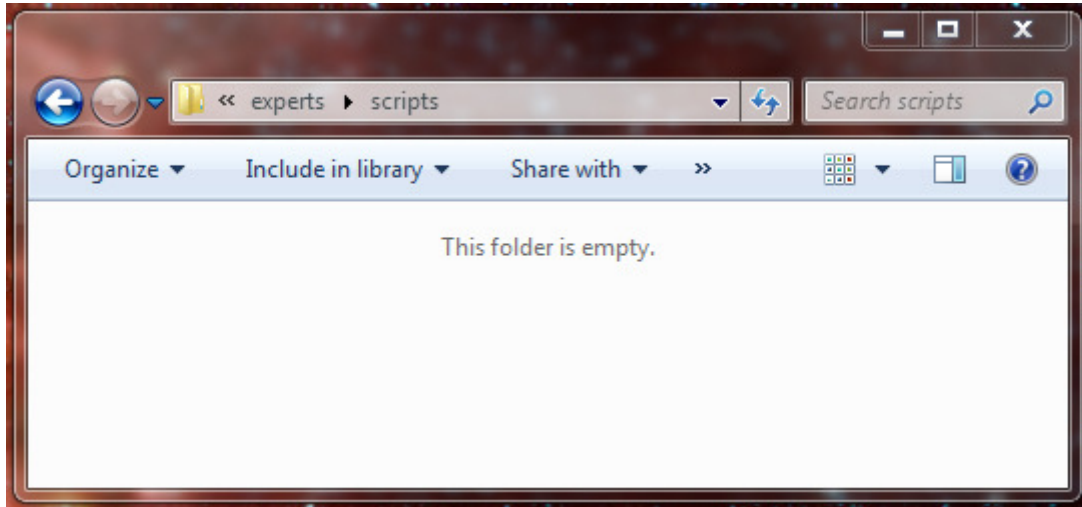
4. In Windows Explorer, navigate to the Templates subfolder of your Metatrader4 installation (for example C:\Program Files\FxPro MetaTrader\Templates):



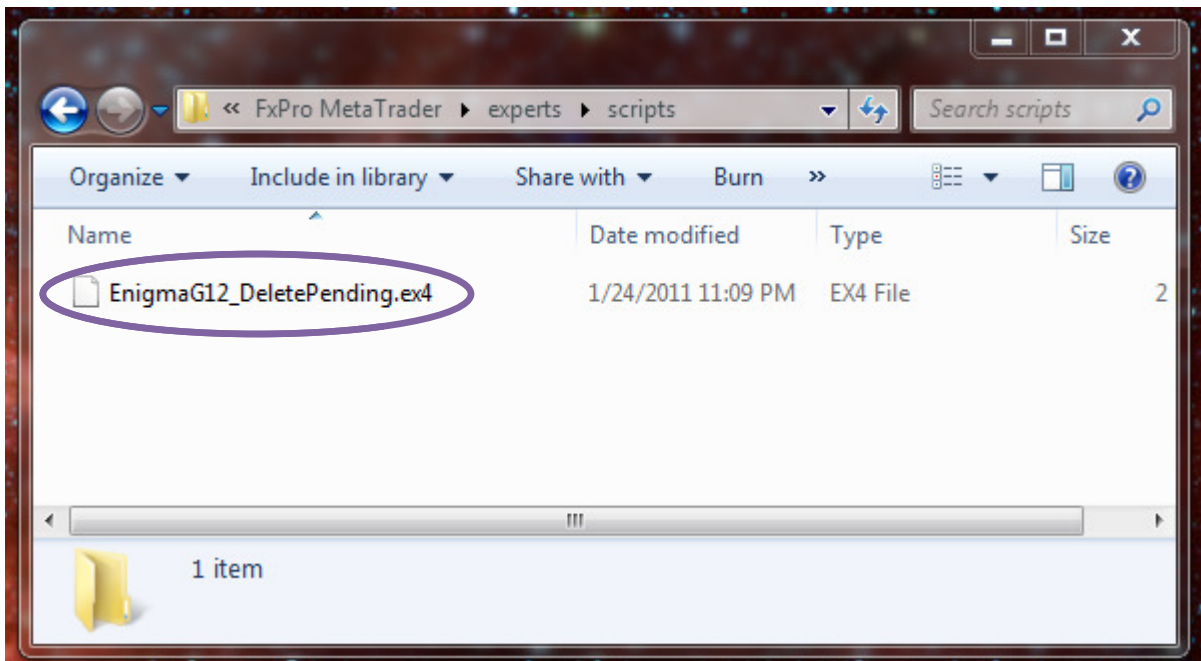
5. Copy EnigmaG12.tpl to the Templates folder:



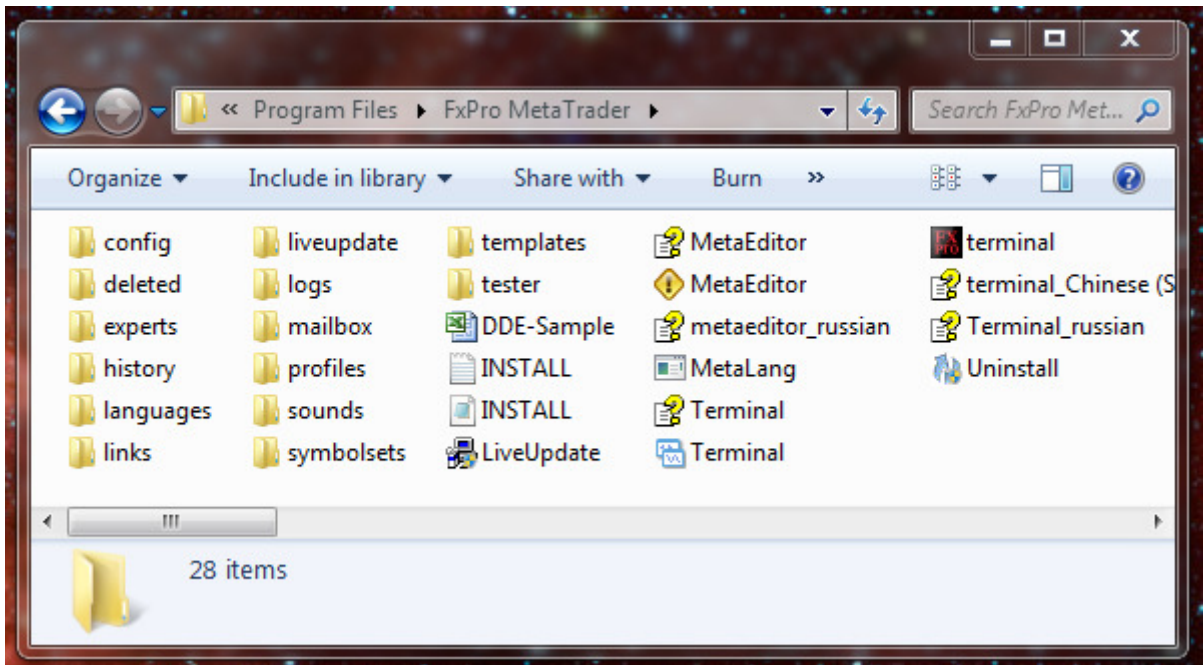
6. In Windows Explorer, navigate to the Experts\Scripts subfolder of your Metatrader4 installation (for example C:\Program Files\FxPro MetaTrader\Experts\Scripts):



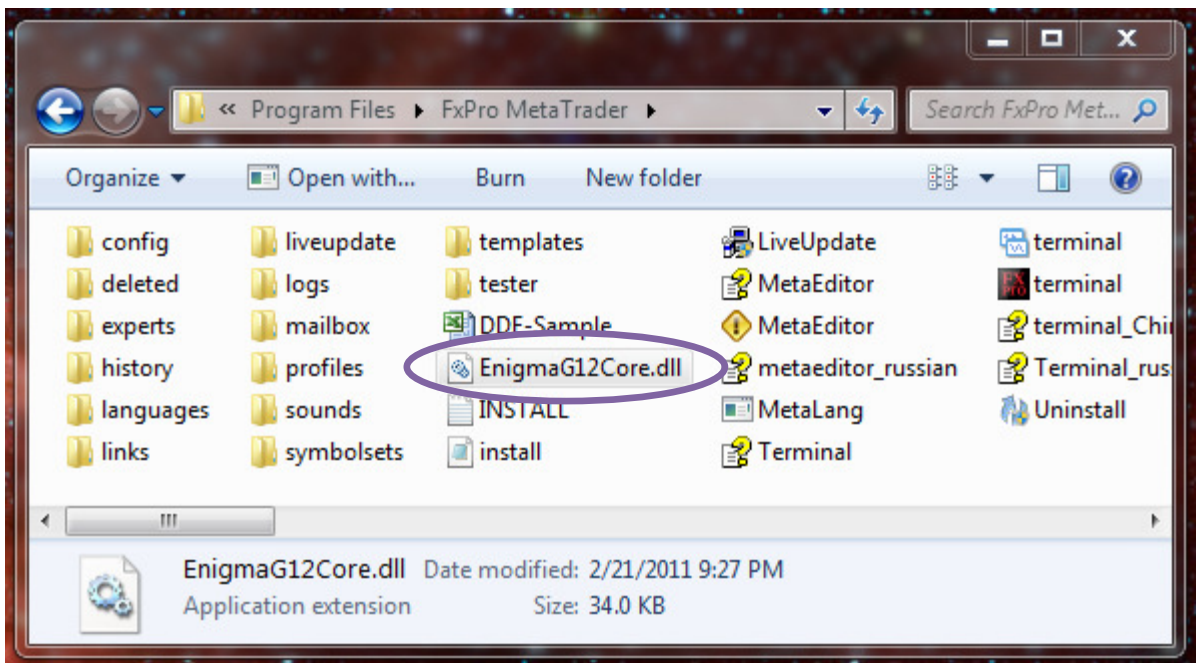
7. Copy EnigmaG12_DeletePending.ex4 to the Scripts subfolder:



8. In Windows Explorer, navigate to the main folder of your Metatrader4 installation (for example C:\Program Files\FxPro MetaTrader):

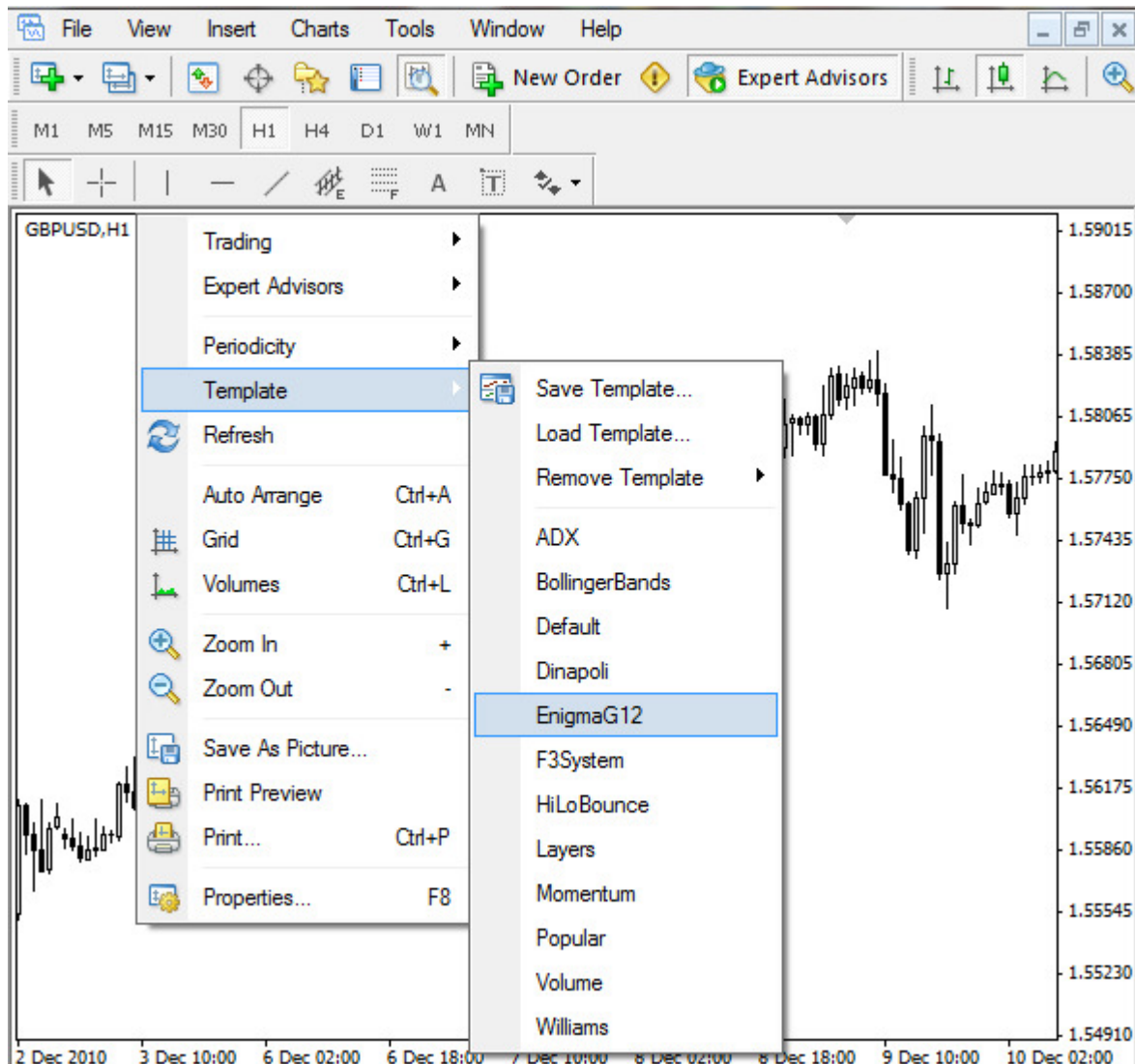


9. Copy EnigmaG12Core.dll to the MT4 folder:



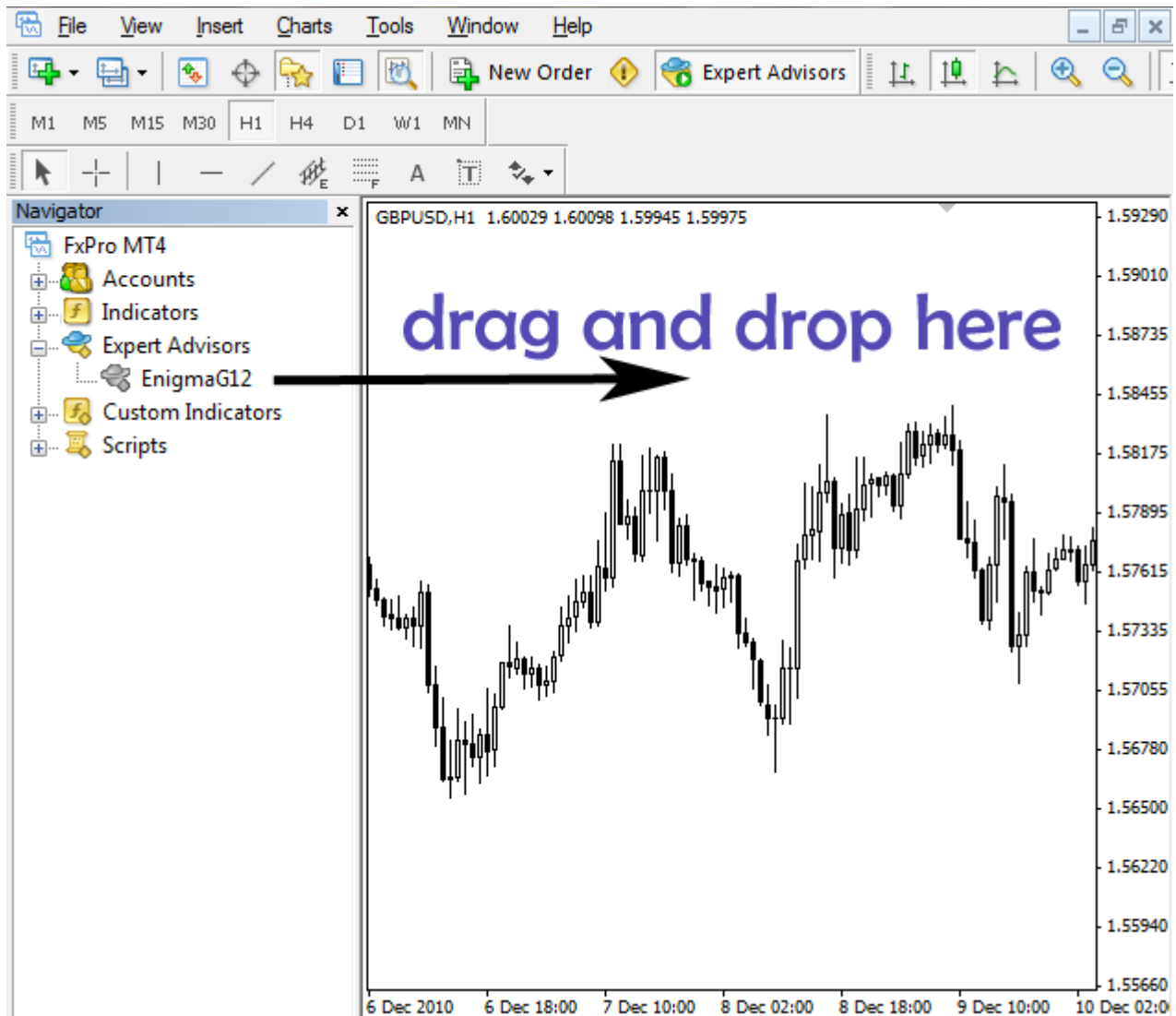
10. Start your Metatrader4 platform and wait for it to load.

11. Open one-hour (H1) chart for GBP/USD and apply the Enigma template (right-click on the chart, select Load Template and choose EnigmaG12).



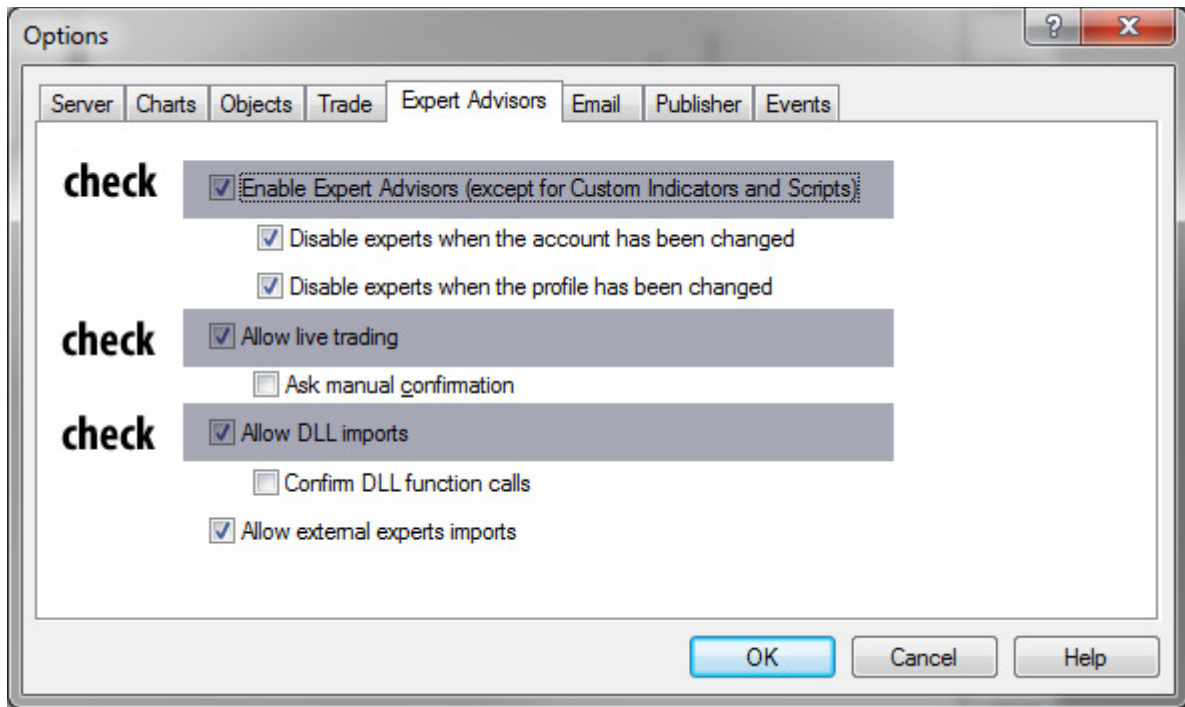
- a. If you have purchased the Pro version, repeat this process for EUR/JPY.
- b. If you have purchased the Ultimate version, repeat this process for EUR/JPY and GBP/JPY.

12. Load Enigma G-12 on your GBP/USD chart by dragging it from the Experts tree node on the chart.



- a. If you have purchased the Pro version, load EnigmaG12 also on your EUR/JPY chart.
- b. If you have purchased the Ultimate version, load EnigmaG12 also on your EUR/JPY chart and your GBP/JPY chart.

13. Verify Metatrader4 settings in the Options dialog box



If you have successfully performed all of these steps, you will see smiley faces in the corners of your Enigma G-12 chart windows.



Trading Principles

The trading engine in Enigma G-12 has been designed to achieve the following objectives:

- 1) Provide absolute risk control.
- 2) Yield a smooth Balance/Equity curve.
- 3) Prevent overtrading.
- 4) Detect unfavorable market conditions and disable trading.

Absolute Risk Control

Enigma G-12 allows the user specify the maximum amount that will be risked per trade, as percentage of the total Balance. The ideal value of this parameter is different for each trader, as it depends on their risk tolerance. For traders who prefer trading with a very low risk, we recommend to risk no more than 2-3% of their Balance. For traders with high risk appetite, up to 7-8% might be risked. And for everyone else, 5% is the recommended setting. (As our statements from year 2010 demonstrate, we have been trading with 5% risk.)

Smooth Balance/Equity curve

The smoothness of the Balance/Equity curve is sometimes referred to as Relative Drawdown (DD). This is the depth of each valley you can see on the Balance/Equity curve. The greater the drawdown, the longer it will take you to recover to the latest Balance high. Relative Drawdown is a function of maximum risk discussed in the previous section. In year 2010, when traded with 5% risk, Enigma G-12 performed with maximal 15% drawdown.

Overtrading

Enigma G-12 doesn't take more than 2 trades per instrument each day (later, in the Enigma G-12 Operation section, you will learn that each trade consists of up to 3 positions). While our strategy would allow for multiple trades in one day, this way of trading would expose your account to undesirable risk. Besides the max 2 trades per day limit, there are days when trading is completely disabled, again, to protect your account when the market doesn't behave the way our strategy expects.

Unfavorable market conditions

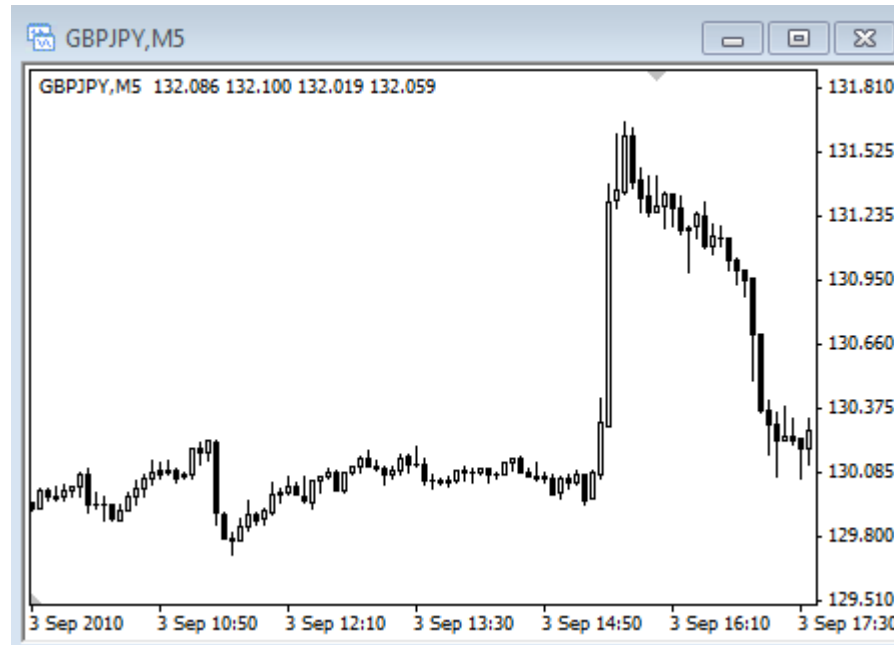
There are days when the market sleeps, there are days when the market is on steroids and there are days when the market is very predictable. The trading engine in Enigma G-12 can detect all of these conditions and react appropriately.

When the market volatility is very low, trading is simply disabled. When the market sleeps, the big money stays on the sidelines and prepares for an attack. The attack usually comes in 1-2 days when the big players push the market in the direction that takes out the most stop losses (and then the other way to take out those who thought they got lucky).

When increased volatility hits the market, Enigma G-12 alters its entry point range. Rather than trying to pinpoint exact price points at which to enter, the trading logic enters within a range of values, rendering the strategy more resistant to market shakeouts.

Quantitative News Releases

Do you know why major economic releases result in ridiculous spikes in the price action? Because all sane people stay away from the market when the news hit the wires. Hence the liquidity dries up and the price goes full berserk. Just take a look at what the price did during the September 2010 NFP release:



The price moved 160 pips in 15 minutes.

As you might expect, we do not trade during news. Period. You might think that if you do, you will be right 50% of all times, hence break even (this is a common myth you can read on online forums). Well, you're wrong (you can think about this for a while). Don't trade news. Period.

The following table summarizes the major news we pay attention to and the instruments we do not trade on news days.

News Release	Currency Pair	Risk	Frequency
US NFP (Non-Farm Payroll)	GBP/USD, EUR/JPY, GBP/JPY	High	Monthly
US Unemployment Claims	GBP/USD, EUR/JPY, GBP/JPY	High	Weekly
US GDP	EUR/JPY, GBP/JPY	High	Quarterly
UK Manufacturing/Services PMI	GBP/USD	High	Monthly
UK/EUR Interest Rates	GBP/USD, EUR/JPY, GBP/JPY	High	Monthly
FOMC	GBP/USD, EUR/JPY, GBP/JPY	High	Bi-monthly
UK Retail Sales	GBP/USD, GBP/JPY	High	Monthly

Besides these, always pay attention to all “red” news (there are many websites that publish the news calendar, e.g. www.forexfactory.com, and the most important news are often marked as red). Very often, a combination of multiple red news events can be dangerous. So even if you don’t find a particular piece of news in our table, but you notice two red news events in one day, don’t trade on those days (for example a combination of German IFO and UK Inflation Report will surely cause increased volatility in the market).

Since our trades can be open for several hours, **if there’s any dangerous news about to be released on a particular day, we do not trade the whole day.** Again, we do not trade the whole day. The reason for this is that the Forex market isn’t fair and often big players have the news before anyone else. This results in pre-news market manipulation that can last for hours.

Macroeconomic News / Global Geo-political Situation

When Lehman Brothers went bankrupt in 2008, the market went crazy. Professional traders started freaking out, banks stopped lending to each other, retail investors started selling their stocks and panic took over.

When Greek national debt was found to be practically of no value in 2009 and when the world’s main rating agencies downgraded it in December 2009, EUR/USD crashed from 1.5 to 1.2 in 6 months.

If you want to become a successful trader, it is important that you keep an eye on all financial news, not just the quantitative ones described before. Our team follows websites such as www.forexlive.com or www.zerohedge.com, where you can find up-to-date commentaries and discussions about what the hot events in the financial world are. Please keep an eye on these events, because they can often result in increased volatility, hence danger for your trading. And don’t trade if you sense fear in the market or in the discussions.

Enigma G-12 Operation

The trading logic of Enigma G-12 is based on detection of selling zones and buying zones. These zones are the most likely places where the price will make a u-turn, or at least slow its progress should a breakout occur. Enigma G-12 identifies these zones on a daily basis.

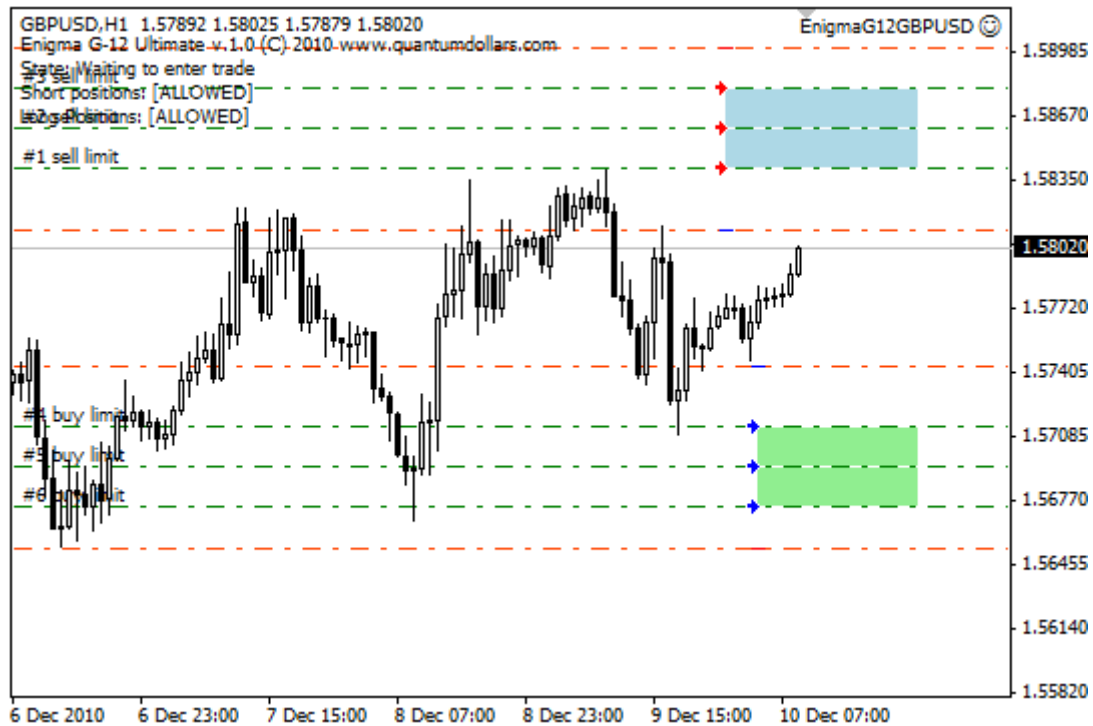
When running Enigma G-12, the zones are depicted on the chart in light blue (selling zone) and light green (buying zone) colors:



The selling and buying in the trading zones consists of multiple positions. The number of positions required to complete one trade can vary from 1 to 3, depending on market volatility.

Note: It is important to emphasize that the selling and buying zones aren't active all the time. Enigma's trading logic automatically disables trading on certain days as discussed on Page 10.

As the price approaches the trading zones, sell limit and buy limit orders are placed and activated:





You can see how the price turned in the selling zone in our GBP/USD example:



Parameter Setup

There are only two parameters Enigma G-12 exposes for user setting:

Variable	Value
 mmRisk	0.05
 hedgingWorkaround	false

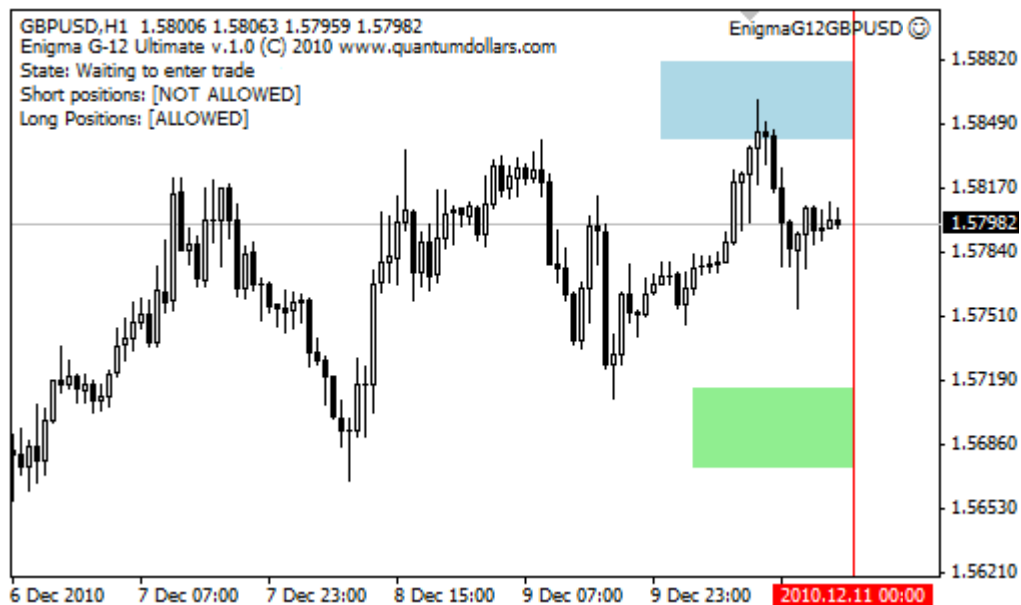
mmRisk – specifies the per-trade risk level as the percentage of total Balance. The default value, 0.05 corresponds to 5% risk per trade (i.e. on all positions combined). For example, if your account size is \$10,000 and your trade turns out to be a losing one, you will lose \$500.

hedgingWorkaround – some U.S. brokers do not allow hedging, which prevents us from having buy limit and sell limit orders placed simultaneously. If your broker doesn't allow hedging, please enable this option.

New Day Transition

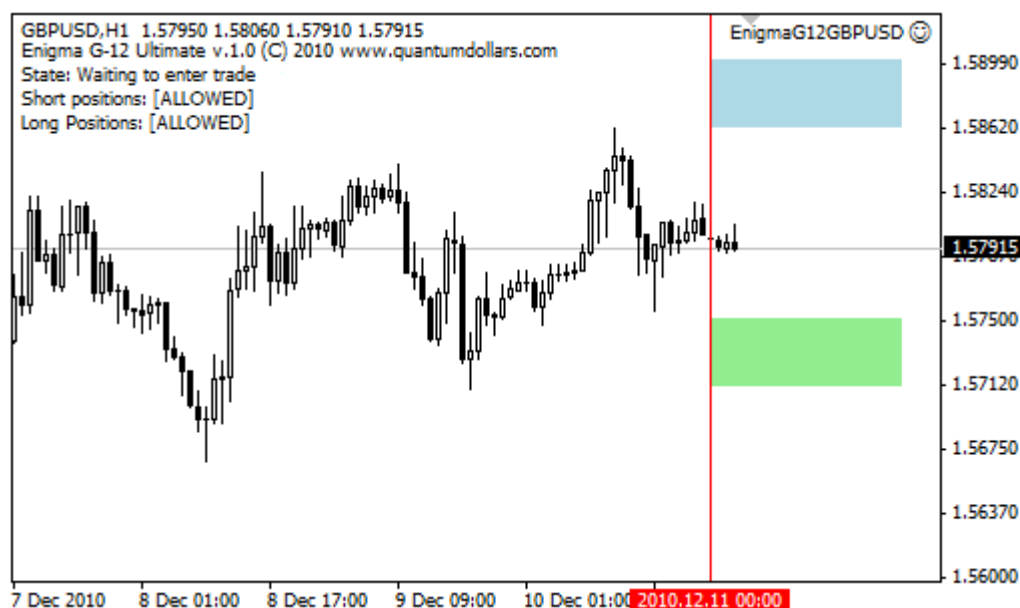
The new day transition is an important part of Enigma G-12 as this is the time when the internal trading logic evaluates what happened in the market during the previous day and prepares its internal variables for the next day. The transition occurs every day, at 5pm EST.

The following screenshot was captured just before the transition on Dec 13th 2010. Notice how the trading zones are to the left of the current bar on the chart. The red vertical line is the day separator (note: this line doesn't appear in the public version of Enigma G-12).



Also notice how the comment informs you that short positions aren't allowed on this day anymore (since we had a profitable trade earlier). Long positions are allowed, but the price is very far from the trading zone and most likely won't reach there in the 2 hours that are remaining for today.

When the new day transition occurs, the bars shift to the right, indicating trading ranges for the next day:



Important:

While Enigma G-12 does everything it can to make sure the new day transition occurs without any glitches, several things can happen inside the MT4 platform that might prevent this from happening correctly (for example, the broker's server might go down, too many trades might be pending, the Internet connection can go down, etc.). Therefore we strongly recommend double-checking the EA after the new day transition and making sure the trading ranges have been updated correctly. If they haven't, you need to remove the EA from the chart, delete all pending orders corresponding to the traded currency pair and reattach the EA.

Shutdown

There is one thing you have to do as the user when you remove the Enigma G-12 from the chart – delete all pending orders. This is not a defect of the EA itself, but rather a limitation of the MT4 platform that prevents any EA from executing tasks lasting longer than 2 seconds when detaching it from the chart. Typically, deleting limit orders takes more than 2 seconds and therefore cannot be completed when the EA is being detached.

To delete all Enigma's pending orders, please remove the EA from the chart (if you have purchased the Pro or Ultimate versions, remove all EAs from all charts) and then execute the *EnigmaG12_DeletePending* script by dragging in on the chart.

Summary

You have become the owner of a very powerful trading tool. If you use this tool correctly, you can multiple the size of your account several times in just 12 months (please see our live statements posted on www.quantumdollars.com). However, as with anything in life, we can only show you the door and you have to walk through it.

Here are the key points to keep in mind when trading with Enigma G-12:

- **Start with a demo account**
 - We recommend trading on a demo account for at least a month and getting used to the daily routine of reviewing news events for the following day.
 - If you are profitable after one month of demo trading, feel free to transition to a live account, but use half the risk you would normally use.
 - After another 1-2 months of profitable trading, feel free to return your risk level to standard values.
- **Be extremely careful with news**
 - Review the news calendar every day, and disable the EA if you see red news events listed for the next trading day. Remember, if there are news listed for a particular day, we do not trade the whole day, i.e. you need to disable the EA right after the new day transition occurs.
- **Use a reasonable risk factor**
 - We recommend starting with 1-2 % risk on a live account to make sure you get comfortable with the EA. Once you understand the process and are comfortable with risking real money, feel free to move up to 5%.

We sincerely hope Enigma G-12 brings you closer to the goal you are hoping to achieve by making this purchase. We have spent a lot of time developing this EA, tweaking it, and yes, making money trading it. We hope you will be at least as successful as we have been trading it.

Best of luck and let us know how you are doing!

The Enigma G-12 Development Team