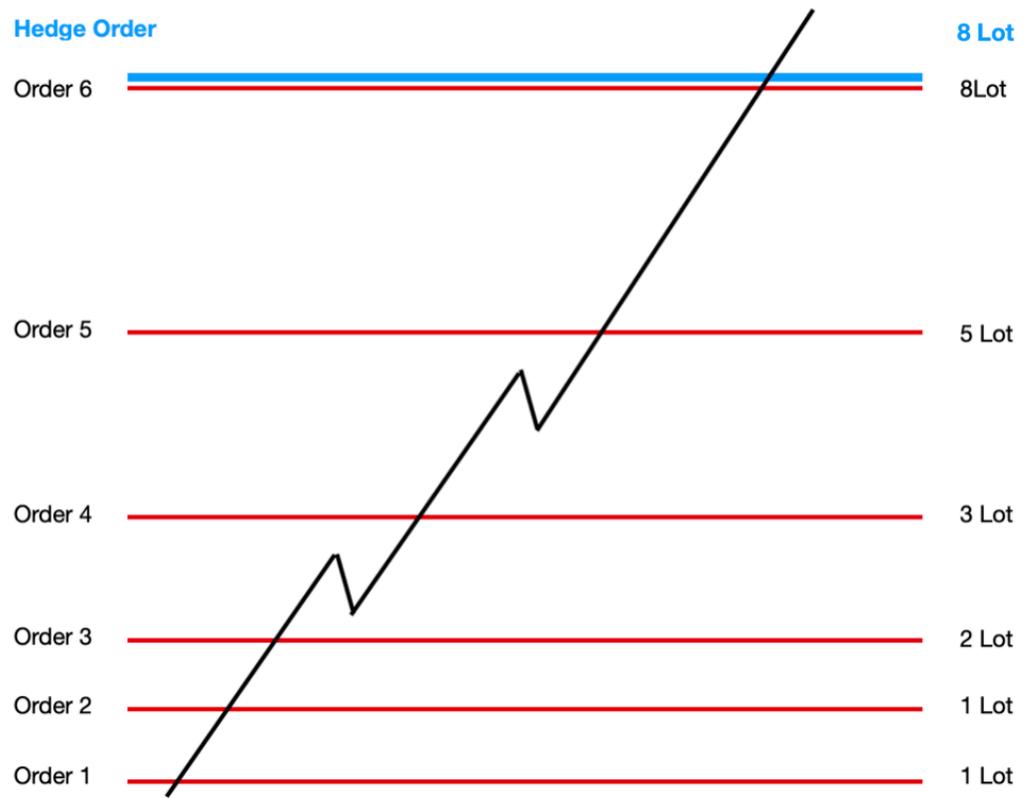


This is a hedging scheme for the Ikarus EA. When we implement this HEDGE function we can **control DD and Margin** requirement. The EA should close out hedge order AND Order 1 when the profit from the hedge order exceeds 10% (as example, this percent value should be customisable in the settings) of the negative floating from Order 1.

Scenario 1: Hedge TP gets triggered and hedge plus Order 1 gets closed out. Another hedge is opened which have the target to close out Order no. 2, then Order no. 3 and so on.

Scenario 2: Market reverses and hedge fails to get closed in TP. So the EA have to recalculate the start of the ProfitLock to close the whole scenario positive.

Without a hedge trade the EA would start to to lock profits via ProfitLock function at about the level form the Order 5, a little bit lower maybe. This is where the profit lock gets triggered normally. In case that the 8 Lot hedge above is still open the start of the ProfitLock has to be recalculated. Calculation wise the 8 Lot sell (Order 6) is not existing now (8 Lot long and 8 Lot short = 0), so the close of this scenario (all shorts plus the long hedge) should be around the Order 4 or as long as ProfitLock trails.



We got a longer distance to go in case of a fail of the hedge, sure, but in any way the market will close this out positive! Either in Scenario 1 or Scenario 2. **BUT** we can never run out of margin or get a drawdown as huge as we can see it now **AND** we are unable to crash the account. (Of course, proper money management has to be used in the EA settings)

Calculation Example:

I use a grid-step value of 2000 (20 Points) in US30. This means that the Order 1 will be at a negative floating of -240€ (at 1 Lot) when hedge opens.

50 Points higher the hedge order will be at a 400€ profit (8 Lot hedge) and the Order 1 is at -290€ negative Floating. The +110€ would be the positive exit. This can easily cover swaps and any spread.

With this logic the EA can recover itself in any condition and will handle huge trending waves with ease. In normal conditions the EA will work as it does till now and produce his profits. ProfitLock logic itself should stay as it is.

Additional:

The „max position setting“ defines when hedge function kicks in. Hedge size = size of latest counter trend Order.