Product Overview

CORE

HERO

Version

6.5

GAINSCRYPT
CRYPTOHOPPER

Buys dips, sells tops (investor tool)

Frequency	■■□□□
Holding time	■■■■■
Accuracy	■■■■□
Stance	CONSERVATIVE
Style	ACCUMULATION
Level	STARTER
Candle focus	1D

Description

This strategy acts on macro TA factors, with an emphasis on the daily time-frame supported by the 4h and 2h and 30min timeframe to narrow down the actual buying points. Using ‘smart DCA’ it spreads out buys during oversold markets and opens short positions in heavily overbought markets/ parabolic run-ups. A short position in CH means buying back the same coin against a lower price, with the price difference being profit.

Goal & when to deploy

All-round strategy that does not need a lot of supervision. The closest to set-and forget. Only use against coins that you are serious about investing in and want to accumulate. Fundamental knowledge and a long-term horizon is strongly recommended.

Coins

All spot-market coins.

Base currencies

USDT, USDC, EUR, USD, DAI, BUSD, BTC

Exchanges

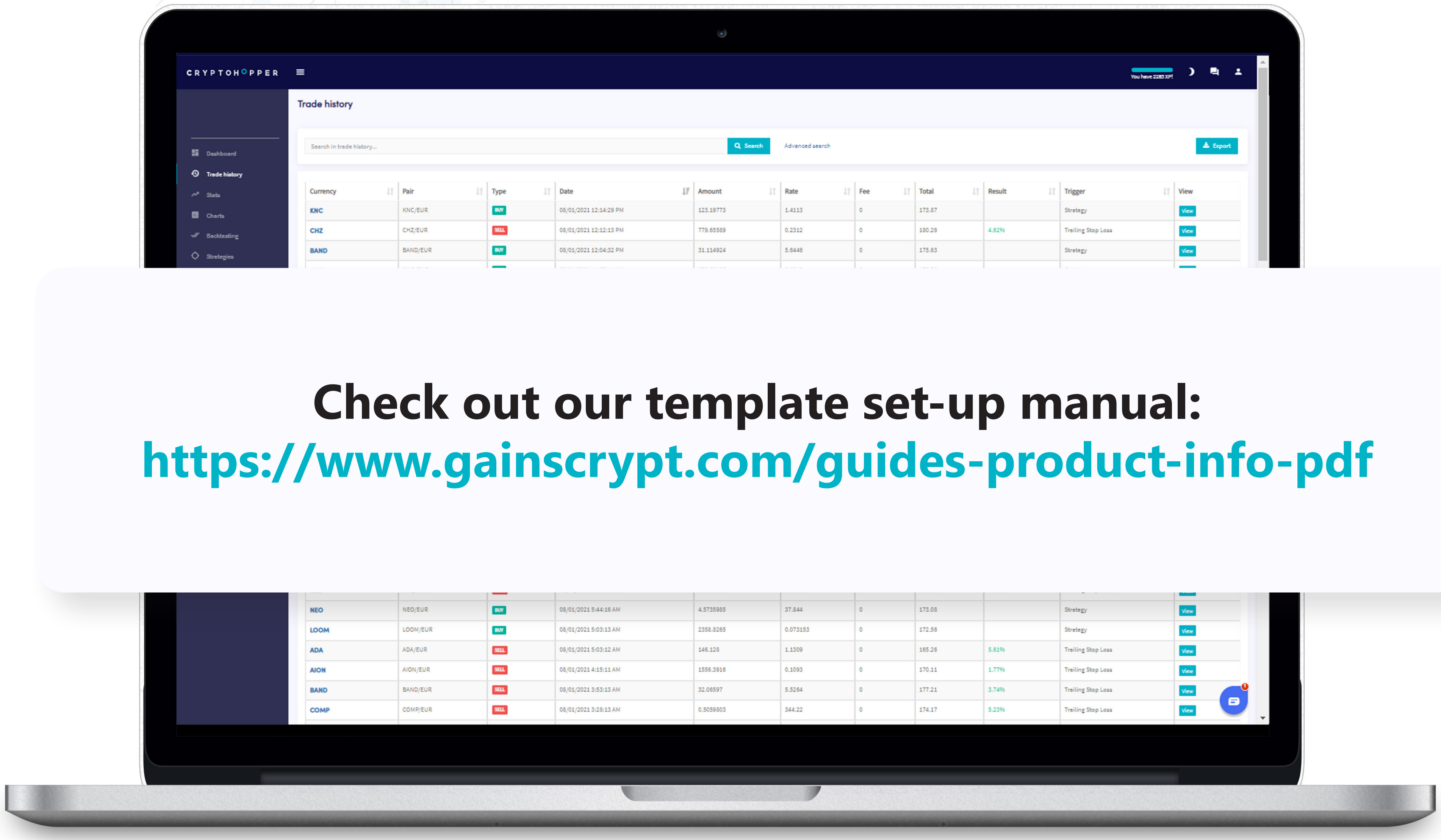
All

[View on website >]

Set-up

Auto update

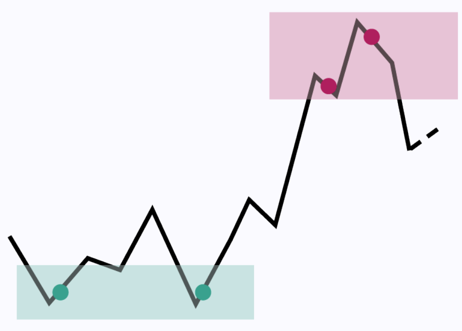
Make sure the 'auto-update' switch is ON (when viewing the item in the marketplace).



Check out our template set-up manual:
https://www.gainscrypt.com/guides-product-info-pdf

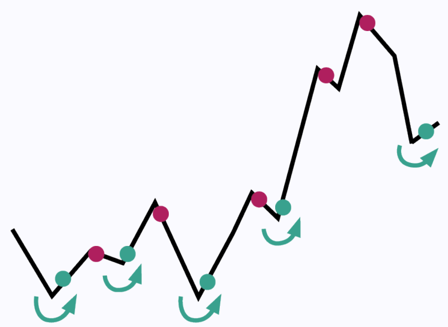
Products

Trading Style



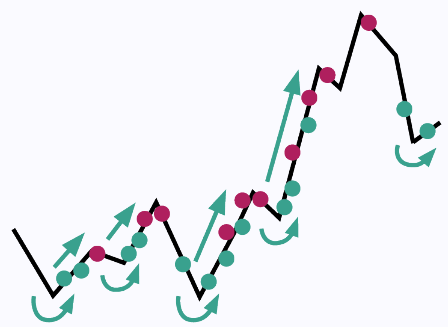
Position Trading

Building positions over extended periods of time in oversold markets, buying dips and adding to your position. Few signals during uptrends. Emphasis on large timeframes. Lower risk.



Swing Trading

Attempts to buy swing lows and sell at swing highs, typically using momentum indicators. Emphasis on medium-large timeframes.

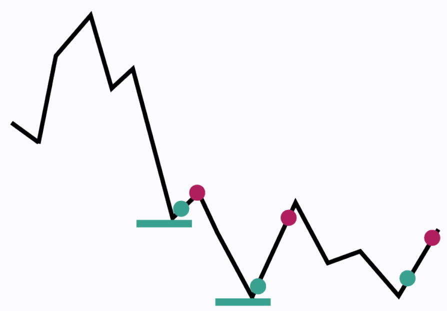


Day Trading

More entries within market swings, targeting smaller trades for higher frequency and lower holding times. Emphasis on shorter timeframes.

Scalping

Targets very short trades yielding small profits. Focus on small time frames, typically using momentum indicators on small timeframes, with trend + volatility conformation indicators on larger timeframes.



Bounce Trading

Attempts to trade support levels, find bottoms and trades market bounces in a downtrend. Lower frequency, and higher risk.

Gainscrypt Script Architecture

Signal structure [Buys]

Condition(s) indicators

Trend, support, strength & volatility

Signal indicators

E.g. momentum, increase in buying pressure or volume

Triggers

Uptick in price or volume

Confirmation

E.g. momentum, volume

Signal structure [Sells]

Condition(s) indicators

Breaking with trend or support, or weakening of trend.

Signal indicators

E.g. momentum, decrease in buying pressure or volume, resistance bounce

Triggers

Downtick in price or volume

Confirmation (optional)

E.g. momentum, volume

Gainscrypt strategies are built with carefully selected indicators with a layered approach. Of course, we can't share the secret sauce. However, we can lift a tip of the veil by describing how the strategies are schematically laid out.

Indicators are clustered together, with each serving a specific role across multiple timeframes. Combined with intensive experience, back-testing and balanced input values.

A. The first cluster of indicators measure if overall trend, strenght & volatility are safe enough to make a trade.

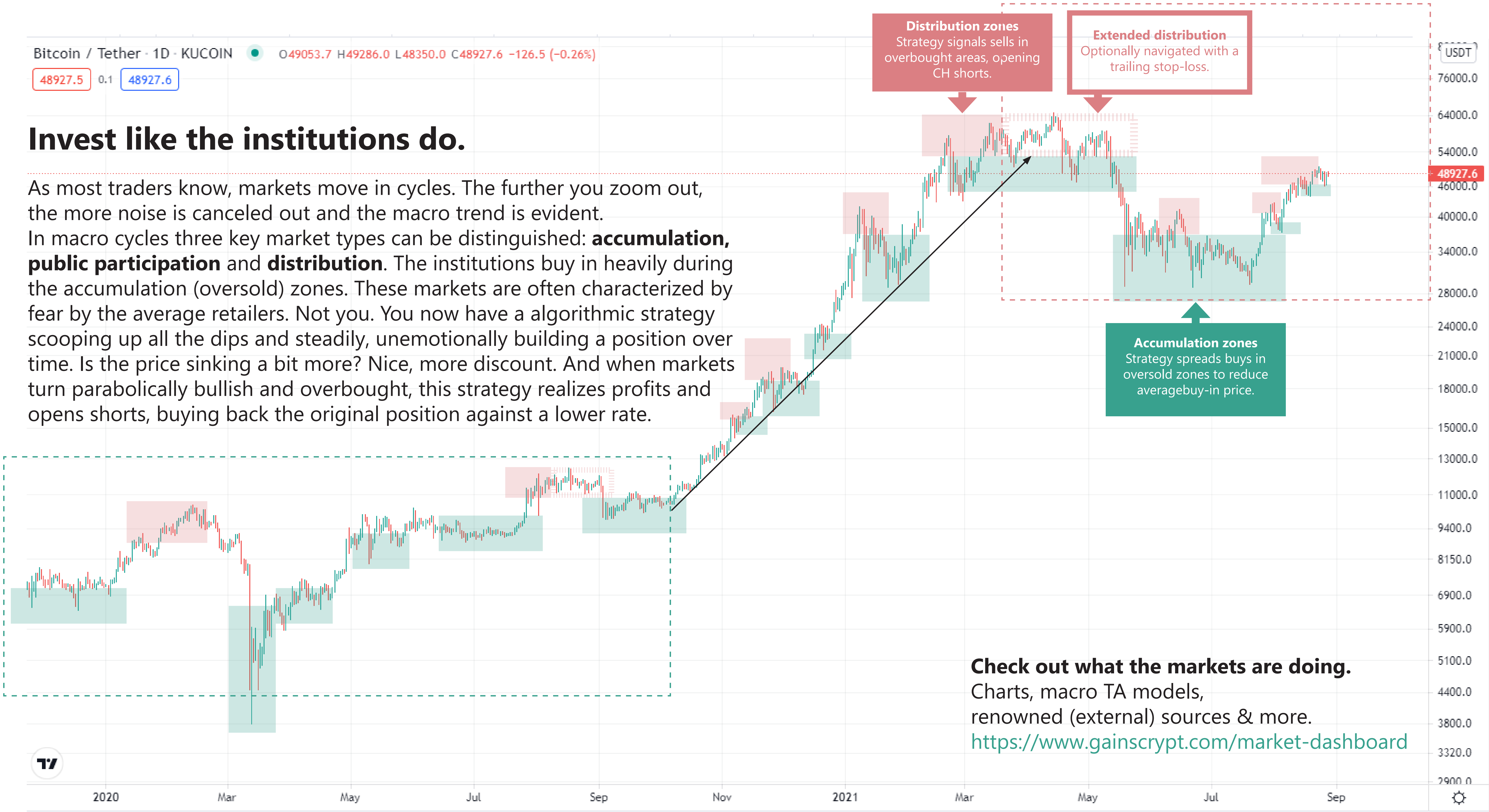
B. The second cluster will signal a potential imminent entry. This may be a shift in momentum, buying pressure, increase of volume or the presence of an ongoing uptrend.

C. The actual buy signal will then be defined by an uptick on a small timeframe to ensure maximum precision upon entry.

D. Depening on the trading style, the algorithm will then look for additional confirmations, comparable to cluster B.

Sell signals have a comparable structure. However, the difficulty to sell will vary per strategy. For example, targeted scalping will have stricter entries and slightly easier exits as it aims for smaller profits. Conversely, an accumulation strategy will only sell at macro overbought regions and is therefore relatively easier on the buy than on the sell.

How this strategy works



Invest like the institutions do.

As most traders know, markets move in cycles. The further you zoom out, the more noise is canceled out and the macro trend is evident.
In macro cycles three key market types can be distinguished: **accumulation, public participation** and **distribution**. The institutions buy in heavily during the accumulation (oversold) zones. These markets are often characterized by fear by the average retailers. Not you. You now have a algorithmic strategy scooping up all the dips and steadily, unemotionally building a position over time. Is the price sinking a bit more? Nice, more discount. And when markets turn parabolically bullish and overbought, this strategy realizes profits and opens shorts, buying back the original position against a lower rate.

Check out what the markets are doing.
Charts, macro TA models,
renowned (external) sources & more.
https://www.gainscrypt.com/market-dashboard

Quick guide on backtest interpretation

General

Be wary when marketplace sellers show results and especially when there are NO results. Always perform a couple of backtests yourself to confirm that the results align with the sellers claims to see if it checks out - yes, this also counts for Gainscrypt strategies.

Paper trading

Paper trading tends to give a more realistic indication of profitability. Although this may take some time, it is recommended as you will get familiar with the strategy and will get a clearer picture when it buys and sells, frequency and real-life stats. Bear in mind however that real results might still deviate due to transaction fees, slippage or unfilled orders.

Risk-reward ratio

When judging the winrate% of a strategy, always put it into context. Determine the ratio between stop-loss (SL) and take profit (TP) or trailing stop-loss (TSL). If for example an impressive looking winrate is 90%, but the test used TP at 1% and stop-loss at -10%, then it will take 10 good trades to compensate for 1 bad trade. In this example, a **90% winrate is therefore still a net-loss.**

In most cases, Gainscrypt uses a risk/reward of approx. 1:1 or a slightly bigger reward. Then 1 good trade rougly equals 1 bad trade. This way, a 70% winrate is profitable.

In some cases, when a backtest is shown without a stop-loss it will give a 100% accuracy which of course is not the case. Then this means in reality there might be **losing** unclosed positions. For an accumulation or bottom-buyer strategy it may make sense not to use a stop-loss (also in back-test), but not for a more agressive short-term focused scalp strategy.

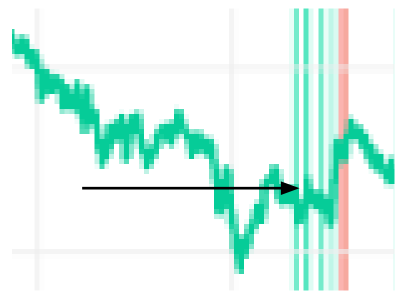
DCA and stop-loss

For some larger time-frame strategies (e.g. accumulation or swingtrade strategies) it can be beneficial to use Dollar Cost Averaging (DCA). DCA means doubling a losing position to reduce the average buying price. However, be cautious! Generally recommended to only use DCA for top-projects or when given coin is in a clear uptrend. Also, be aware of which strategies you combine with DCA. A scalping strategy for example is typically not designed for DCA. For simplicity's sake, Gainscrypt usually present tests with stop-losses to reveal actual accuracy of the signal.

The advantage of stop-loss is a clear risk containment. The disadvantage is that a premature buy signal that would have been profitable might get knocked out by a stop-loss because of a volatile downswing. Therefore some strategies contain indicators that avoid buying into overly volatile markets. Ofcourse, setting a wider stop-loss might increase your winrate, but also negatively impacts your Risk-reward ratio.

Cool-down & max positions

Strategies may flash signals multiple times in a shorter timeframe. If your config has a cool-down or has a max. positions per coin, then this does not mean there are multiple trades. In most cases, the first signal is the actual signal that your hopper acts upon. This may lead to a higher or lower winrate%. Although the winrate is still an indication - double check this.



DCA versus stop-loss

Although DCA may seem appealing, this tool has to be used with caution. It is designed to reduce the average buy-in price when a position is at a loss. The advantage is that DCA can iron-out market inefficiency with a safety trade, such as a momentarily drop in an otherwise healthy uptrend. However, the risk is that in strong downtrending markets you keep buying into a losing position. This will increase the size of the losing position and eventually turn you in a long-term holder. This is more in the 'investing' spectrum than 'trading'. It might work well for top-coins like BTC, ETH or projects you're comfortable holding for a longer time, but not very wise to use for your next sh*itcoin. Seriously, if you bought at a blow-off top a position can keep going down to below -90%, even with DCA. And lets be honest; you can't expect a scalp signal designed for a +3% profit then to clear your position with profit.. can you? In addition it will block your liquidity to take on new trades.

So, best only use DCA with top-projects you're fundementally familiar with OR are very confident about a strong uptrend. You can do this by creating config pools which each manage risk in a separate way.

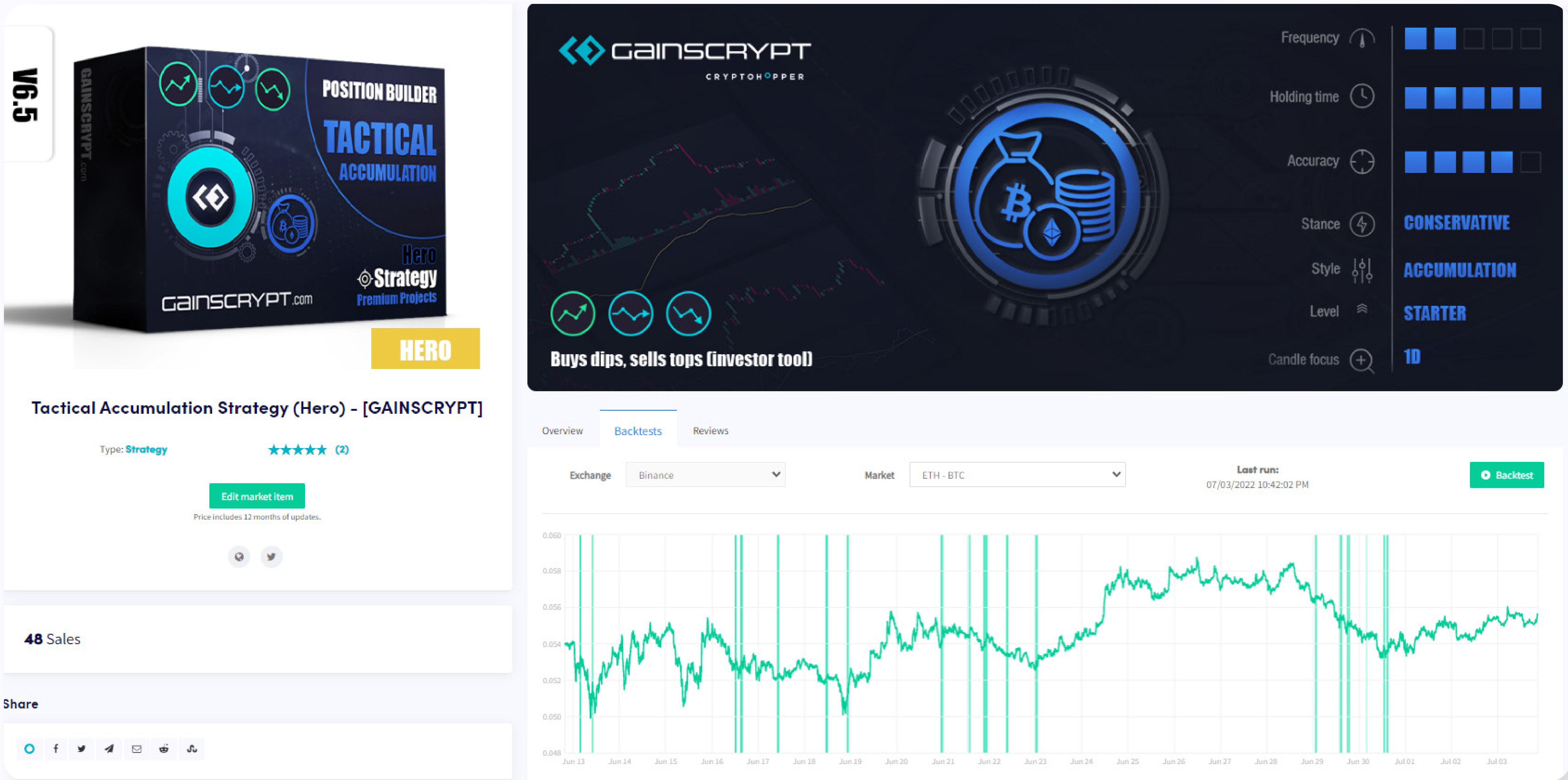
Make no mistake - some crypto's can see a blow-off top which will never repeat and devaluate -99%. Unless you're prepared to 20x your position, you can't be saved with DCA. Be wary of marketplace sellers who tell you to DCA deep into everything and 'be patient until the markets go up'. - this will cost you sooner or later.

Holding time & liquidity

Liquidity in trading means the funds you have available to take on new trades. If you are 100% in positions, this means there is no more liquidity. A low holding time is always favourable as it allows you to make multiple trades within the same timeframe (high liquidity). Swing trading strategies are relatively more accurate and profitable in backtesting, this does not mean it per se beats scalping strategies as scalping - if done well can compound gains faster and is generally geared better for rough market conditions. Can't decide which strategy best fits your style or market conditions? Set up config pools and run multiple strategies! This way you can choose where you apply DCA or stop-loss.

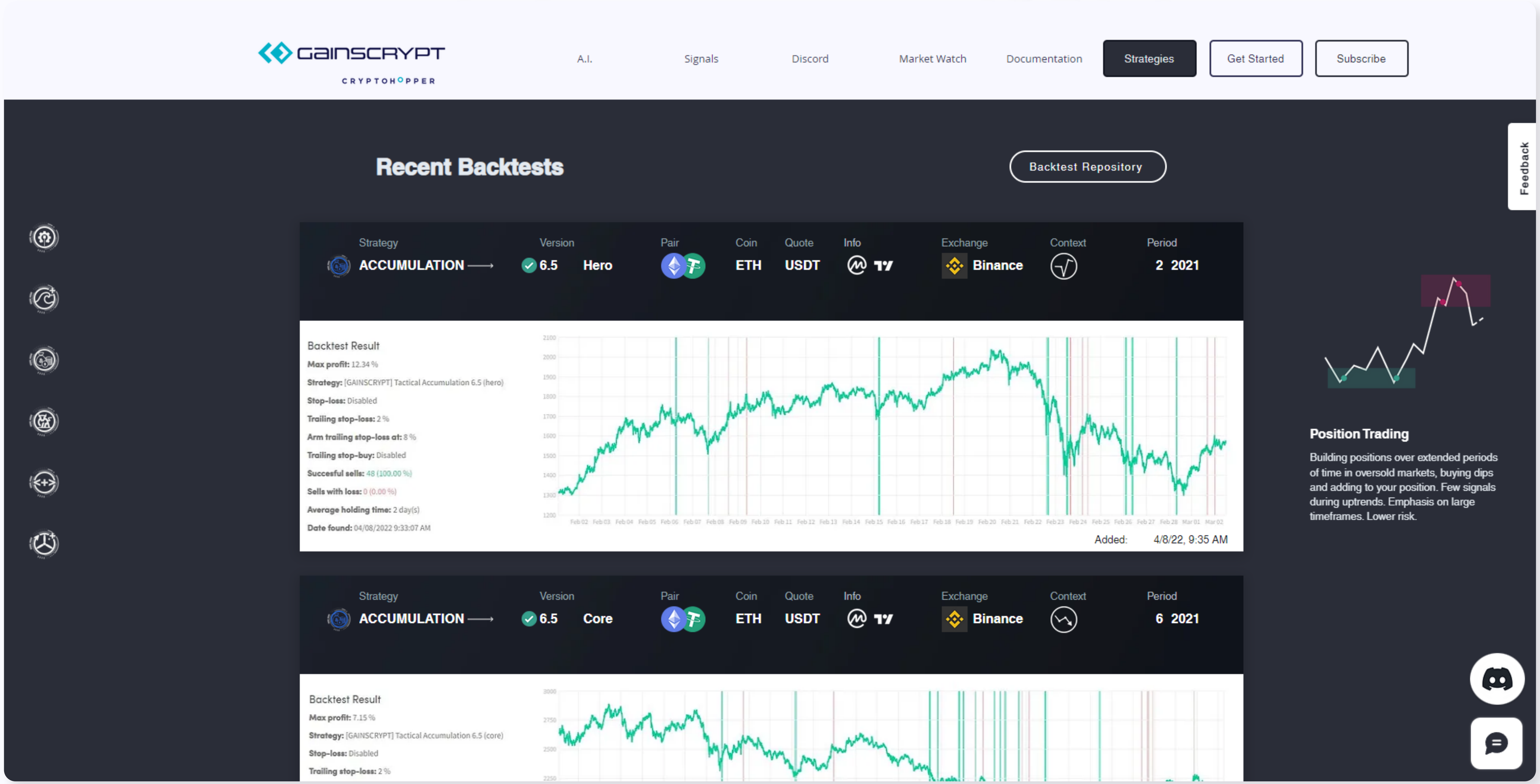
Where can I find results?

1. On the Cryptohopper marketplace under the ‘Backtests Ribbon’



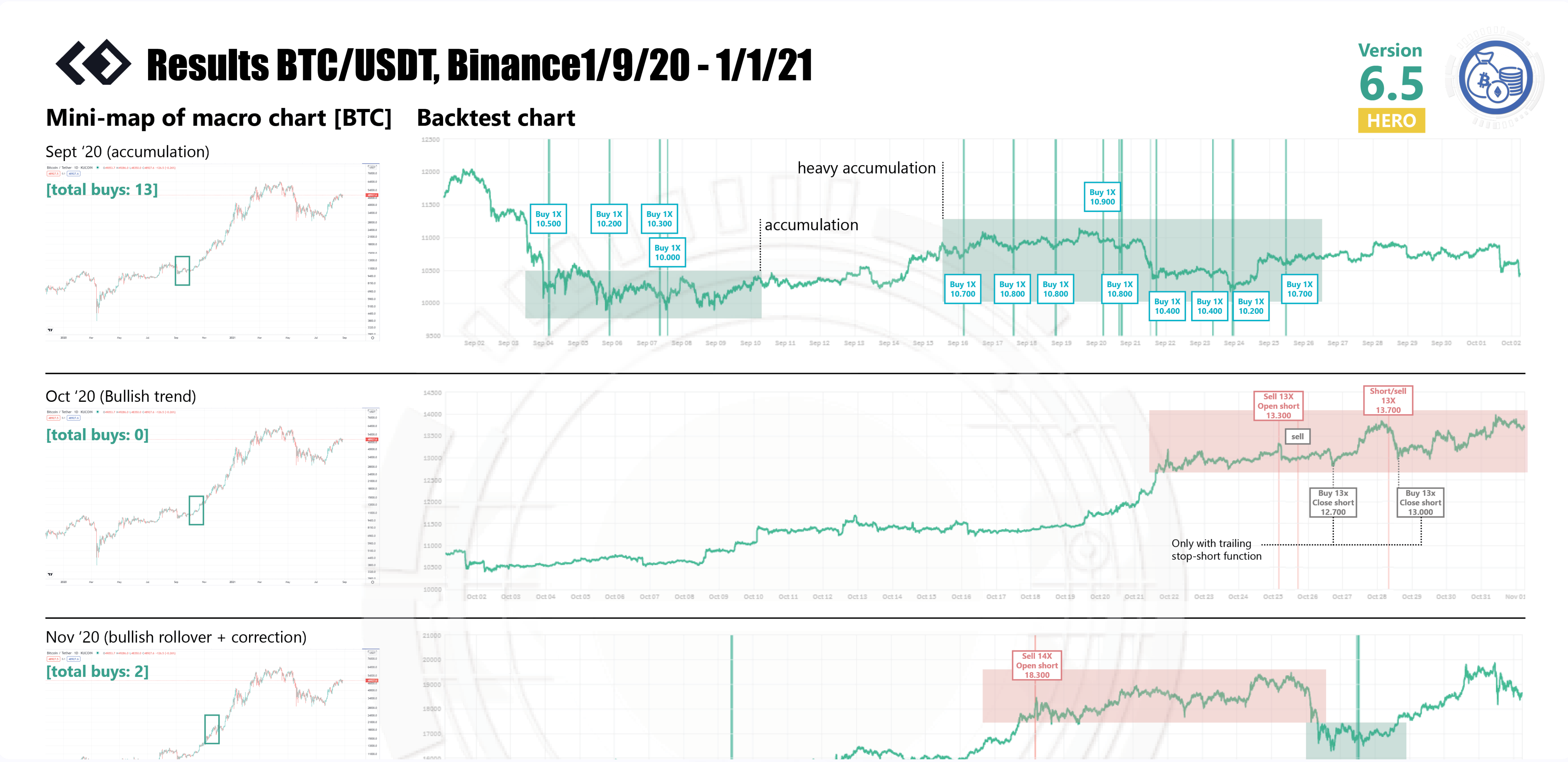
Where can I find results?

2. On the Gainscrypt website, when scrolling down on a strategy page.



Where can I find results?

3. Even older backtests are in this report (scroll down), but these may be outdated.



Results BTC/USDT, Binance1/9/20 - 1/1/21

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Mini-map of macro chart [BTC]   Backtest chart

Sept '20 (accumulation)

[total buys: 13]

Oct '20 (Bullish trend)

[total buys: 0]

Nov '20 (bullish rollover + correction)

[total buys: 2]

Dec '21 (consolidation + bullish breakout)

[total buys: 7]

Results BTC/USDT, Binance 1/1/21 - 1/4/21

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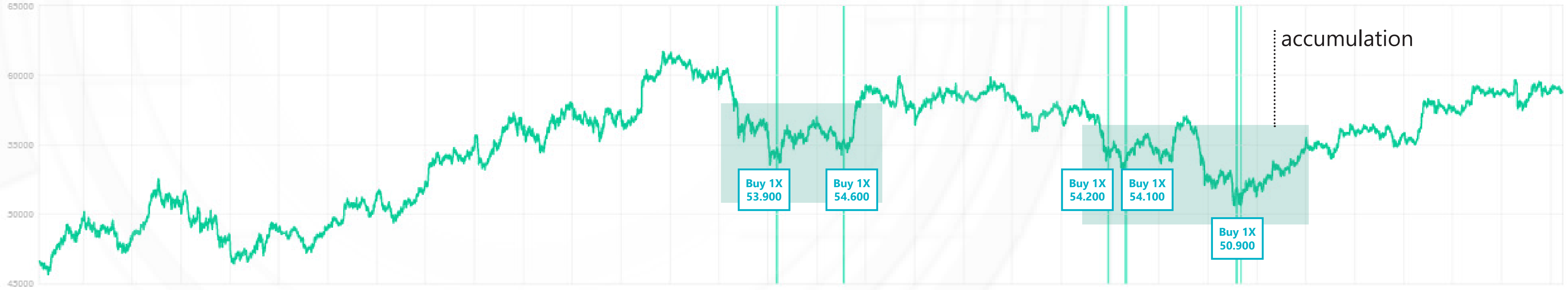
Mini-map of macro chart [BTC]   Backtest chart

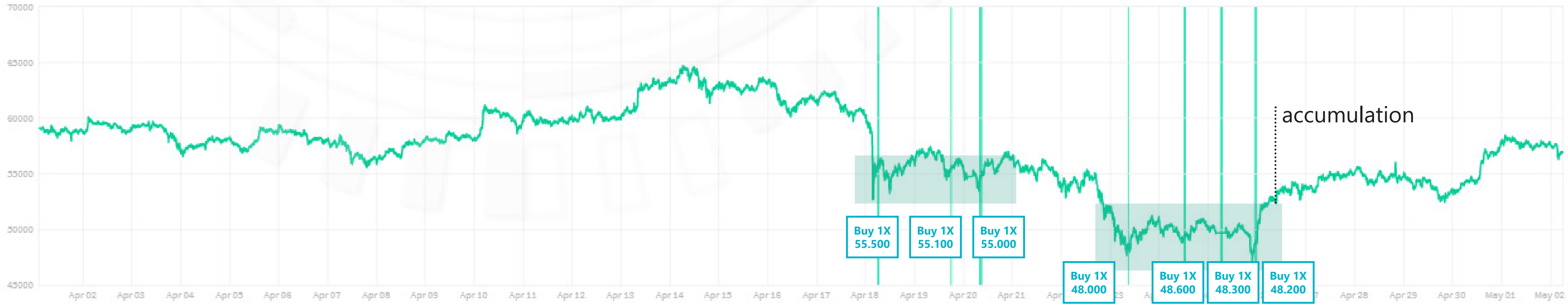
Jan '21 (blow-off top + volatile consolidation)

Feb '21 (Bullish trend + correction)

Mar '21 (bullish + distribution)



April '21 (distribution)



Results BTC/USDT, Binance 1/5/21 - 1/9/21

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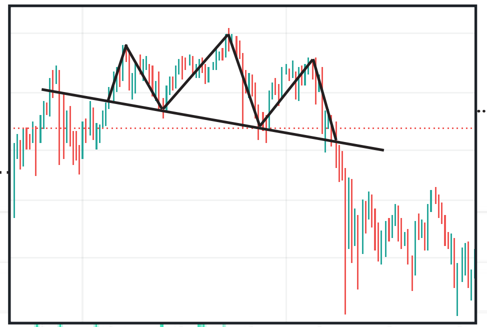
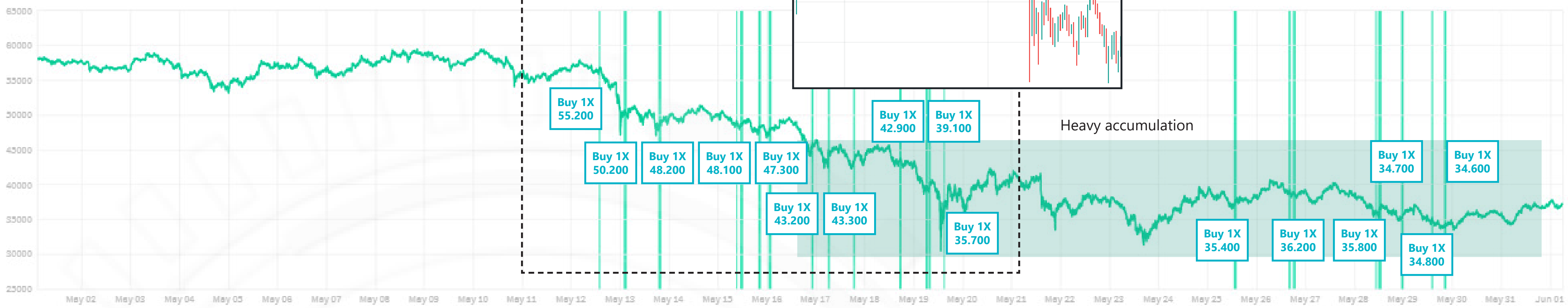
Mini-map of macro chart [BTC]

Backtest chart



May '21 (distribution, crash, accumulation)

[est. buys: 16]
[avg. buy-in

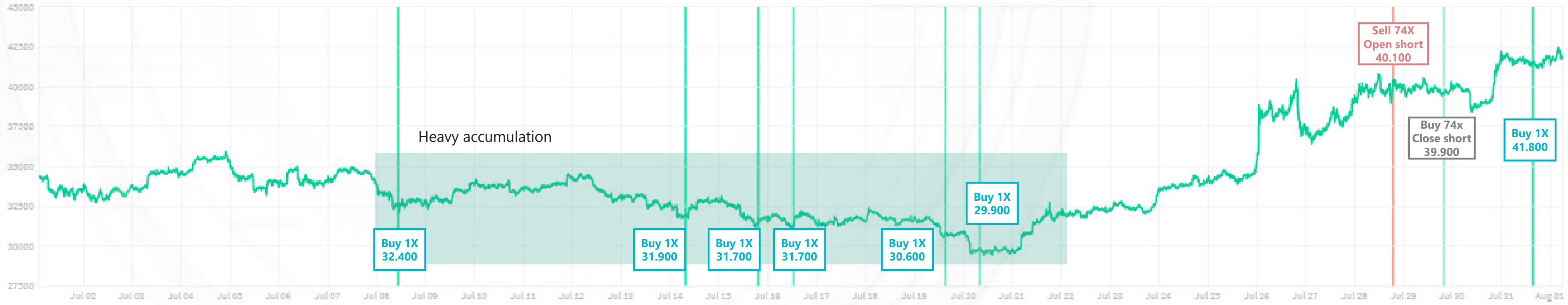


June '21 (volatile, accumulation)

[est. buys: 9]

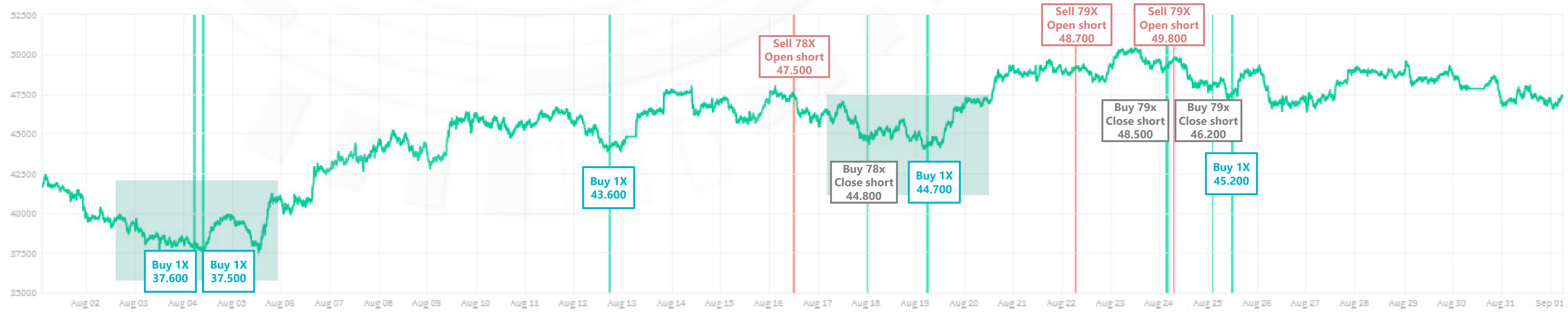
July '21 (bearish + bullish breakout)

[est. buys: 8]

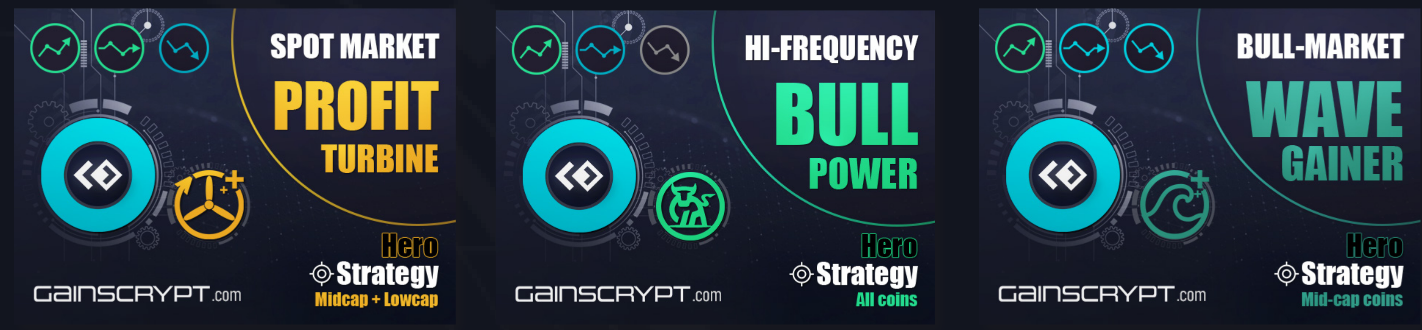


August '21 (mini distribution)

[est. buys: 8]



Strategies & market optimization matrix



Ranging markets

Bull market strategies

Bottom buyers

Bear market strategies

https://www.gainscrypt.com/strategyfinder

Disclaimer

Gainscrypt is NOT a financial advisor. Any suggestions or recommendations by our support team should therefore never be interpreted as financial advice. Gainscrypt is not liable/responsible for losses in any way and it is the user’s sole responsibility to make personal investment/trading decisions. All tools, templates, strategies provided are to be used with caution and expertise.

All strategies are regularly backtested, but as markets change, so can the results. Past performance does not guarantee future succes.

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