What is the T-score?

The T-score is a number between 0 and 10 summarizes a strategy's performance in the current market conditions. You can find the strategy's T-Score in the performance results table.

The power of this innovative tool is that it shows you the momentum of a strategy over time: if a strategy performs well, its T-score will go up. If a strategy stops doing well, then this will also be reflected.

It is important that you also look at other performance statistics like Win Percentage, Profit Factor, Maximum Draw Down, etc. since the inception of the strategy before adding it to your portfolio.

The combination of all these elements can help you decide if the profit and risk profile of the strategy suits your personal trading preferences.

A T-score above 8 indicates that the strategy has favorable momentum. The most interesting aspect of this tool is the T-score's history since inception of the strategy because stable and positive momentum indicates good robustness during changing market conditions. To see the history of a strategy's T-Score click on the name of the strategy, and then go to the button T-score.

Elements of the T-score

- Window: we do not look at the entire history; we look at the performance of a strategy over a rolling window that moves to the right as new trades are made. Very good strategies will get a larger window, because they have proven to be successful. The systems that have bad periods every once and a while get shorter windows because they need to be kept on a short leech.

- Risk: no performance tool can be complete without speaking about risk and reward. We have developed a proprietary indicator of the riskiness of a strategy that will quickly adjust the T-score if a large loss is made.

- Reward: it is not only important to look at how much profit a strategy makes, but also to look at how these profits were made. 1 big profitable trade will be good for the strategy's T-score, but a large number of moderately profitable trades will be much better: we value consistency.

What is it not

The T-score is not some magical indicator that can look into the future and make a perfect prediction of the strategy's performance. Other strategy performance statistics do not predict either. They simply give you information about 1 aspect of a strategy's past performance. Unfortunately it is not the case that all strategies with a high win percentage will continue to have a high win percentage, just like it is not the case that a strategy with a high T-score will continue to perform well. The reason for this is that certain properties of currency pairs like volatility and trend change over time and only the best strategies will be able to adapt to the market and continue to churn out pips.

How to use it?

Now that we have established that it works on a window, that it looks at all relevant statistics and that it is not a perfect indicator of future profits, we can move on to the 2 ways you can use it in your account:

- It ranks all systems in the filter, automatically showing you which systems are currently performing well.

- It helps you in selecting systems for your portfolio: look at the T-score over its entire history, and if it has been stable at a high level over time, this indicates that the strategy is very robust.

Unfortunately, the best strategies of the past are not always the best strategies of the future; this is why past returns are not indicative of future results.