



BullCharts 

TradeSim
for back-testing

Case Study example
MA Cross-over
October 2016

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2

Session Purpose

Session Purpose: 

- Briefly introduce TradeSim (see a separate presentation for introduction and details of what it is and how it works)
- Walk through a case study sample of testing an example trading strategy in TradeSim.

3

Assumptions

The following assumptions apply to the case study within these slides:

- That BullCharts is installed.
- That you know the basics of creating and running a BullCharts scan.
- That TradeSim is installed and registered.
- That you already have a trading strategy.

4

Our Trading Strategy

In this case study we will utilise the following trading strategy:

- Use Moving Average cross-overs, 5 and 21.
- Buy signal:- When MA(C,S,5) crosses Above the MA(C,S,21) C = Close
S = Simple
- Sell signal:- When MA(C,S,5) crosses Below the MA(C,S,21)
- Universe of stocks — XTL index (top 20)

See sample price chart on next slide...

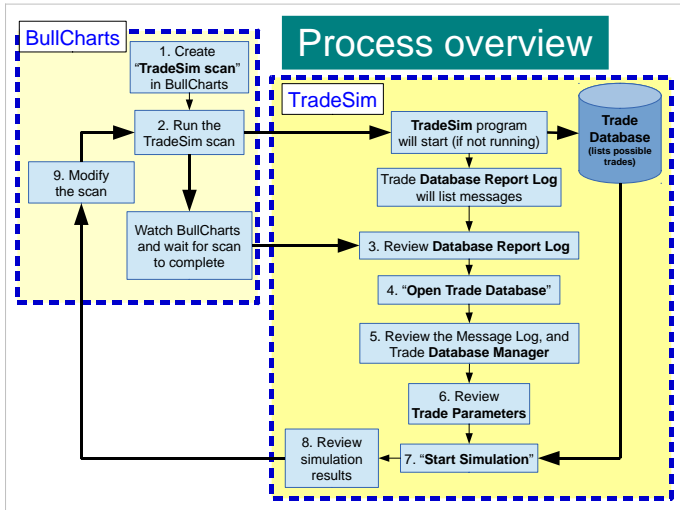
5

Sample chart



6

TradeSim - Case Study



Overview of the steps

1. In BullCharts:
 - (a) Open BullScan Manager
 - (b) Select "New Scan" (of type "TradeSim")
 - (c) On the "Trade Systems" tab, click on "New..." to create a new "system"
 - (d) Enter the entry, exit, and stops details (from your trading strategy)
 - (e) Enter your scan watchlist details (eg. XTL).

8

Overview (cont.)

2. Run the scan, noting:
 - TradeSim program will start, and
 - Will accumulate messages in the Trade Database Report log (access any time using the flashing icon in Windows System Tray).

9

Overview (cont.)

3. After scan completion:

- (a) Peruse the Database Report Log
- (b) "Open the (TradeSim) Trade Database"
- (c) Peruse the Message Log file
- (d) Peruse the "Trade Database Manager" entries
- (e) Review the "Trade Parameters", and adjust.

10

Overview (cont.)

4. Start Simulation

- (a) Click on "Start Simulation" button
- (b) Review the results.

11

Overview (cont.)

5. Within the TradeSim screen after the simulation, peruse the following:

- (a) Message Log
- (b) Trade Log
- (c) Trade Simulation Report
- (d) Charts (many):
 - Equity charts (\$, %);
 - Weekly, Monthly, Yearly — Profit, Return
 - Drawdown
 - Winning, Losing trades, etc...

12

If possible (in a live presentation)
work through the real case study.

If not, then
the following slides are for
perusal outside of a live presentation.

13

The details — Create Scan

1. In BullCharts:

- (a) Open BullScan Manager
- (b) Select “New TradeSim Scan” and enter:
Name, Category, Author, Notes *



* About now, TradeSim will start in the b/ground, if it is registered. 14

The details

- (c) On the “Trade Systems” tab, click on “New...”
to create a new “system”
- (d) In the “Trade System Editor” dialogue there
are four tabs to enter the entry, exit, and stops
details from your strategy
- (e) The “General” tab
can be used to
enter “Start Date”
and “End Date”.



The details

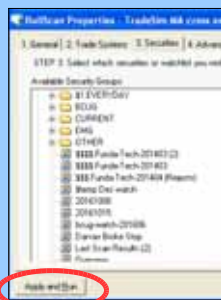
(f) Enter your scan watchlist details as normal



The details — Run Scan

(g) Run the TradeSim scan.

BUT, NOTE:
The scan will create a Trade Database file of the same name as the scan (.trb), and it will automatically over-write any existing Trade Database file.



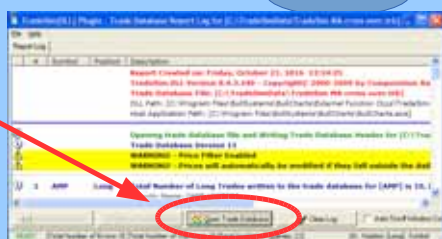
We have NOT yet run a “simulation”.

Open TradeSim

TradeSim opens and adds potential trades to the Trade Database file.

Peruse the Database Report Log file.

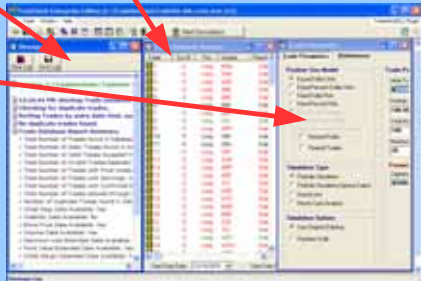
Open Trade Database



The TradeSim windows

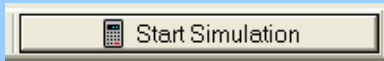
TradeSim opens, with several windows:

- Trade Database Manager
- Message Log
- Trade Parameters



Next steps

- Review the Message Log file
- View the Trade Database Manager screen
 - Consider un-ticking some entries to exclude from simulation.
- Review Trade Parameters screen
- “Start Simulation”



20

Review simulation results



21

Trade Simulation Report

Note 2 tabs:-
 - Simulation Reports
 - Statistics

Note 3 tabs:-
 - Trade Parameters
 - Detailed Report
 - Combined Report

22

Trade Statistics Table

Note tabs and many columns

Can re-sort — click on column header

See the User Manual (pp172-179) for discussion

Equity for Closed Trades

For XTL stocks

24

Equity for Closed Trades

For XJO stocks



25

Equity for Closed Trades

For XMD stocks



26

A conclusion

- The selection of stock universe can make a big difference.
- There are many possibilities for tweaking the trading system, and the trade parameters.
- The choice of time window can make a difference.

27

Caveats

This case study is over-simplified, and it has ignored:

- Brokerage
- Testing different time periods and market conditions
- Survivorship Bias (securities that were in the target group in the past, but are no longer)
- Possible optimisation (of trade parameters)

28

More information?

- Tutorial guides (pdf), videos, etc.
- Robert's web site:
www.robertbrain.com/bullcharts/
- The official web site:
www.compuvision.com.au
- Pricing (time unlimited versions):
Standard edition — \$198
Professional edition — \$484
Enterprise edition — \$1,520

29

TradeSim — more help

Current version 6.7.7 (build 769)*

A number of materials are available:

- "Users Guide" (299 pages)
- Quick Start Tutorial guide (21 pages)
- Several focused docs on various topics

<http://www.compuvision.com.au/Articles.htm>

Note: Some documentation refers mostly to MetaStock; but is still relevant to BullCharts.

* as at October 2016

30

