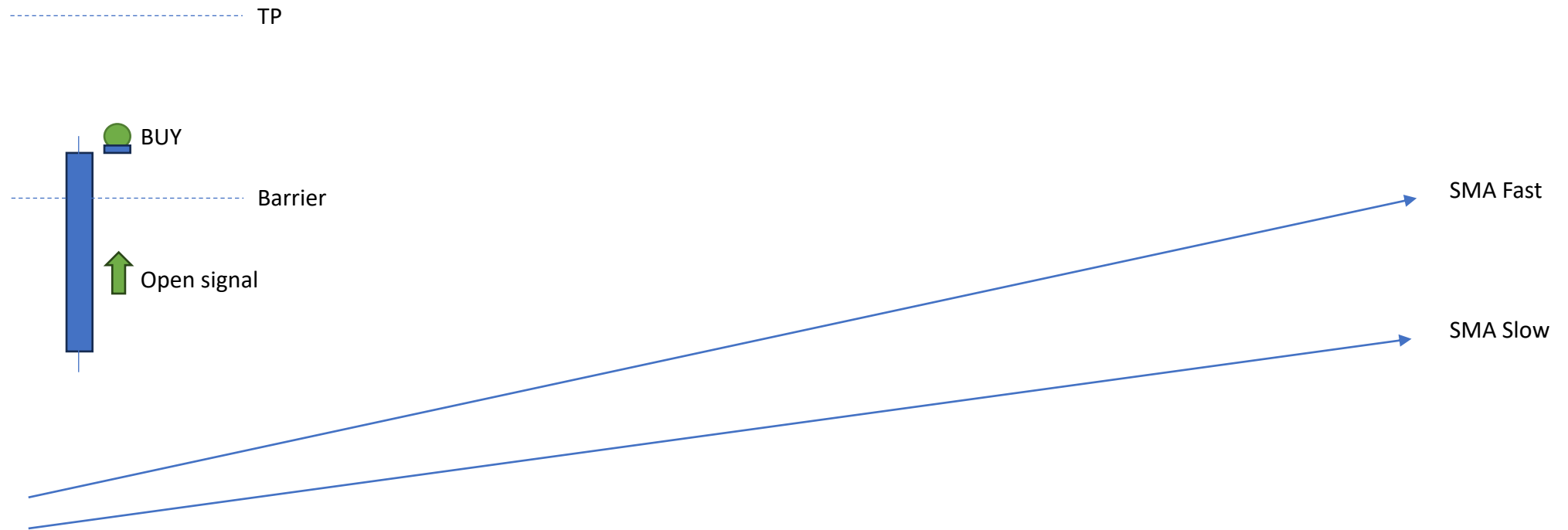


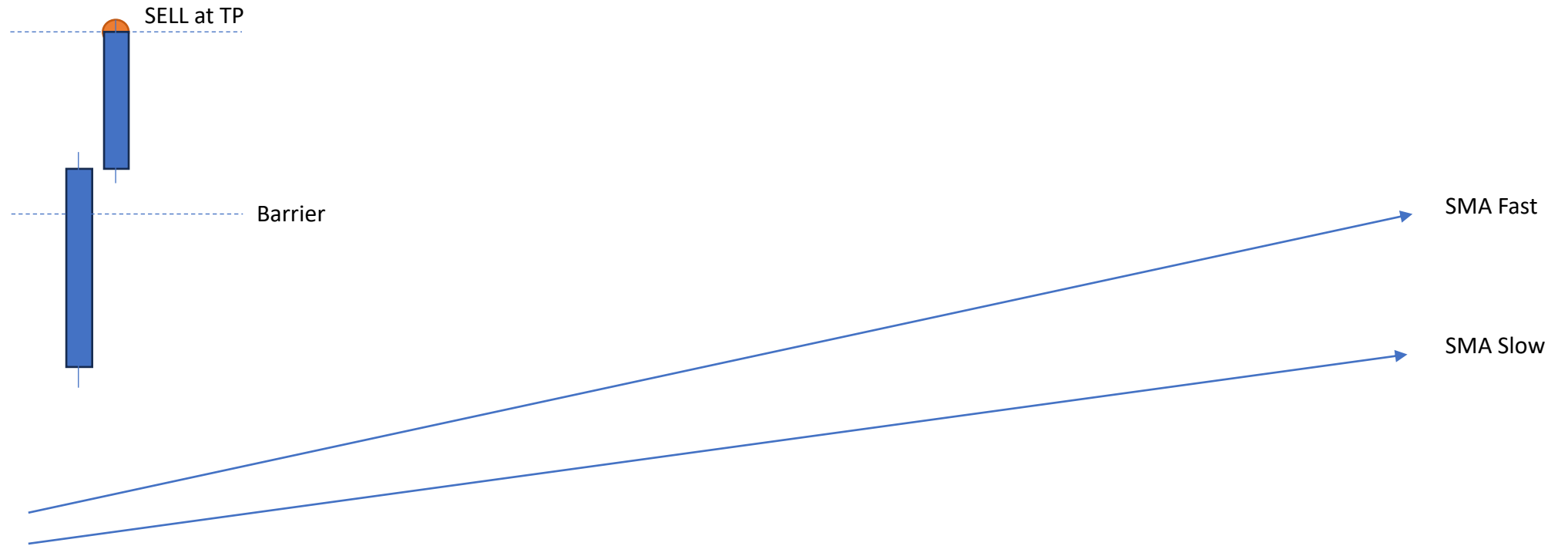
## Scenario 1a: Close at TP 1

- For a BUY the “barrier” value = 200 bar average of the distance between the open and low price values, times some multiplier x. For a SELL the barrier is the average distance between open and high.
- For a BUY the “barrier” is the level at which an opposite pending order is placed below the open of the bar. For a SELL it is placed above the open of the bar.
- In this example we hit the TP before the end of the bar.



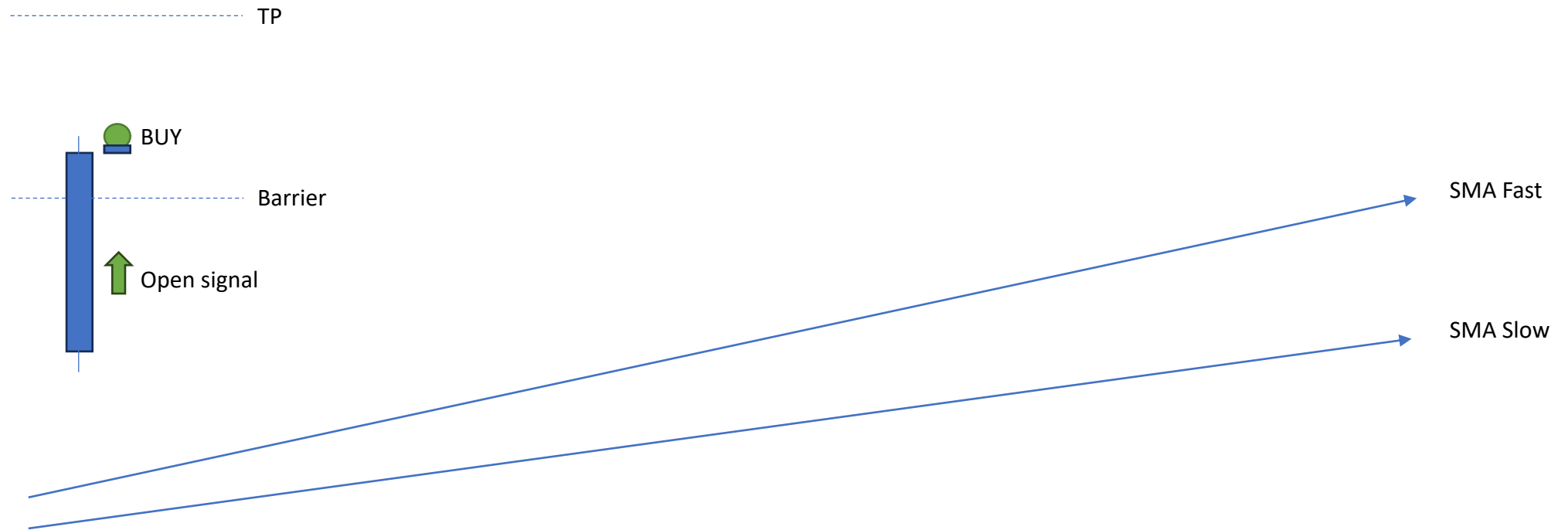
## Scenario 1a: Close at TP 2

- TP is hit.



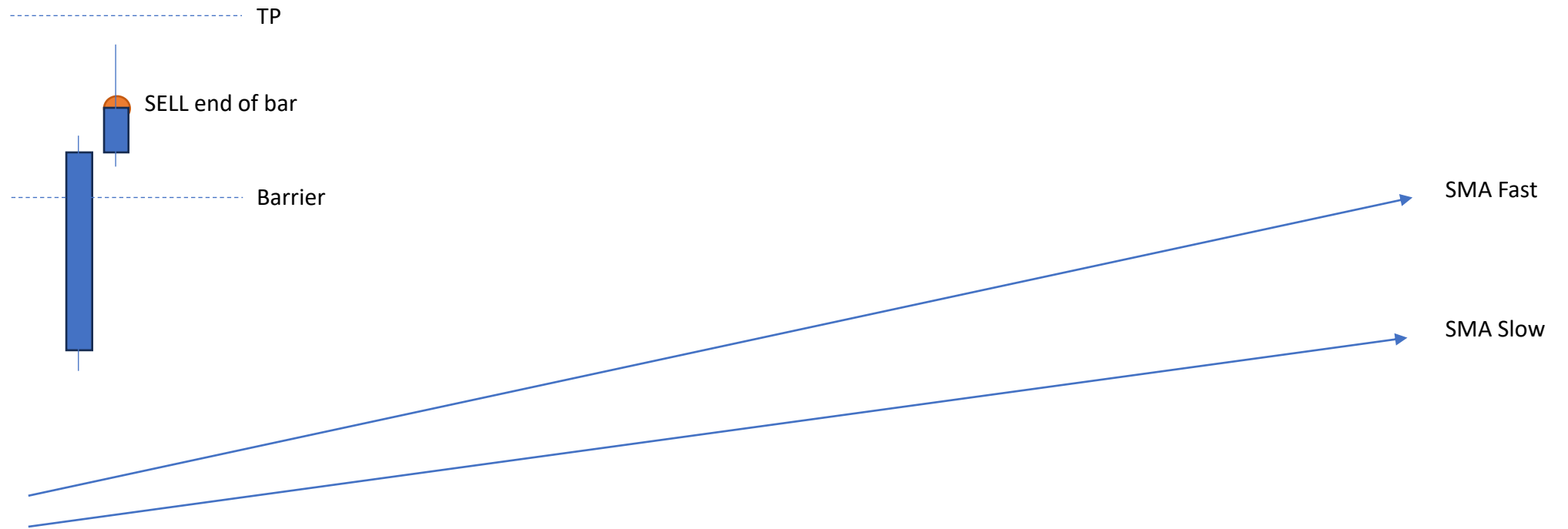
## Scenario 1b: Close at End of Bar, profit 1

- For a BUY the “barrier” value = 200 bar average of the distance between the open and low price values, times some multiplier x. For a SELL the barrier is the average distance between open and high.
- For a BUY the “barrier” is the level at which an opposite pending order is placed below the open of the bar. For a SELL it is placed above the open of the bar.
- In this example we do not hit the TP, but close in profit at the end of the bar.



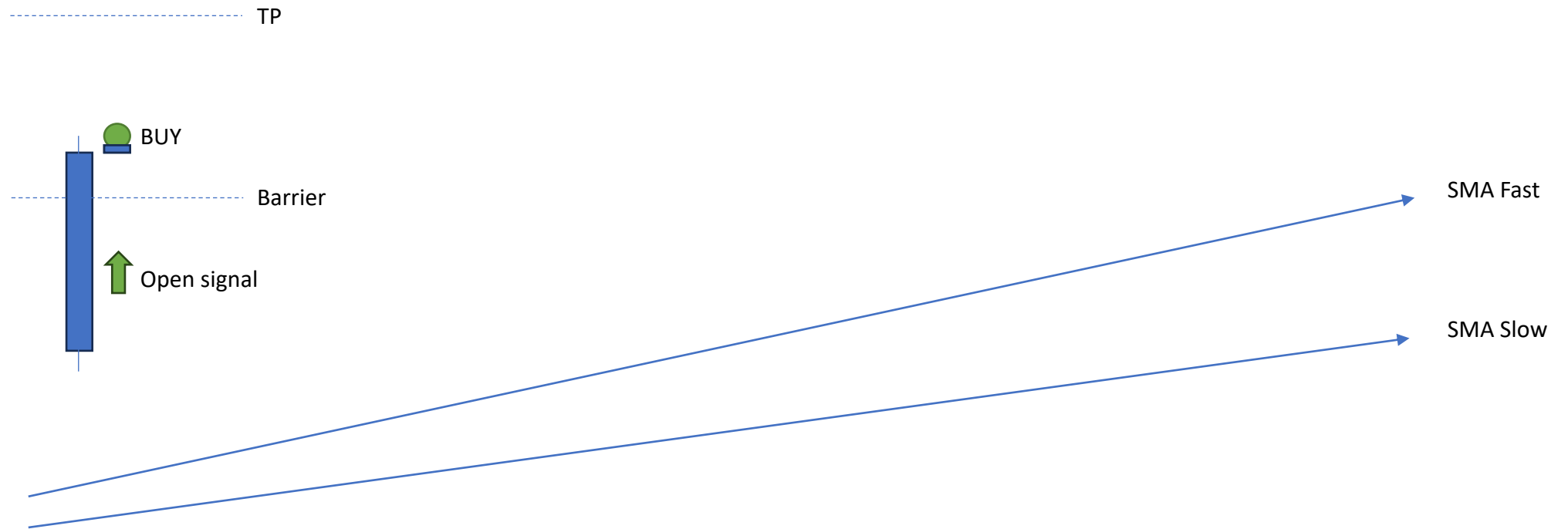
## Scenario 1b: Close at End of Bar, profit 2

- Close at end of bar.



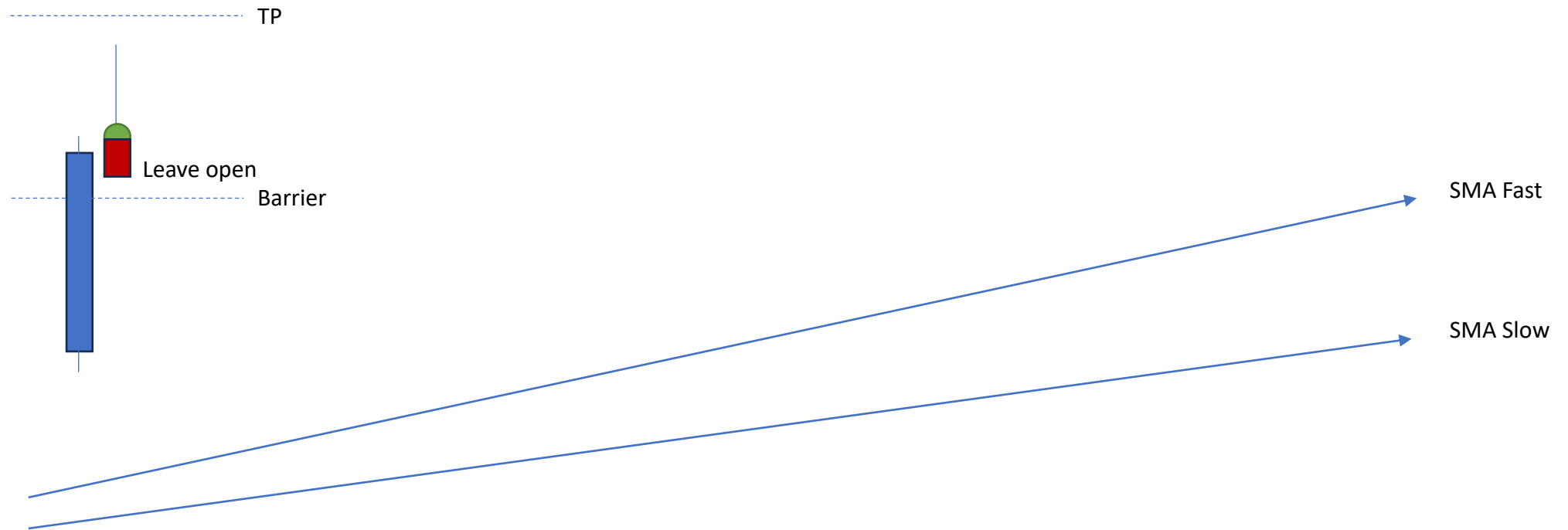
## Scenario 1c: Close at End of Bar, but do nothing 1

- In this example we do not hit the TP or barrier, at the end of the bar we do nothing.



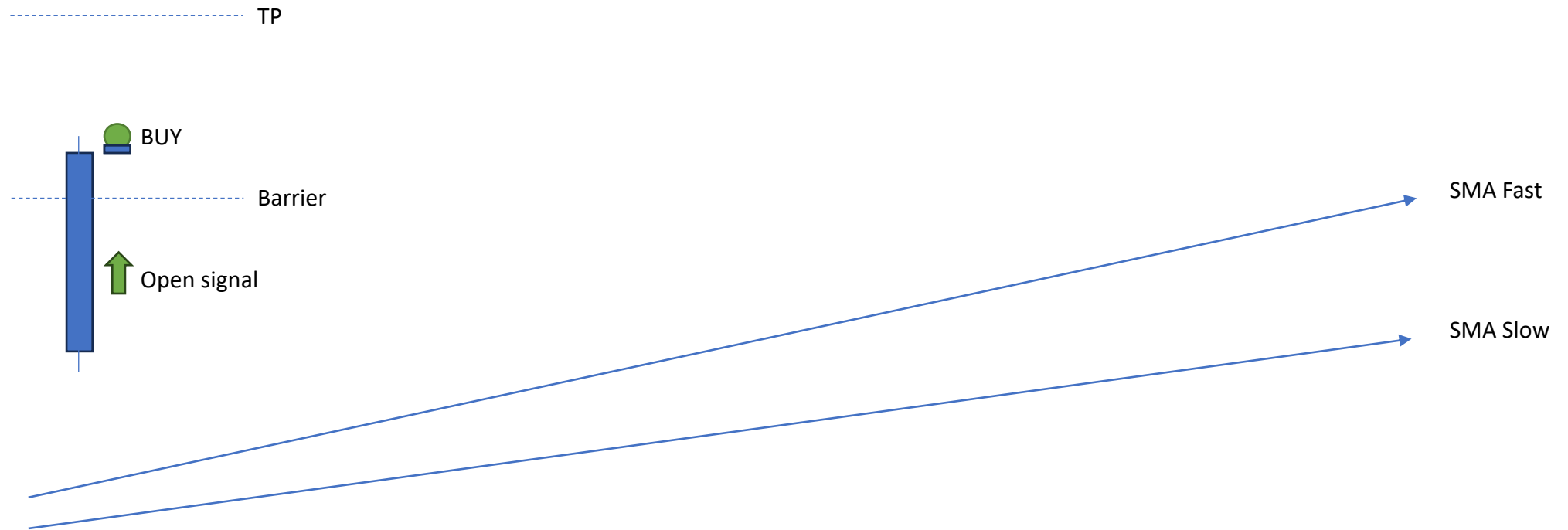
### Scenario 1c: Close at End of Bar, but do nothing 2

- By the end of the bar price has moved such that the opened position is negative, however it has not reached the barrier and it is left open. On the next bar, price will either continue down and hit the barrier, activating the hedge, or turn around and move up to be closed.
- Pending orders are kept open until a) activated or b) the TP is hit and the position closed.



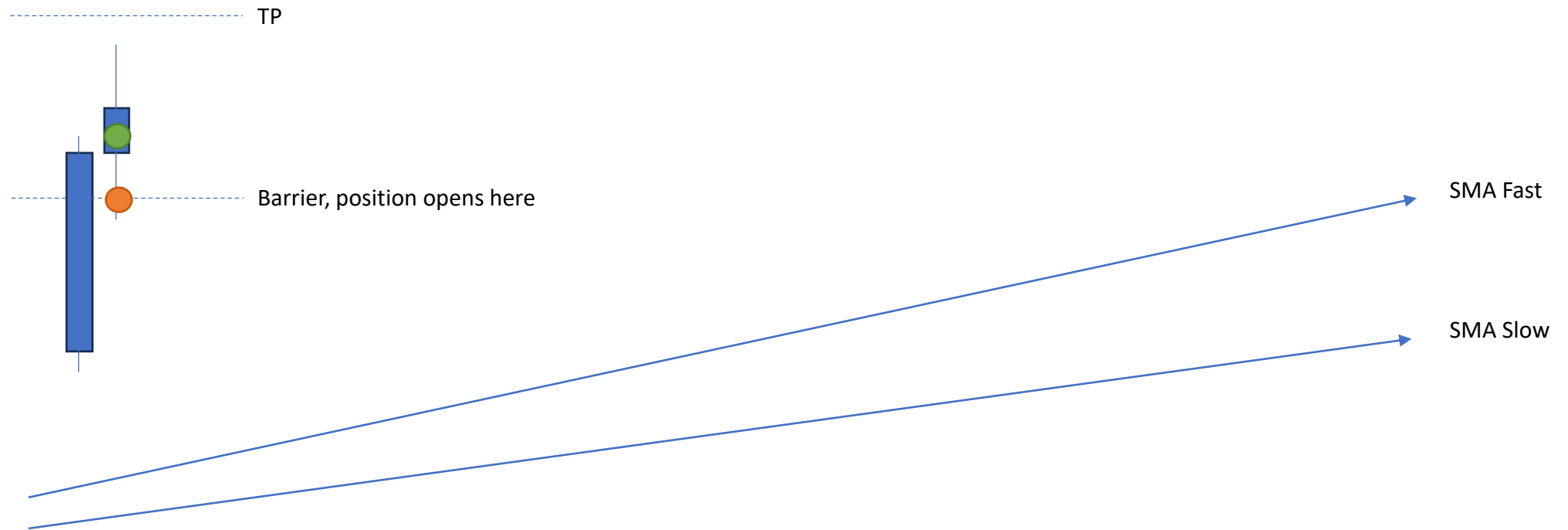
## Scenario 2a: Hedge Position Opens 1

- For a BUY the “barrier” value = 200 bar average of the distance between the open and low price values, times some multiplier x. For a SELL the barrier is the average distance between open and high.
- For a BUY the “barrier” is the level at which an opposite pending order is placed below the open of the bar. For a SELL it is placed above the open of the bar.
- In this example price falls and hits the barrier.



## Scenario 2a: Hedge Position Opens 2

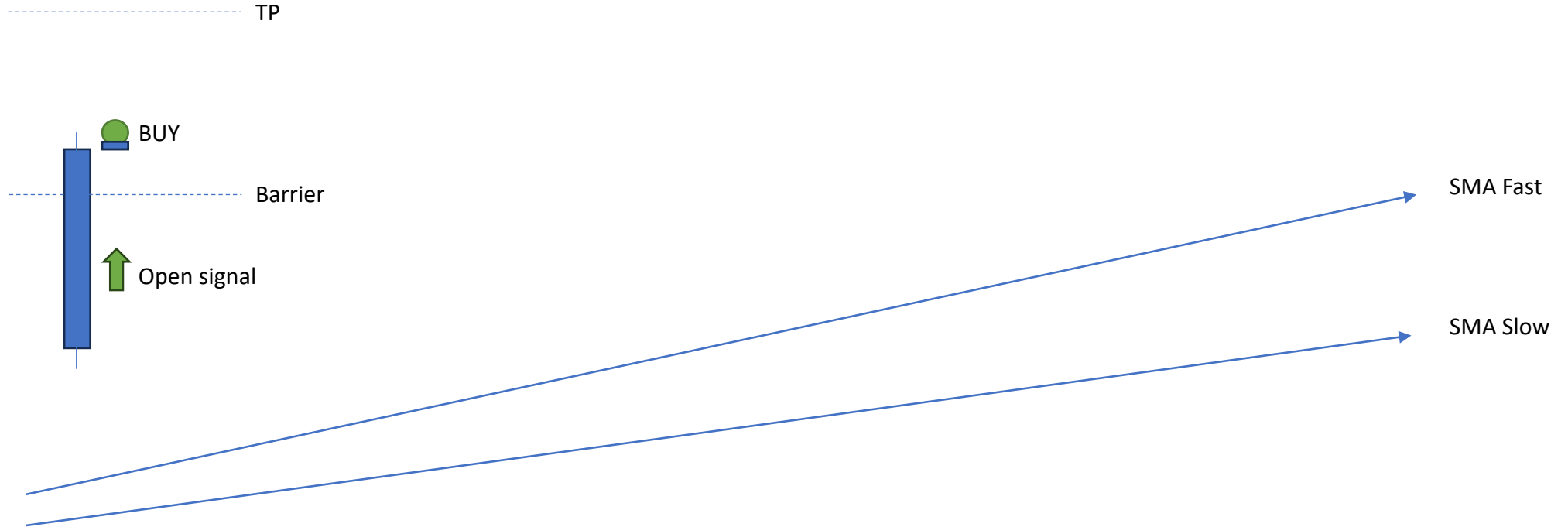
- Although price may eventually close up, during the bar it fell and hit the barrier, opening the opposite pending order. A hedge position is opened.





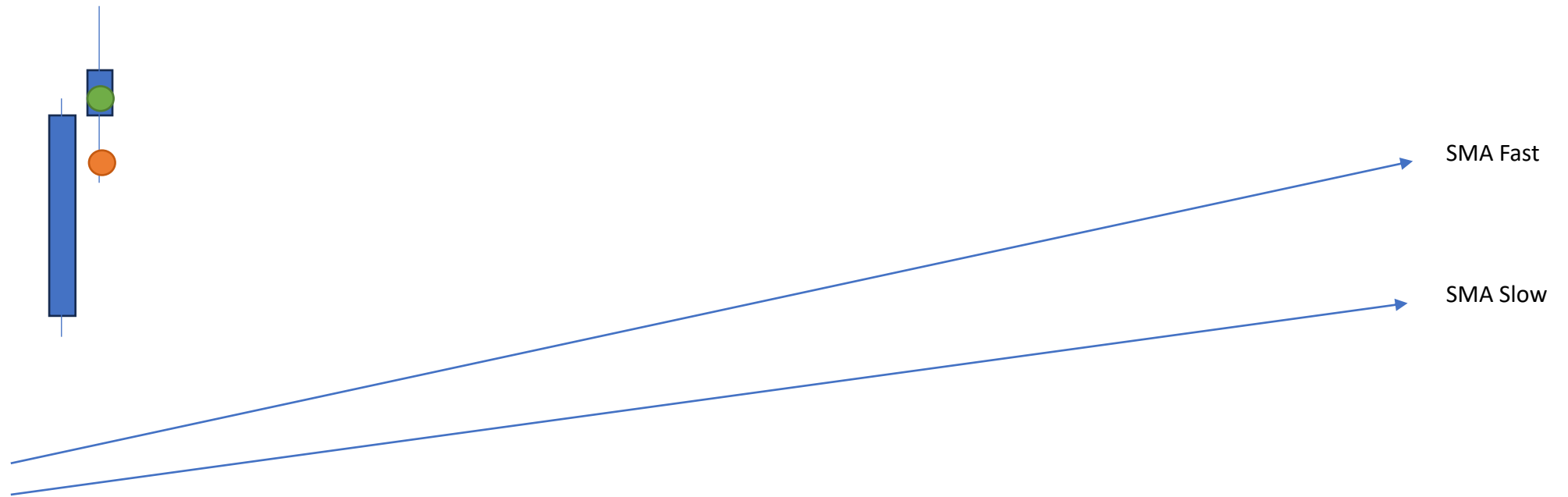
### Scenario 3a: Closing Hedge Positions 1

- For a BUY the “barrier” value = 200 bar average of the distance between the open and low price values, times some multiplier x. For a SELL the barrier is the average distance between open and high.
- For a BUY the “barrier” is the level at which an opposite pending order is placed below the open of the bar. For a SELL it is placed above the open of the bar.
- In this example price falls and hits the barrier, creating a hedge, however all positions are later closed on a different bar.



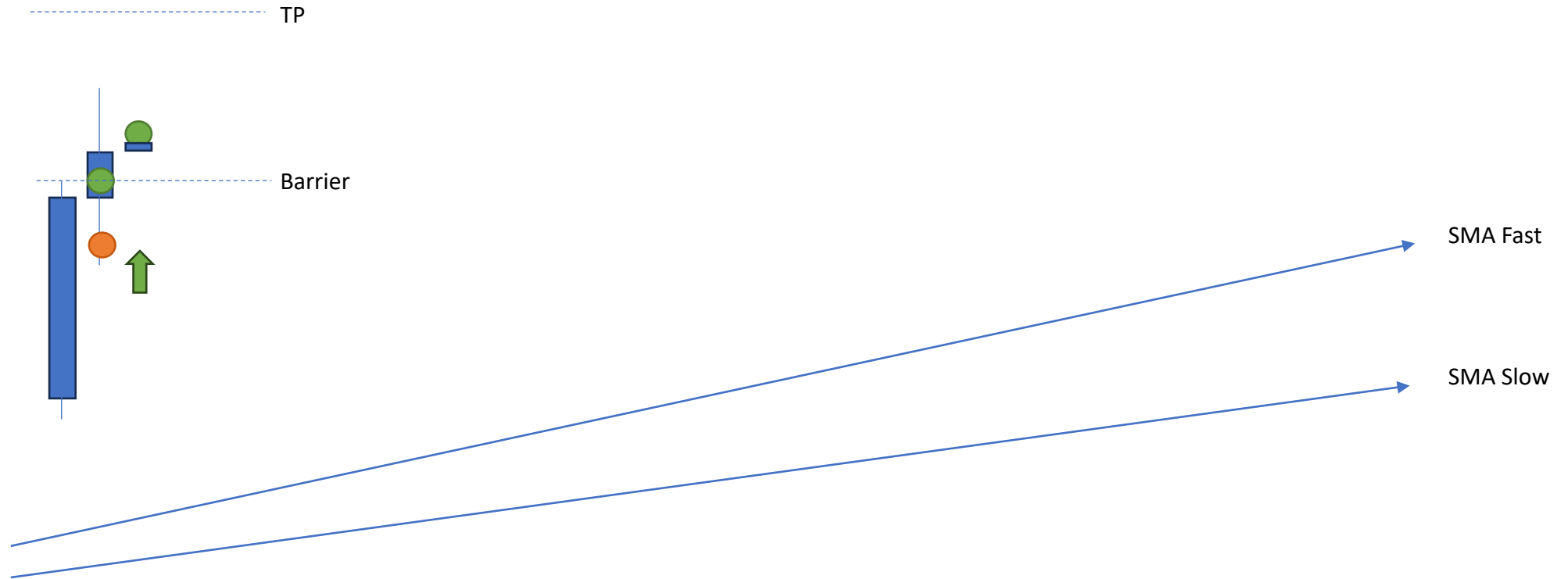
### Scenario 3a: Closing Hedge Positions 2

- Price has fallen sufficiently to hit the “barrier”, a hedge position is opened.



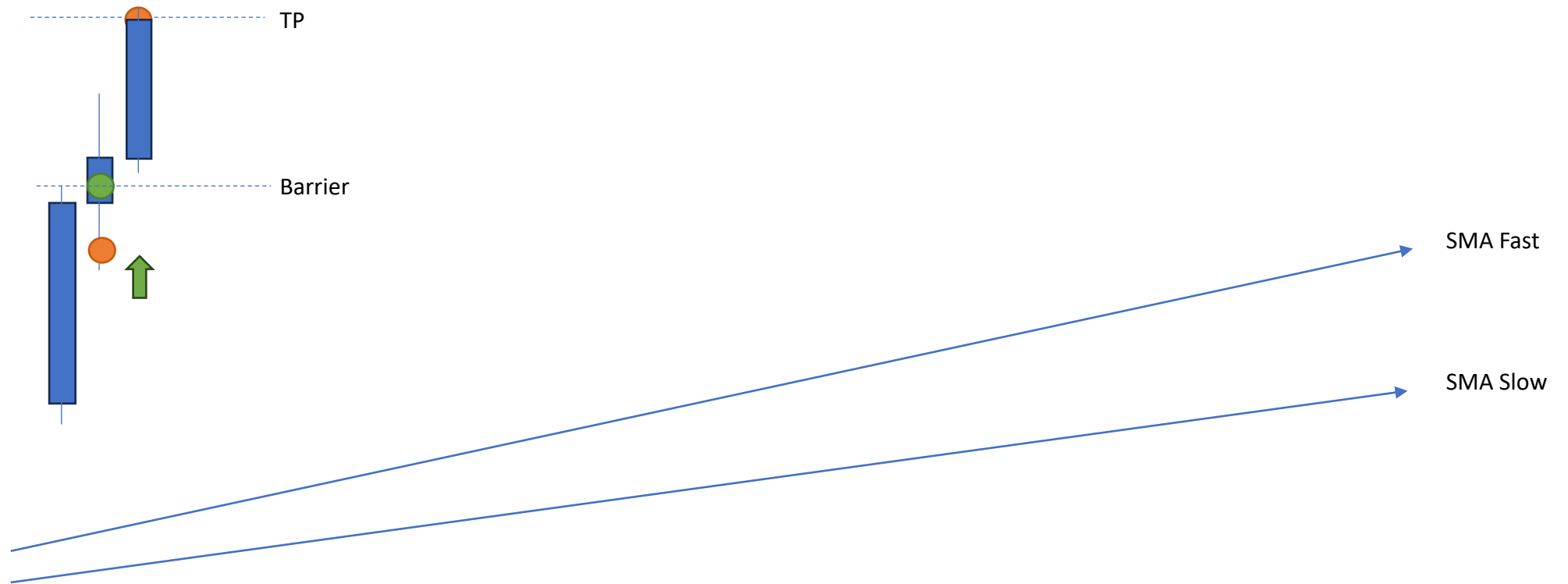
### Scenario 3a: Closing Hedge Positions 3

- The open signal is still valid and so a new position opens on the next bar.
- If the open signal had not still been valid, then nothing would have happened. No new positions would open and the hedged pair would simply remain until closed.



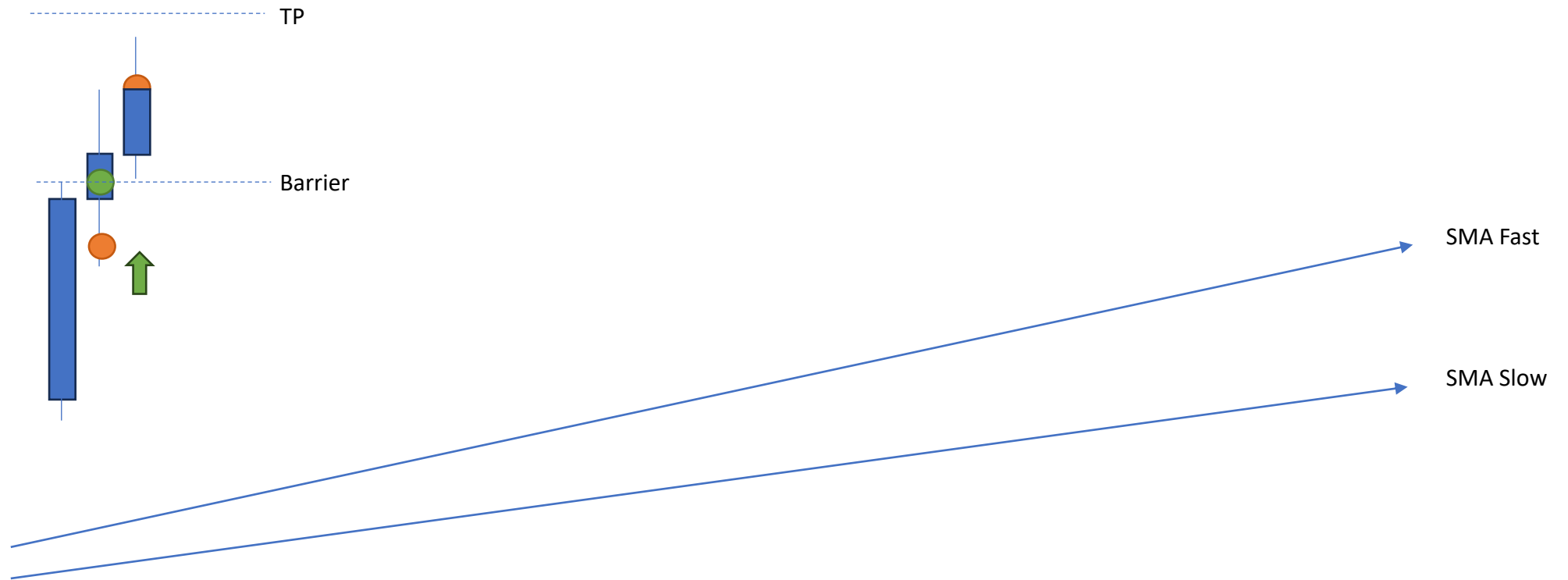
### Scenario 3b: Closing Hedge Positions @ TP

- Price hits the TP and closes. The profit is more than the loss on the hedge, all remaining positions close.



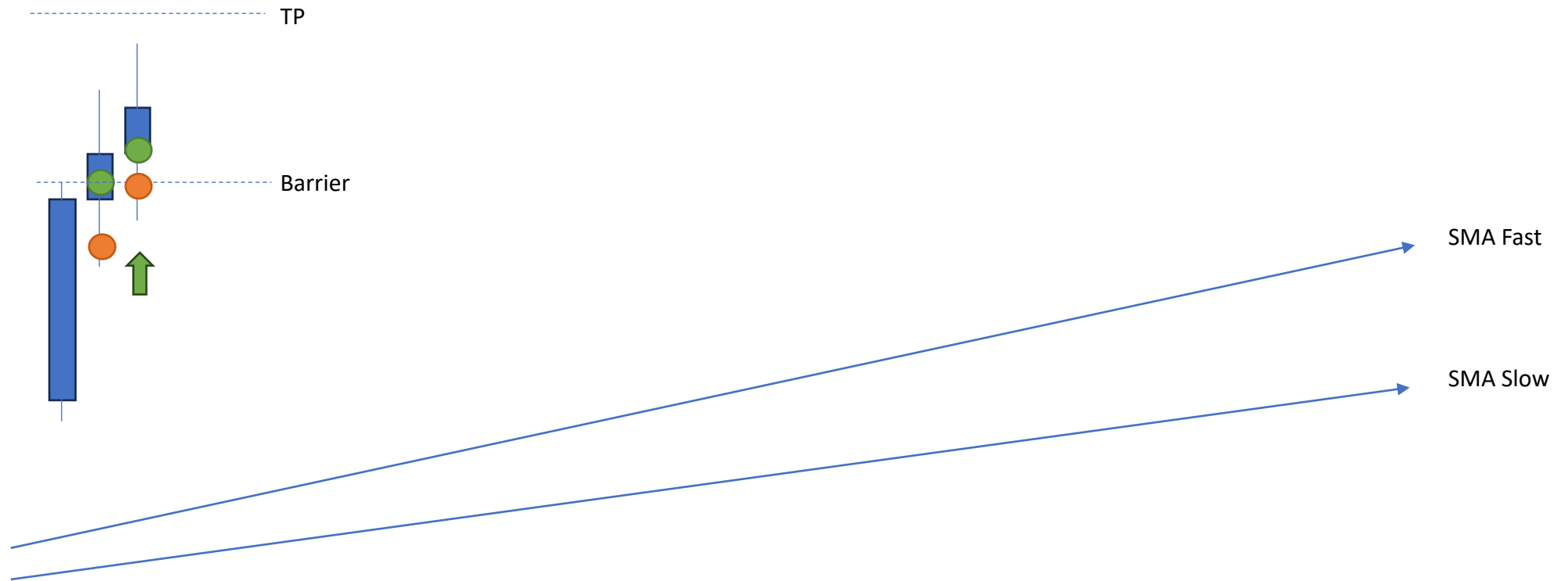
### Scenario 3c: Closing Hedge Positions Profit

- The bar closes up, resulting in profit. If the profit is more than the loss on the hedge, all remaining positions close. If it is less hedge positions close partially based on the profit.



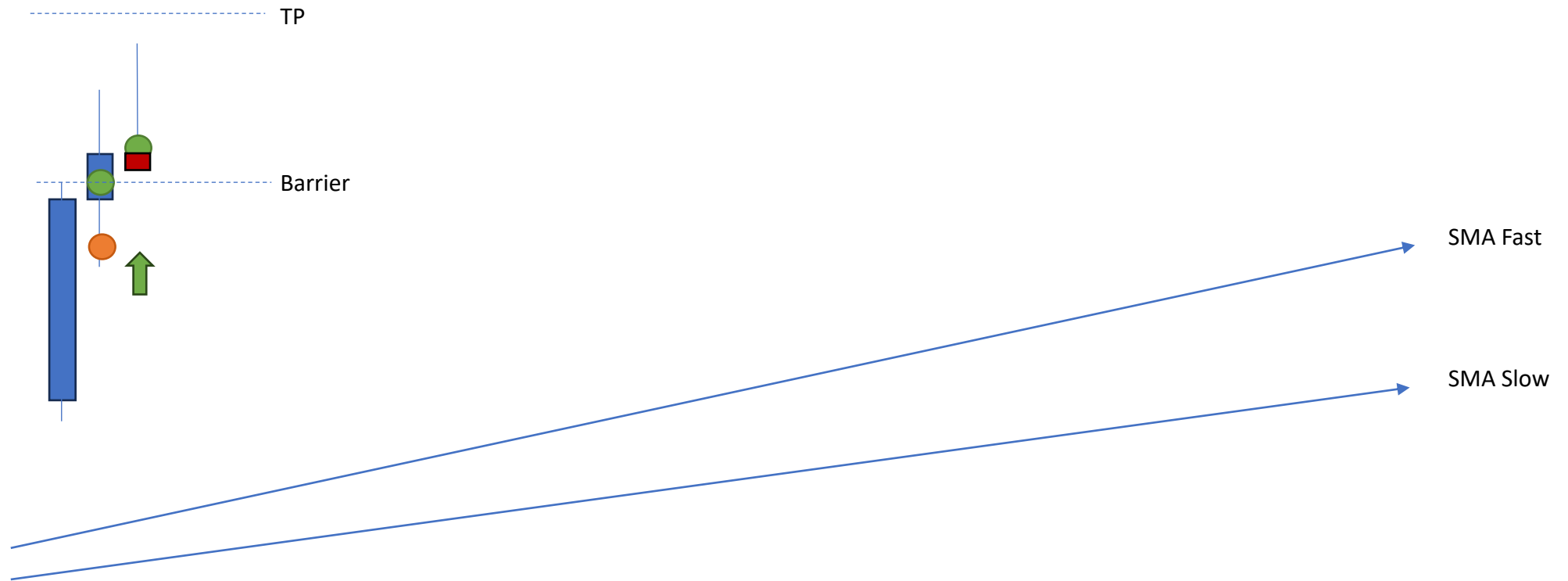
### Scenario 3d: Closing Hedge Positions - Re-Hedge

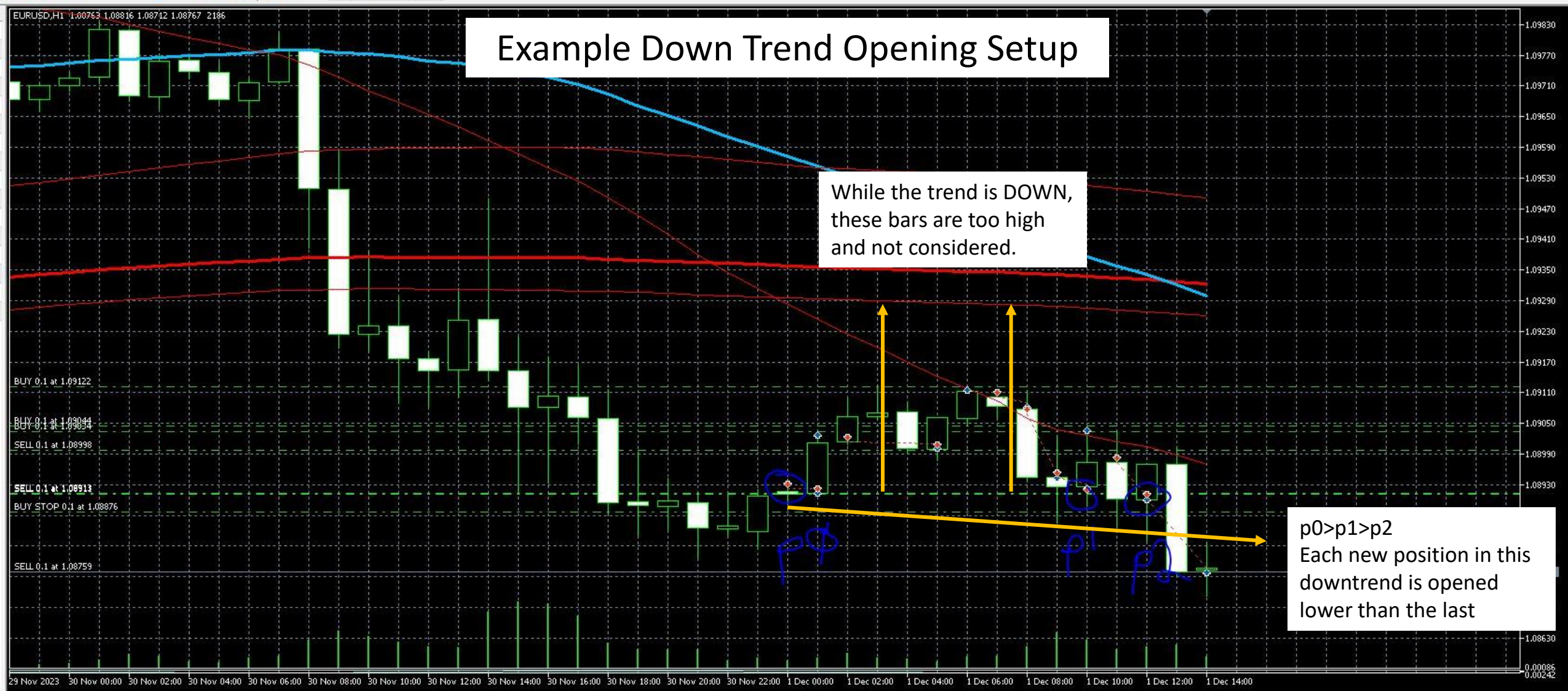
- Price falls and hits the barrier, resulting in another hedge pair. Whenever the open conditions are valid again, a new attempt will be made to close.



### Scenario 3e: Closing Hedge Positions - Do Nothing

- Price moves around. It does not hit the TP or the barrier. The bar closes down, however it has not reached the barrier and it is left open. On the next bar, price will either continue down and hit the barrier, activating the hedge, or turn around and move up.







## Closing Positions

A note about closing positions:

When a position closes in profit, the profits are used to close out hedged positions, in a balanced fashion, starting with the oldest pair first.

If the profit is lower than the value of the open hedges, as many open hedge positions are closed as possible.

If the profit is higher than the value of the open hedges, then they are all closed together.