



# PhiBase PRO

Fully Automatic and Profitable MT4 Expert Advisor



## Welcome to PhiBase Pattern Based Trading

### PhiBase PRO V2 - Quick Start Manual

#### Installation

1. PhiBase PRO is delivered as WinZip archive.
2. Extract the contents of the Zip file to a convenient location on you hard disk.
3. **PhiBase Auto Installer requires all MT4 platform to be closed before it can start installation.**
4. Run the setup file, accept the standard agreement and run through the simple setup screens by clicking on "Next" button.
5. The EA is installed automatically on all the MT4 platforms you selected
6. You can now start your MT4 platform on which you wish to run PhiBase PRO.

#### License Activation

**The Download Link and Activation Code will be sent to you through email as soon as the payment is approved.**

PhiBase PRO can be run on two live and two real accounts.

You can register your MT4 account numbers by email or online chat available on our website. Our staff will update the account numbers on our validation server within 6-12 hours.

Please indicate if the account type (demo or real money) for each account number.

#### Setting up PhiBase PRO on MT4

Please keep the Activation Code for reference before proceeding to setup the EA on you MT4 chart.

PhiBase PRO EA can be access through the Navigator panel of your MT4 terminal.

Please make sure your bars in history and chart are set to at least 10000. To check up these settings follow the steps detailed below:

Menu > Tools > Options > Click on Chart tab

Set Bars in History to any value greater than 10000

Set Bars in Chart to any value greater than 10000

**PhiBase Pro utilizes values from long term indicators that enable the EA to find the overall market trend and price action. PhiBase Indicators are based on H1, D1 and W1 time frames.**

**Make sure your MT4 platform has a H1, D1 and W1 historical bars for at least 3 months.**

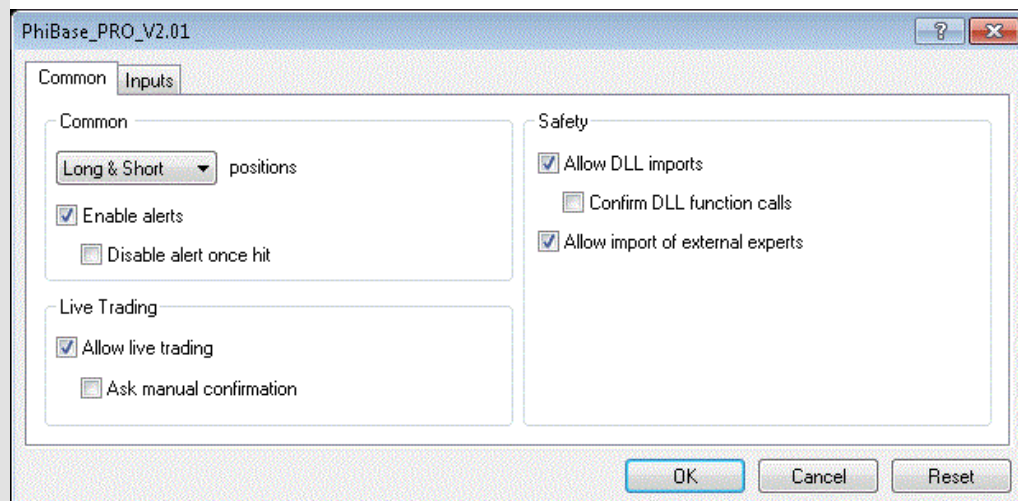
**You can do this by loading a chart and changing its timeframe to H1. Switch off the Auto-Scroll option on your MT4 terminal. Scroll the screen back by about 3 months.**

**You can now change the timeframe to D1 - scroll back a few months and repeat the same for W1 timeframe.**

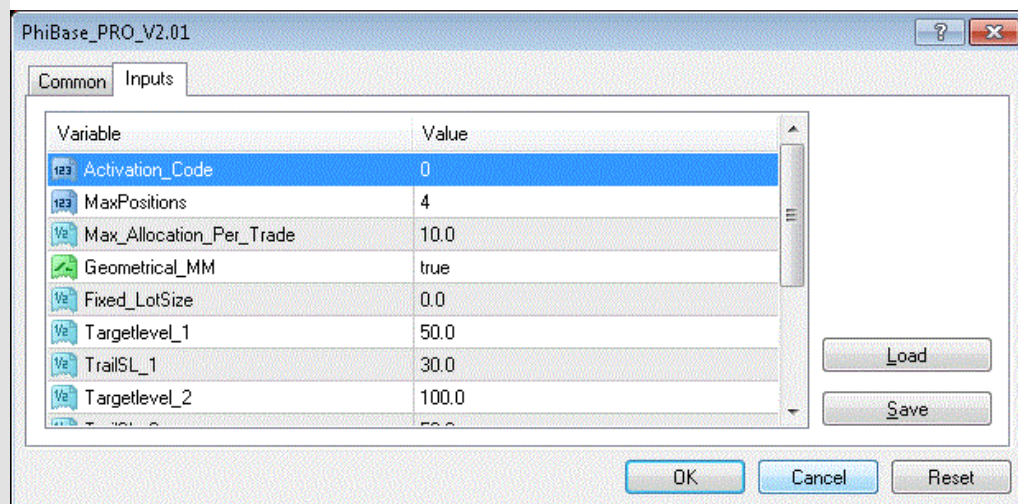
The above process will enable the initialization of the Indicators correctly.

**Attach the EA to EURUSD chart which has been set to One Hour time frame.** The EA uses only 1H candles to make all its analysis and should be run on 1H timeframe. A warning message will appear on the chart screen if a different timeframe is used and the EA will not place any trades.

When you attach the EA to the chart, the PhiBase PRO properties window comes up.



The Common, Safety and Trading options is setup automatically by the installer - The above screen shot is provided for your future reference.



**Activation\_Code** : Enter the Activation Code in the corresponding field.

**MaxPositions** : Default is 4 - This is the maximum number of positions the EA is allowed to open simultaneously.

**Max\_Allocation\_Per\_Trade** : Default value is 10 - which means you are allocating 10% of the free margin for the EA to trade with. The EA calculates the trade size based on the base currency and broker account leverage. PhiBase Pro V2 can open multiple positions in the same direction. The maximum number of positions allowed is set by the MaxPositions parameter - default is 4. The EA divides the allocated margin equally for the total number of positions allowed. The Geometrical Money Management is used in this mode - that is, the lot size increases with increase in equity and decreases if there is a dip in equity.

**We recommend you to set Max\_Allocation\_Per\_Trade to 5 if you are new to EA based trading or would like to understand and build confidence in the system.**

**Geometrical\_MM** : Default is true (recommended). Setting this value to false makes the EA use the **Max\_Allocation\_Per\_Trade** parameter as the maximum risk (loss) allowed per trade. The trade size is calculated based on

the hidden stoploss used by the EA.

**Fixed\_LotSize** : This parameter can be set to lot size of your preference, in case you wish to trade with specific lot size like .01, 0.03, etc. Money management is turned off in this mode.

PhiBase PRO is fully automated and the user does not have to modify or set any other parameters. The EA will set the TP and StopLoss based on price action. All trades are managed using a trailing stop loss as and when the trade achieves about 25% of the set target price. Stop Loss levels will depend on the price action - usually the range for SL is between 60 pips to 130 pips. You can know more about the TP and SL settings in additional information section of this manual.

**TargetLevel\_1** and **TrailSL\_1** are set to 50 pips and 30 pips by default. The EA will move the SL to 30 pips above opening price as soon as the trade achieves a gain of more than 50 pips (Price move above 50 pips gain level).

**TargetLevel\_2** and **TrailSL\_2** are set to 100 pips and 50 pips by default. The EA will move the SL to 50 pips above opening price as soon as the trade achieves a gain of more than 100 pips (Close of above 50 pips gain level).

**It is recommended that all these values be set to '0' for running long term tests - this will enable the EA to decide on the Trailing SL's based on average trading range.**

**Targetlevel\_1=0; TrailSL\_1=0; Targetlevel\_2=0; TrailSL\_2=0**

The EA will trail the Stop Loss suitably to allow maximum room for the trade to achieve larger profits, while at the same time locking in gains in case of adverse change in price direction.

The Parameters **Lower\_Band** and **Higher\_Band** specify the typical price action range for the pair being traded.

*Recommended band settings:*

**EURUSD : Higher\_Band=150; Lower\_Band=100**

The above bands are arrived based on both long term price range, volatility and volume data. In most cases these parameters will not need to be changed unless there is a very major drop in terms of volatility, range and volumes.

We advice our users to run GBPUSD and USDCHF to diversify risk - the parameters provided make the EA work slightly differently on these additional pairs which will aim to reduce the risk in relation to the EURUSD pair.

*Recommended band settings (Last Update 30th March 2012) :*

**GBPUSD : Higher\_Band=350; Lower\_Band=100**

**USDCHF : Higher\_Band=0; Lower\_Band= 0**

**Please set the Max\_Allocation\_Per\_Trade for these pairs to half the value used for the EURUSD pair.**

You can read more about trading the GBPUSD and USDCHF in the additional information section of this manual.

**Friday\_Trade** : default is true. It is recommended to let the EA trade on all days. But if you do not wish to allow the EA to trade on Fridays - set this value to False. The EA will not open any new trades from Friday 0 hours to close of market. The trade cutoff time will vary depending on the GMT offset of your broker. No new trades will be opened - Any existing trade will continue to be managed as per the EA's logic.

Friday trading offers good trading opportunities - but there is the associated news related risk that goes with it. PhiBase PRO trades as per the technical pattern formations, when Fib levels and indicators are in agreement.

Technical details about advantages and disadvantages of Friday trading can be found in our technical report. You can be accessit using the following link: [http://pro.phibase.com/Report/Tech\\_Report\\_2012\\_March\\_10.html](http://pro.phibase.com/Report/Tech_Report_2012_March_10.html).

**Magic Number** is set to 99118260 by default - in most cases this need not be modified unless some other EA on the same account uses exactly same number, which may be very rare.

The EA displays messages on the left hand side of your chart screen. A screen shot is shown below:



The messages confirm that PhiBase PRO is setup correctly and running normally. If you do not see the EA messages, it will mean that there is some problem with the setup. Please contact our helpdesk (Online chat / email to : support@phibase.com) and our support staff will help you solve any technical problems at your end.

D1 ATR and W1ATR values are displayed in the messages to provide confirmation that you have the historical bars available in your MT4 platform. If any of these values show 0 (Zero) it will mean that you do not have the required D1 and W1 history bars - in this case the trades will be unpredictable and not match other reference accounts. the EA will also not be able to calculate the TP/SL properly.

PhiBase PRO will draw the pattern bounding boxes on the chart. The EA calculates the values of the projected lines to enable predictive trade entries. The lines are drawn fresh for each 1H candle - Deleting these lines will not affect the trades or performance in any way, but it is recommended to allow the EA to perform without such alterations. Trading is not based on indicators, but several indicators are used to help identify pattern bounds, check for ideal entry levels, over bought/sold conditions, price reversals, etc. All indicators and logic is based on One Hour bar. 30 period D1 and 14 W1 indicators are also used to calculate price volatility, price action modeling, long term trend direction, etc.

**Users are advised to have as much historical data (at least 3 months) as possible on the H1, D1 an W1 time frames. The history bars on the H1, D1 and W1 timeframes will enable the EA to setup the initialization parameters correctly.**

PhiBase PRO identifies and trades patterns that have high probability of success. The trade entries are made based on a predictive algorithm which does not wait for complete classical pattern confirmation. Patterns are identified internally based on normalization of both price and time scale. The absolute High/Low of the candles are disregarded and only the average of closing prices is used - this ensures similar performance across most brokerages.

PhiBase PRO opens only one trade at a time.

**When the EA is started, the trades may differ from our reference account since the reference account was started on a different date. The trades will start to match up with our reference accounts with in 2-3 days.**

PhiBase Pro V2 has has been designed to add to existing open positions. PhiBase does not open additional positions to all trades, but only when a new trade trigger occurs - further the additional position is allowed only at certain fib levels or when the price is close to the SL of the first trade. This reduces risk of adding more positions, while increasing the over all gain potential.

**Adding to gaining trades:** In the following screen shot, Trade #1 moved up as per the EA's expectation. The additional trades

are taken only after the first trade has reached Target Level 1 and the trailing SL has kicked in. The new positions #2 and #3 are added on new trade triggers at these levels. The Trailing SL of trade #1 will act as SL for these new additional positions. As the trades move up the trailing SL which is now common to all trades lock in gains. .



**Averaging price :** In the screenshot below, The EA opens a LONG trade #1. but the price drops. Since the hidden SL is set based on the daily ATR, the EA adds new positions at lower levels if fresh trade triggers occur. The trades are entered only when the price is at least in between trade #1's open price and its hidden SL. The SL of trade #1 will be common for all new trades and the risk is also lower. When the price moves in favor of the open positions, the EA waits for the price to reach Target Level 1 of trade #1. If it happens, then the trailing SL will be triggered locking in gains. In case the price drops below the trade #1's open price again, all the trades are closed.



Contact us for any assistance or additional information : [support@phibase.com](mailto:support@phibase.com)

## Additional Information

### Target Price and Stop Loss Method

The 30 day period ATR (atr) is used for the TP/SL setting.

Using fixed SL like 60 pips or 100 pips is not recommended because under normal trading conditions these SL will get triggered and the price will move in the expected direction again. Keeping the SL hidden below the ATR allows for the normal price volatility without the trade being closed at a loss. In case of high impact news, this may be at a disadvantage in case the price goes against the trade - but when considering long term results, such events are not very frequent when compared to the price movement within the ATR which is seen on a daily basis.

The EA sets protective TP (4 times atr) and SL (2 times atr). The atr is 30 day period. These are purely protective in nature and the full stoploss is hardly triggered.

Phibase however closes the trade if the hourly close is below atr. We feel this is better than using fixed SL since most times the price just pips above/below the atr only to move back in the trade direction. Large bank/institutions thrive on the fixed stop loss used by millions of individual traders.

The TP is set quite far to allow the trade gain as much as possible or run till a reverse trade signal is triggered.

Trailing SL is used to lock in profits - The user is allowed to set their first target and second target when the trailing SL should be moved in. Users can also set the Trailing SL levels. When all these values are set to 0, the system calculates the levels automatically using the atr (preferred method for long term testing).

Trades are also closed when the direction is no longer supported on long term indicators or when the price has moved completely out of the expected pattern range.



## Trade Size and Risk Level Calculations

Phibase manages trade size based on the free margin it is allowed to use. The parameter **Max\_Allocation\_Per\_Trade** specifies the percentage of free margin which is being allocated to the EA for trading the pair. **MaxPositions** parameter controls the maximum number of positions that the EA will be allowed to open simultaneously.

When you attach the EA to the chart, the EA displays lot size for next trade in the messages.

Approximate Position sizing is given below:

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For \$10000, Max\_Allocation = 10, MaxPosition = 4.  
The trade size will be about 0.2 Lot

For \$10000, Max\_Allocation = 5, MaxPosition = 4.  
The trade size will be about 0.1 Lot  
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Using this as standard, you can easily calculate for different start capital. For example for \$5000, it would be 0.05 if Location 5 is used.

For \$5000, Max\_Allocation = 5, MaxPosition = 4.  
The trade size will be about 0.05 Lot

Since the EA displays the lot size of the next trade we need not calculate this.

But what is required is the need to estimate the risk based on your trading style.

Lets suppose the capital/free margin is \$10000 and use Max\_Allocation = 5, MaxPosition = 4.  
The trade size will be about 0.1 Lot per position.

Now if the EA opens the maximum number of positions on all pairs (4 EU, 4 GU and 4 UC) the total open position will be of 1.2 lots

At total position size of 1.2 lots , each pip will move the equity by \$12. If all 12 positions hit SL (based on current ATR about 150 pips), the maximum loss will be \$1800. So when max\_allocation is 5 on all 3 pairs the maximum at risk is 18%.

When allocation is done as per recommendation of 5 for EU, 3 for GB and 2 for UC - the maximum total lot size will be about  $(0.1 * 4 + 0.06 * 4 + 0.04 * 4 = 0.8)$  In this case, each pip will move the equity by \$8. If all 12 positions hit SL (lets say at about 150 pips), the maximum loss will be \$1200. So the maximum at risk is about 12%. In reality this may actually represent only a risk of 6%.

It should be noted that this will be the worst case scenario - the EA enters multiple positions only based on price action triggers. It is also unlikely that all pairs will hit SL at same time when the recommended band parameters are used.

**We recommend running the EA on EURUSD with Allocation of 5 to get started. Allocation for GBPUSD may be set to 3 and USDCHF can be set to 2.**

You can consider increasing the allocation after gaining confidence in the system.

For Account sizes smaller that \$1000 - brokers supporting micro (0.01) lots is highly recommended.

The money management part of the EA is very effective when used with micro lots (0.01)

You can also choose to used fixed lot sizes like 0.01 or any lot size you prefer. In this case the money management system is not used by the EA.

## More About Higher/Lower Bands

In Phibase the higher-lower band levels are used to control the aggressiveness of the trades. When the long term atr is inside

this band the EA is restricted to trading nearly completed pattern formations. Predictive entries are reduced, since enough patterns are usually formed and respected when the market condition is good - good price range, enough volatility and good volumes.

When the long term price range increases beyond the higher band, the EA becomes more restrictive and stops predictive entries completely.

When the price action becomes weak and the atr slips below the lower band, usually with anyone of the following happening -  
 High volatility +Lower price range+low volume or  
 High volatility +High price range+low volume or  
 Low volatility +High price range+good volume or  
 Low volatility +Low price range+low volume

When the atr is below the lower band, the EA does not expect patterns to be formed or support/resistances to be respected. So the EA becomes more aggressive and trades along side a pattern's legs. This almost is like discarding the pattern form and trading within its insides as it is formed. Considered as aggressive but ideal in mostly low volume conditions.

We have recommended the EURUSD band as 150 - 100 which is considered the normal price range of the pair . By setting the band to range, we are basically telling PhiBase the price action inside and above the band is most suitable for its trading strategy. Since this decision is based on long period parameters - volatility - volume, it is not coded into the EA and has been left out as external user input parameters. We will provide updates to the users when major changes happen to the pairs (like the 2008 price action change). Christmas/new year holiday trading is another good period to change the price band - but it is usually too short a period to make parameter changes and most simply prefer to take a break from trading EA during these holidays.

## Trading GBPUSD and USDCHF with PhiBase PRO.

PhiBase PRO is recommended for the EURUSD pair. We advice our users to run GBPUSD and USDCHF to diversify risk - the parameters provided make the EA work slightly differently on these additional pairs which will aim to reduce the risk in relation to the EURUSD pair.

**The parameters recommended above are not the default parameters for these additional pairs. They are to be used on the pairs with the intention of reducing/diversifying the risk when trading the standard EURUSD pair. Since these two pairs are well correlated with the EURUSD, our tech teams research and parameter adjustment makes the EA work in a slightly different way on them. This will usually result in a hedging effect or position addition effect.**

The PhiBase team will provide the required parameter changes (3-4 times a year) for these additional pairs as per the teams long term volatility/liquidity/range analysis using EURUSD price action as a base. Our recommendation will be based on W1 and D1 bars.

Our aim would be to make the user accounts out perform the standard forward test accounts running EURUSD on default settings. We will also attempt to keep the overall drawdown to the minimum using this strategy.

It is optional for the users to choose running these additional pairs. We do not recommend trading these pairs on stand-alone basis using PhiBase PRO. The parameters recommended for these pairs are emailed to the users as and when required.

USDCHF price action is almost directly correlated to EURUSD. This is a useful pair to trade parameters based on EURUSD price action.

**Standalone strategy will not be profitable when parameters are not updated as per price action.**

Using GBPUSD for stand alone trading is unsuitable due to its high sensitivity to news/bank related events. This is however a useful pair when used with shifted parameters based on EURUSD price action.

**Standalone strategy will not be profitable when parameters are not updated as per price action.**



Contact us for any additional information : <mailto:support@phibase.com>

**Disclaimer**

U.S. Government Required Disclaimer – Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to invest in foreign exchange you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor if you have any doubts. Clearly understand this: Information contained within this course is not an invitation to trade any specific investments. Trading requires risking money in pursuit of future gain. That is your decision. Do not risk any money you cannot afford to lose. This document does not take into account your own individual financial and personal circumstances. It is intended for educational purposes only and NOT as individual investment advice. Do not act on this without advice from your investment professional, who will verify what is suitable for your particular needs & circumstances. Failure to seek detailed professional personally tailored advice prior to acting could lead to you acting contrary to your own best interests & could lead to losses of capital.

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By using PhiBase PRO, you acknowledge that you are familiar with these risks and that you are solely responsible for the outcomes of your decisions. We accept no liability whatsoever for any direct or consequential loss arising from the use of this product. It's to be noted carefully in this respect, that past results are not necessarily indicative of future performance.

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