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Kristjan Kullamägi Breakout Strategy – Take II



Niv Goren

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After many comments and improvement suggestions from Kristjan's community, I backtested rules to his strategy that are more faithful to the origin within the limits of the backtest capabilities.



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- For each stock in the US stock market, wait for a pivot breakout and buy the close. A pivot is defined as a candle with 4 highs that are lower than his on his right and on his left (slightly different than older's post requirement of 3).
- Every day new opportunities arrive. Priority will be given to the ones that are the strongest against the SPY in the past 90 days.
- Volume at breakout / 30 day average volume > 1.5.
- ADR%(20) > 10.
- SPY is bullish (Close > MA(50))
- Stock is close to it's 100 days highest high (up to 10% from it's 100 days high).
- Higher lows are formed.
- % change last 90 days > 30%

Exit Rules

Here is where things get a bit different. Because of data and backtest limitations, the entry isn't based on intraday chart with intraday type of risk – and this is where the results probably variate in terms of risk-reward and success rate. While I provide here a simple framework just to see that the overall idea behind the strategy makes sense historically, you can adjust entry and exit at your discretion. The exit rule I used:

- Exit on close below 20 EMA.

Portfolio Rules

- 50% margin



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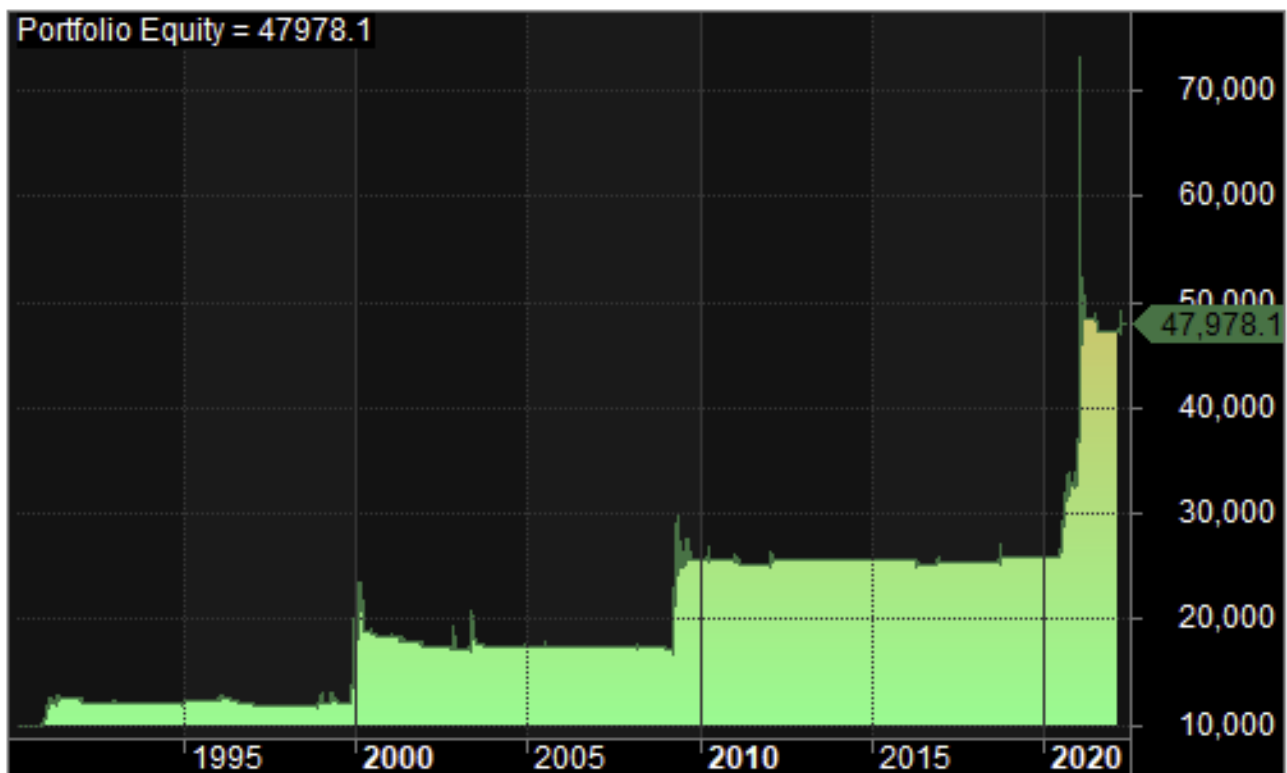
Data

The backtest ran on clean data from Norgate without survivorship bias since 1990 (S&P 1500 composite past & current).

The Results

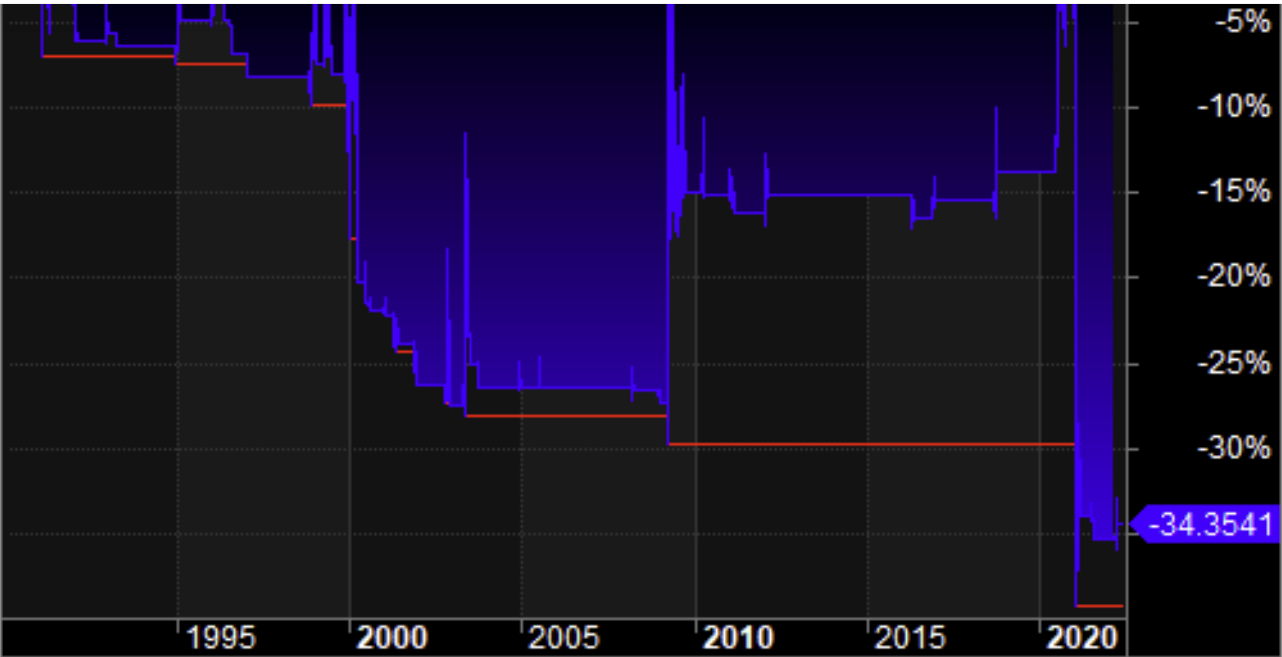
The backtest started with \$10,000 in 1990 and ended with \$47,978 (379% return, 4.99% annualized). The interesting part is that the strategy spends most of it's time outside of the market, with 2.35% exposure – which gives 212.39% annualized risk adjusted return.

Max DD is -39%, average profit % is 42.92% while the average loss % is -12.49%. Success rate is 42.86%.





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1991	4.27%	13.27%	1.77%	-1.97%	3.37%	0.07%	-0.07%	0.07%	0.07%	0.07%	0.07%	-0.37%	23.37%
1992	0.8%	-2.5%	-1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-2.8%
1993	0.5%	0.0%	0.0%	-0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%
1994	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1995	1.8%	0.1%	-0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%
1996	1.3%	1.4%	-0.6%	0.0%	0.0%	-2.0%	0.0%	-2.2%	0.0%	0.0%	0.0%	0.0%	-2.1%
1997	-1.0%	-0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.4%
1998	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.8%	3.0%	1.2%
1999	7.9%	-6.2%	0.0%	3.0%	0.0%	-2.3%	-1.2%	0.0%	0.0%	0.0%	0.0%	66.5%	67.7%
2000	-12.9%	34.7%	-12.3%	-9.1%	0.0%	0.5%	-2.0%	-0.6%	0.0%	0.0%	0.0%	0.0%	-8.4%
2001	0.8%	-1.2%	0.0%	0.0%	-2.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	-0.9%	-1.4%	-4.6%
2002	-0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.3%	-7.5%	-2.5%
2003	0.0%	0.0%	0.0%	0.0%	2.6%	3.7%	-2.9%	0.0%	0.0%	-1.7%	0.0%	0.0%	1.5%
2004	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	0.9%
2005	-0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	-0.7%	0.0%	0.0%	0.0%	0.0%	-0.9%
2006	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2007	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2008	0.0%	0.0%	-0.8%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%
2009	-1.0%	0.0%	0.0%	64.4%	-7.4%	1.8%	-2.2%	1.7%	0.8%	-3.8%	0.0%	0.0%	47.7%
2010	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%
2011	-0.4%	1.6%	-2.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.3%
2012	-0.8%	2.9%	-0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%
2013	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2016	0.0%	0.0%	0.0%	-0.1%	-0.9%	-0.7%	0.0%	0.0%	0.0%	0.0%	-0.0%	2.2%	0.5%
2017	-1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.0%
2018	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.2%	3.3%	0.0%	0.0%	2.1%
2019	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2020	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	8.5%	3.8%	7.0%	1.9%	0.0%	1.1%	26.8%
2021	116.4%	-34.3%	3.1%	0.0%	0.0%	0.0%	-1.4%	-0.7%	0.0%	0.0%	0.0%	0.0%	43.5%
2022	0.0%	0.0%	-0.6%	1.9%	0.0%	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A	1.3%
Avg	3.6%	0.4%	-0.4%	1.8%	-0.1%	0.1%	-0.0%	0.0%	0.2%	-0.0%	0.1%	2.1%	

Trades

Here are a few trades with entries and exits.

FLGT



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GME

Entry @ 1/13/2021 on close exit @ 1/3/2021 on close



TUP

Entry @ 7/23/2020 on close exit @ 9/28/2021 on close



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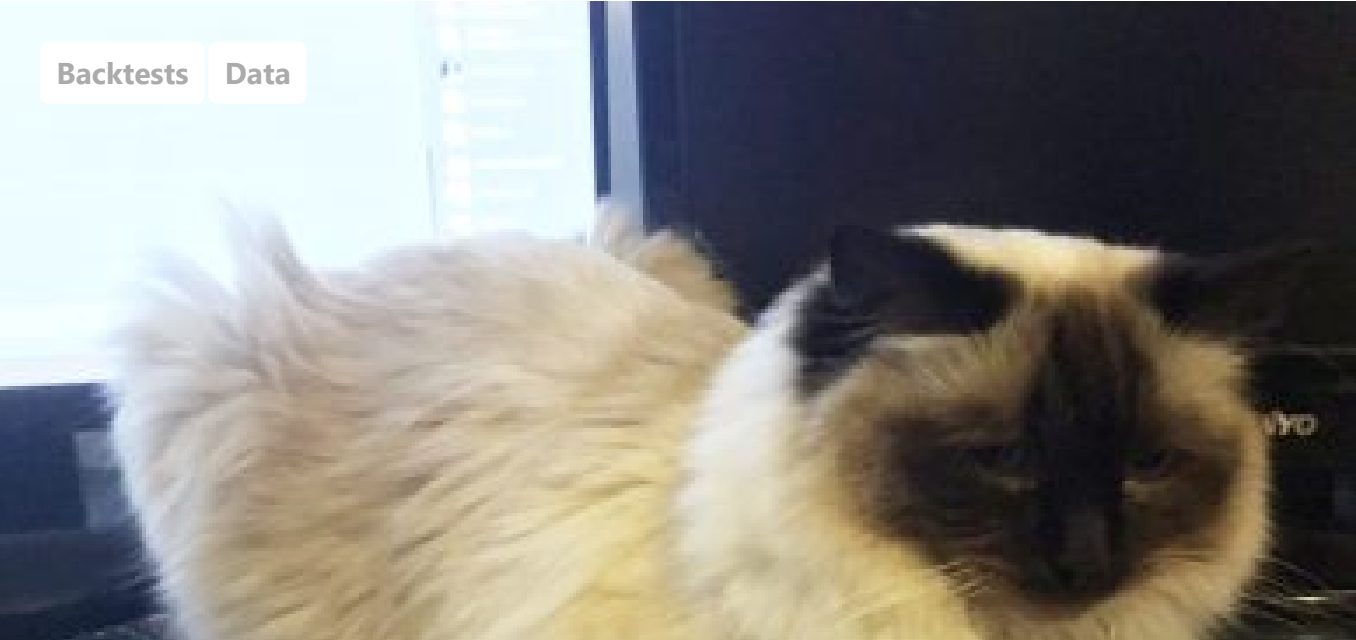
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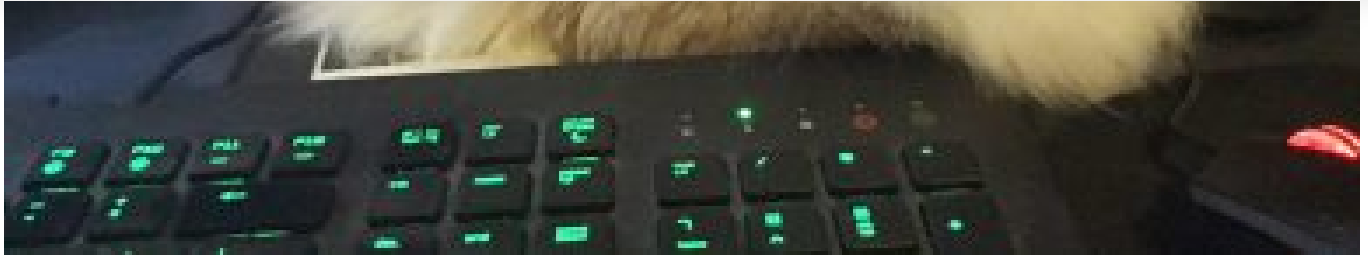
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