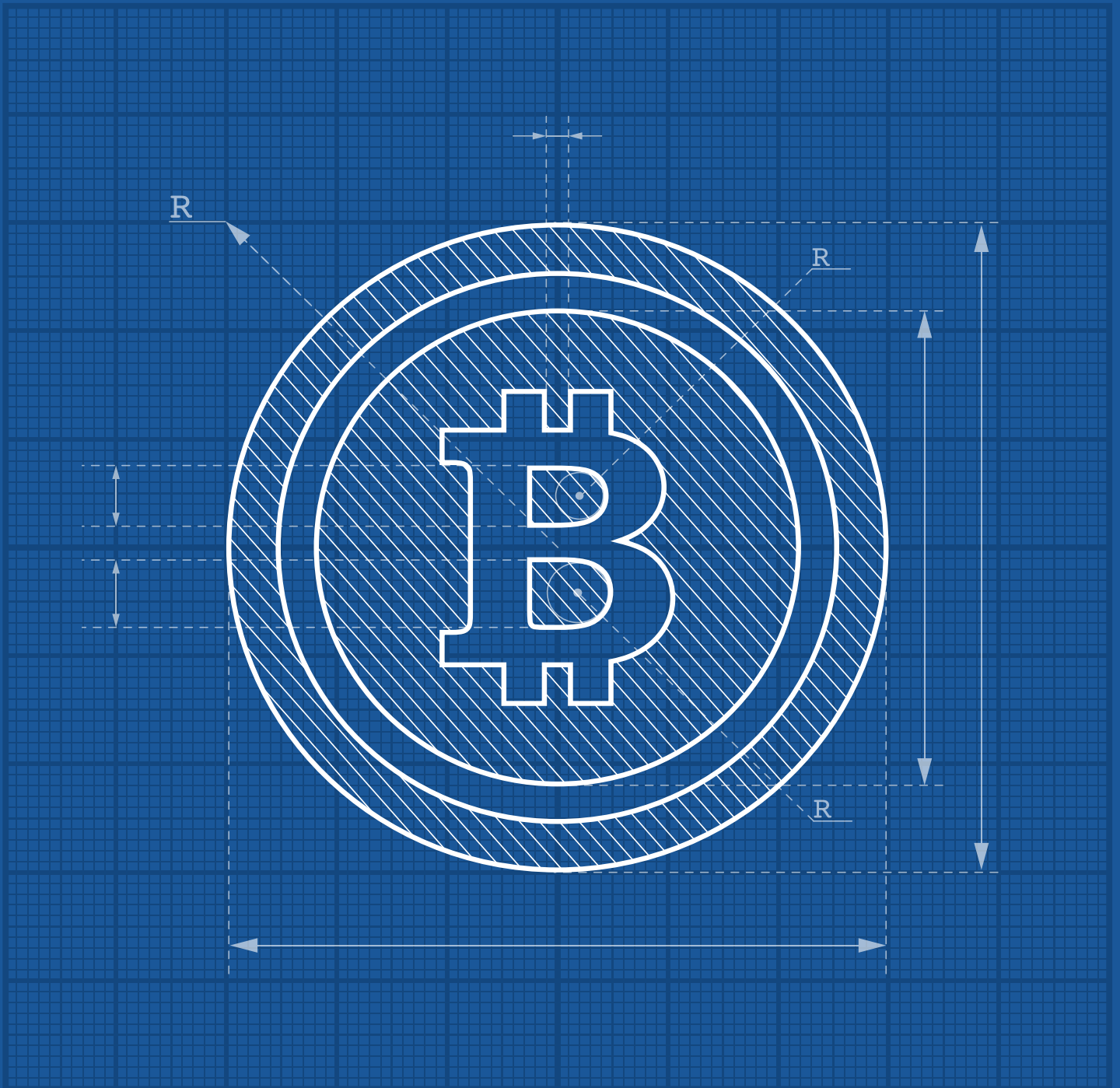


BITCOIN PROFIT BLUEPRINT



Bitcoin Profit Blueprint

By Michael Carr

YOU'RE about to see the exact rules I used to generate 5x the returns with 80% less risk from trading the best asset of the past decade — bitcoin. My rules are simple, and that's why they work. But first, let me explain the very conditions that have helped me to engineer these rules.

As I explain in my bitcoin pricing report, *Crypto Cash Machine*, crypto is a market driven by emotions. In academic terms, that means prices are inefficient, and simple technical strategies like the ones we use in *Precision Profits* excel in inefficient markets.

My goal was to design a bitcoin strategy that we could execute in real time.

I tested my strategy on bitcoin futures traded on the Chicago Mercantile Exchange (CME) and used this data because the CME is not a 24-hour market.

Now, Bitcoin and other cryptocurrencies do trade 24 hours a day, all around the world. But I wanted to avoid working with 24-hour data because it would generate signals that we wouldn't be able to execute in real time.

Rules for my bitcoin strategy generate orders taken only at the open. So, you could place this order anytime and just go to work.

I also succeeded at designing a strategy that could benefit from price declines. Futures allow this to be done easily. On crypto exchanges, it is difficult (if not impossible) for an ordinary investor to enter a short trade. Using futures allowed me to ignore borrowing costs, which rise rapidly as prices fall.

With futures data matching my objectives, I then turned to finding rules.

I applied a "brute force" approach and ran through rules based on dozens of technical indicators. Then I checked to ensure the rules all made sense logically and ran tests to confirm the rules weren't curve fit.

What I discovered was basically a trend-following system. As you can see below, the results of my bitcoin strategy are impressive.

Summary - All Trades	
Overall	
Total Net Profit:	\$106,052
Total Trades:	93
Average Trade:	\$1,140
Max Closed-out Drawdown:	-\$15,315
Max Intra-trade Drawdown:	-\$17,220
Account Size Required:	\$74,994
Open Equity:	-\$58
Percent in the Market:	92.3%
Avg # of Bars in Trade:	26.38
Avg # of Trades per Year:	12.8

My backtesting shows that the profits are more than five times the gains of a buy and hold account over the past seven years. Next, I studied at the difference between winning and losing trades:

Winning Trades		Losing Trades	
Total Winners:	32	Total Losers:	61
Gross Profit:	\$158,438	Gross Loss:	-\$52,386
Average Win:	\$4,951	Average Loss:	-\$859
Largest Win:	\$40,415	Largest Loss:	-\$7,403
Largest Drawdown in Win:	-\$4,493	Largest Peak in Loss:	\$9,359
Avg Drawdown in Win:	-\$515	Avg Peak in Loss:	\$770
Avg Run Up in Win:	\$7,485	Avg Run Up in Loss:	\$770
Avg Run Down in Win:	-\$515	Avg Run Down in Loss:	-\$1,057
Most Consec Wins:	3	Most Consec Losses:	13
Avg # of Consec Wins:	1.60	Avg # of Consec Losses:	3.05
Avg # of Bars in Wins:	61.31	Avg # of Bars in Losses:	8.05

The average winner is more than 5.7 times the size of the average loss. That's enough to overcome the low win rate of 34%. The average number of bars in winners is more than 7.6 times as long as losses. This means we are letting winners run and cutting losses quickly.

Analyzing the long and short trades showed similar results. The win rates are relatively low, but the wins are much bigger than the losses. So, we see the same pattern, letting winners run and cutting losses quickly.

Now, to the rules. If you are familiar with technical analysis, you may find them to be simple. But that's what makes them powerful.

My Bitcoin Strategy Rules

Go long [Buy a call on ProShares Bitcoin Strategy ETF (BITO)] when the 44-day simple moving average (SMA) crosses above the 70-day SMA.

Close the trade when the 44-day SMA falls below the 70-day SMA.

Go short [Buy a put on BITO] when:

- The closing price falls below the 10-day SMA and the 10-day SMA is also below the 39-day SMA.

OR

The 14-period RSI crosses below its lower Bolling Band (using 20-days and 2 standards deviations to calculate the Band).

Close short trades [Sell to close put options on BITO] when:

- Close crosses above the 50-day SMA.

OR

- The short trade has been open for 70 trading days.

That's it. Now you have my special code, detailing exactly how this system pinpoints trades that deliver superior profits to buying and holding bitcoin with a fraction of the risk.

Regardless of what direction it takes, bitcoin may still be the biggest money-generating asset in the world.

With its extreme volatility, it's set to continue cranking massive profits — for traders who follow the right short-term approach — as we do here in *Precision Profits*.

With my bitcoin strategy, we never have to worry whether this asset is soaring or crashing. We'll play the game from both sides to collect quick profits, in both bear and bull markets.

Regards,

A handwritten signature in black ink, appearing to read 'Michael Carr', with a stylized, cursive script.

Michael Carr
Editor, *Precision Profits*

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