

Profit Taker Algorithm

Executive Summary

The Profit Taker algorithm is a capital recovery and de-risking strategy ideal for volatile or bear markets. Its primary goal is to ensure investors recover their initial principal before pursuing further upside. By creating a structured sell ladder immediately after a buy, the algorithm systematically sells portions of the position at predefined profit levels until 100% of invested capital is returned.

How It Works

- Buys are triggered by traditional indicator thresholds (e.g., RSI 30/70, StochK 20/80).
- After a buy, a sell ladder is created with fixed percentage increments (e.g., +10%, +20%, +30%).
- At each step, enough of the position is sold to recover a planned portion of the initial principal, net of fees.
- The final step tops up recovery, ensuring the full original investment is returned.
- Ladder design can be equal-step or weighted toward faster principal recovery.

Advantages

- Capital protection: Guarantees principal is fully recovered, regardless of future market action.
- De-risked exposure: Once the ladder completes, remaining position is pure profit.
- Reduced behavioral risk: Predefined exit points prevent emotional decision-making.
- Flexibility: Ladder steps can be tuned to investor risk tolerance.
- Professional-grade logic: Mirrors risk management practices used by institutional traders.