



Funded Trader Program

TRADE WITH THE PROS

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Jason Love - Instructor

- Veteran of U.S. Navy and Operation Desert Storm
- V.P. of Operations for 300 seat call center
- Began trading in 2003
- Trading educator since 2010
- Instructor Coordinator for TWP
- Director of Operations for TradeFundrr

Course Overview

- The TradeFundrr Trader Funding and Risk Management Fundamentals course is designed to provide students with a comprehensive understanding of the process of qualifying for trader funding.
- The main emphasis of this course is on risk management and discipline, which are critical components for success in the financial markets.
- This course is suitable for aspiring traders and investors looking to take their trading career to the next level.

Course Outline

It's all about controlling your risk

- 1 Introduction to TradeFundrr
- 2 Risk Management
- 3 Risk Tolerance and Assessment
- 4 Create a Risk Management Plan
- 5 Learn to Trade Like a Casino
- 6 The TradeFundrr Program

Who is TradeFundrr and What does it Offer?

TradeFundrr is a financial services company that offers a unique and innovative platform for aspiring traders who want to gain access to trading capital and markets.

Here's an explanation of what TradeFundrr is and what it offers:

- **Funding for Traders:** TradeFundrr provides a platform where traders can prove their trading skills and potentially receive funding to trade in various financial markets. This funding is often provided to traders who may not have sufficient capital to trade on their own.
- **Evaluation and Risk Management:** To qualify for funding, traders are required to go through an evaluation process. During this evaluation, they trade with simulated capital, and TradeFundrr monitors their performance, risk management, and adherence to trading rules.
- **Profit Sharing:** Once traders complete the evaluation and meet the trading targets and risk management criteria, they can access real capital provided by TradeFundrr. Traders share a portion of their profits with the company in exchange for using the firm's capital.
- **Access to Multiple Markets:** TradeFundrr offers access to various financial markets, including futures, options, and equities, allowing traders to diversify their trading activities and strategies.



Who is TradeFundrr and What does it Offer?

- **Risk Control**: TradeFundrr focuses on risk management, setting rules and limits to protect traders from excessive losses. This helps maintain responsible trading practices.
- **Professional Development**: The platform can serve as a stepping stone for traders looking to transition into professional trading careers. It allows them to gain experience and build a trading track record.
- **Profit Sharing**: Once traders complete the evaluation and meet the trading targets and risk management criteria, they can access real capital provided by TradeFundrr. Traders share a portion of their profits with the company in exchange for using the firm's capital.



In summary, TradeFundrr is a firm that provides a pathway for traders to access trading capital, improve their trading skills, and potentially become professional traders. It offers a structured and risk-controlled approach to trading, making it an appealing option for traders looking to grow their trading careers.

What Niche do Funding Firms (like TradeFundrr) Fill?

Educating Traders on the Importance of Managing Risk

The number one job of a professional trader is to minimize risk, and their second job is to obtain profit.

A recent article on a popular trading website discusses how a well-known and respected trading firm takes steps to protect its downside risk. The article quotes the company CEO saying,

"We're not looking to get rich; we're looking not to lose money."

Traders who focus on upside gains, quickly find themselves in hot water when market conditions change, resulting in massive losses

Traders often ignore their downside risk to focus on making money. Focusing on downside risk is the number one way to ensure you don't lose money.

Introduction to Risk Management

Cornerstone of Successful Trading

Managing risk plays a pivotal role in ensuring that traders can navigate the inherently volatile and uncertain nature of financial markets while preserving their capital and achieving long-term profitability

Definition of Risk Management

- Risk management in day trading involves identifying, assessing, and mitigating financial risks.
- It pertains to short-term trading of financial instruments within a single trading day.
- The main goal is to protect capital and minimize losses while seeking profits.
- Strategies include setting stop-loss orders, diversifying the portfolio, and managing position sizes.
- Adherence to a well-defined trading plan is essential. The aim is to balance trading gains with capital preservation.
- Consistent profitability and sustainability are the ultimate objectives.

Consequences of Ignoring Risk

- Capital Erosion: Ignoring risk management can lead to significant and rapid losses, depleting the trader's initial capital.
- Emotional Distress: Without risk management, emotional reactions to losses can result in impulsive decisions, increased stress, and anxiety.
- Inconsistent Results: Lack of risk management can lead to inconsistent trading results, making it challenging to assess the effectiveness of a trading strategy.
- Short-Term Focus: Traders may prioritize short-term gains at the expense of long-term sustainability, leading to eventual burnout or trading account depletion.
- Overtrading: Ignoring risk management principles can encourage overtrading, where traders take excessive positions beyond their capital and risk tolerance.
- Lack of Discipline: Traders may deviate from their trading plan, making arbitrary decisions rather than following a structured approach.
- Inefficient Learning: Failure to implement risk management hinders the ability to learn from mistakes and refine trading strategies.
- High Stress Levels: Ignoring risk management increases the stress and pressure associated with trading, which can negatively impact decision-making.

Infamous Traders

Huge Trading Losses Caused by Poor Risk Management



Nick Leeson

Trader - Barings Bank - \$1.3 Billion

- Unauthorized and reckless trading activities in the futures and options markets, led to losses exceeding £827 million (approximately \$1.3 billion at the time).
- His actions ultimately resulted in the collapse and bankruptcy of Barings Bank, which was one of the oldest and most respected financial institutions in the United Kingdom.



Jerome Kerviel

Trader - Societe Generale - \$6.9 Billion

- Engaged in unauthorized and highly leveraged trading activities. Kerviel's positions on equity index futures exceeded the bank's risk limits and eventually resulted in losses amounting to approximately €4.9 billion (equivalent to around \$6.9 billion at the time)



Yasuo Hamanaka - "Mr. Copper"

Trader - Barclay Bank - \$2.6 Billion

- Took speculative and unauthorized positions in the copper market, betting heavily on rising prices. When copper prices declined, the losses he incurred were estimated to be around \$2.6 billion.
- His losses led to the bankruptcy of the Barclay Trading Group, the subsidiary where Hamanaka was based.

Risk Tolerance and Assessment

Risk tolerance in day trading refers to an individual trader's ability and willingness to withstand and manage risk in their trading activities. It signifies the level of risk a trader is comfortable taking within their overall trading strategy.

In day trading, where market conditions can change rapidly and significant risk is involved, recognizing and respecting your risk tolerance is vital for achieving long-term success and avoiding financial and emotional stress. It is a foundational element in designing a sustainable and effective day trading strategy.

Risk Tolerance and Assessment

Understanding risk tolerance is essential for the following reasons.

1. **Personalized Strategy**: Recognizing your risk tolerance helps you design a trading strategy that aligns with your comfort level. It enables you to select suitable trade sizes, instruments, and risk management techniques that are in line with your risk tolerance.
2. **Emotional Control**: Knowing your risk tolerance can reduce emotional stress. When you trade within your risk comfort zone, you are less likely to make impulsive decisions driven by fear or greed, which are common pitfalls in day trading.
3. **Capital Preservation**: It allows you to protect your trading capital effectively. By staying within your defined risk limits, you reduce the likelihood of suffering significant losses that could harm your trading account.
4. **Consistency**: Traders with a clear understanding of their risk tolerance are more likely to maintain a consistent trading approach. This consistency can lead to more predictable results over time.
5. **Realistic Goals**: Risk tolerance assessment helps traders set realistic trading goals. It ensures that your profit expectations align with the level of risk you are willing to undertake, reducing the pressure to achieve unattainable results.
6. **Adaptability**: Understanding your risk tolerance allows you to adapt to changing market conditions. You can scale your risk up or down as market volatility and opportunities fluctuate.

Risk Tolerance and Assessment

Assessing your personal risk tolerance is a crucial step in designing a trading strategy that suits your financial and emotional comfort levels.

Here's how to assess your risk tolerance effectively:

- **Self-Reflection**: Start by understanding your financial goals, expectations, and overall financial situation. Ask yourself how much money you can afford to invest in trading without jeopardizing your financial security.
- **Risk Capital**: Determine the amount of money you are willing to risk in day trading. This is the capital you can afford to lose without affecting your daily life, financial obligations, or long-term financial goals.
- **Time Horizon**: Consider your time horizon for trading. Are you looking for quick profits in the short term, or are you willing to hold positions for longer durations? Your time horizon will impact the level of risk you can take.
- **Historical Behavior**: Reflect on your past reactions to financial losses or risks. How have you handled financial setbacks in the past? Your previous behavior can provide insights into your risk tolerance.
- **Emotional Resilience**: Assess your emotional resilience and stress management skills. How well can you handle the emotional ups and downs of day trading? A lower tolerance for emotional stress may imply a lower risk tolerance.

Risk Tolerance and Assessment

continued:

- **Risk Percentage:** Decide what percentage of your total trading capital you are comfortable risking on a single trade. The lower this percentage, the more conservative your risk tolerance.
- **Review and Adjust:** Periodically review your risk tolerance. As your financial situation and personal circumstances change, so might your risk tolerance. It's important to adjust your trading strategy accordingly.
- **Backtesting and Simulation:** Use backtesting and trading simulations to practice and determine how your risk tolerance plays out in different market conditions. This can help you refine your trading approach.



MANAGEMENT
PREVENTION
RECOVERY
IDENTIFICATION
STRATEGY COMPLIANCE SAFEGUARDS
CONTINGENCY
MANAGEMENT
PLANNING A PLAN
EVALUATION IMPACT PLAN
MONITORING INSURANCE EXPOSURE VULNERABILITY UNCERTAINTY
PLAN HAVE
MITIGATION ANALYSIS PREPAREDNESS HAZARDS RESILIENCE RESPONSE
RISK CONTROLS ASSESSMENT

STRUCTURE DRISK

Structured Risk Management Plan



"The stock market is designed to transfer money from the Active to the Patient."

WARREN BUFFET

- 1 Define Risk Tolerance
- 2 Set Stop-Loss Orders
- 3 Calculate Position Size
- 4 Risk-Reward Ratio
- 5 Use Trailing Stop Orders
- 6 Daily | Weekly Limits
- 7 Avoid Revenge Trading
- 8 Continuous Learning
- 9 Record Keeping
- 10 Monitor News and Events
- 11 Use Simulation Accounts

A woman with dark hair and glasses is looking through a wooden trellis structure. The trellis is made of horizontal and vertical wooden beams, creating a grid-like pattern. The background is a soft-focus green, suggesting an outdoor setting with foliage.

Define Your Risk Tolerance

- Risk Allocation: Decide the portion of your total trading capital that you are comfortable risking in a single trade.
- Rule of Thumb: A widely accepted guideline suggests not risking more than 1-2% of your total capital on a single trade.
- This approach helps protect your overall capital and ensures that a single losing trade doesn't significantly erode your account.
- Capital Preservation: By limiting the risk per trade, you can withstand a series of losses without jeopardizing your ability to continue trading.

Win Rate	1	2	3	4	5	6	7	8	9	10
5.0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
10.0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
15.0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
20.0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
25.0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	99%
30.0%	100%	100%	100%	100%	100%	100%	100%	100%	98%	93%
35.0%	100%	100%	100%	100%	100%	100%	99%	95%	85%	71%
40.0%	100%	100%	100%	100%	100%	99%	93%	79%	61%	42%
45.0%	100%	100%	100%	100%	99%	93%	76%	54%	35%	21%
50.0%	100%	100%	100%	100%	95%	78%	52%	31%	16%	9%
55.0%	100%	100%	100%	98%	83%	55%	30%	14%	7%	3%
60.0%	100%	100%	100%	92%	63%	32%	14%	6%	2%	1%
65.0%	100%	100%	99%	77%	40%	16%	6%	2%	1%	0%
70.0%	100%	100%	93%	55%	21%	7%	2%	1%	0%	0%
75.0%	100%	100%	79%	32%	9%	2%	1%	0%	0%	0%
80.0%	100%	98%	54%	14%	3%	1%	0%	0%	0%	0%
85.0%	100%	89%	28%	5%	1%	0%	0%	0%	0%	0%
90.0%	100%	63%	9%	1%	0%	0%	0%	0%	0%	0%
95.0%	99%	33%	1%	0%	0%	0%	0%	0%	0%	0%

Capital Preservation

The probability of experiencing a specific number of consecutive losing trades within a 100-trade sequence depends on various factors, including the trader's win rate, risk management strategy, and the overall distribution of wins and losses.



Define Your Risk Tolerance

- Risk Management: Setting this percentage establishes a structured risk management plan to prevent large, unrecoverable losses.
- Your personal risk tolerance and trading strategy may influence the specific percentage you choose to risk on each trade.
- Managing risk at the trade level complements broader risk management strategies like diversifying your portfolio to further reduce risk.

Set Stop Loss Orders

- Risk Allocation: Decide the portion of your total trading capital that you are comfortable risking in a single trade.
- Risk Mitigation: Stop-loss orders are a crucial risk management tool for traders.
- Limit Losses: They are used to cap potential losses by automatically selling a position if it reaches a specified price level.
- Immediate Placement: It's recommended to set the stop-loss order right after entering a trade to ensure protection from the start.
- Predefined Exit: By determining the stop-loss level in advance, traders establish a clear point at which they are willing to exit a losing trade.
- Emotional Control: Stop-loss orders help prevent emotional decision-making, as they enforce a disciplined approach to risk management.
- Customization: Traders can tailor the stop-loss level based on their risk tolerance, trading strategy, and the specific asset's price volatility.
- Market Volatility: In volatile markets, stop-loss orders can be especially useful to mitigate the impact of sudden price swings.



Calculate Position Size

- **Risk Allocation:** Decide the portion of your total trading capital that you are comfortable risking in a single trade.
- **Pre-Trade Evaluation:** This calculation should be done before entering a trade to ensure a disciplined approach.
- **Risk Tolerance:** Determine the amount of capital you're willing to risk on a trade, usually following the 1-2% rule.
- **Stop-Loss Level:** Consider the price level at which you'll place your stop-loss order to limit potential losses.
- **Distance to Stop-Loss:** Calculate the price difference between your entry point and the stop-loss level.
- **Position Size Formula:** Divide your risk tolerance by the distance to the stop-loss, which gives you the number of shares or contracts to trade.
- **Risk Limit:** Position sizing ensures that you don't risk more than your predetermined percentage of capital on the trade.
- **Customization:** It allows traders to tailor their position size to their individual risk tolerance and trading strategy.
- **Risk Mitigation:** By controlling the position size, you can minimize the impact of losing trades and protect your overall trading capital.

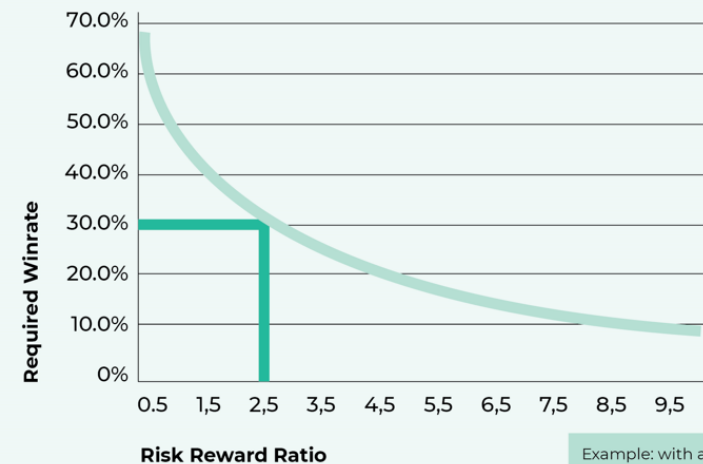
Risk Reward Ratio

Best practices are to use a 1:2 risk to reward per trade.



Threshold *: The combination of risk:reward ratio and winrate where profitable trading is possible.

Relationship Between Risk: Reward and Winrate



Example: with a reward risk ratio of 2.5, the required winrate is 28%

Risk of Ruin

	Payoff Ratio 1:1	PR 2:1	PR 3:1	PR 4:1	PR 5:1
Win Ratio 10.0%	100%	100%	100%	100%	99,96%
Win Ratio 15.0%	100%	100%	100%	100%	96,9%
Win Ratio 20.0%	100%	100%	100%	59,92%	0,0484%
Win Ratio 25.0%	100%	100%	51,7%	0%	0%
Win Ratio 30.0%	100%	100%	0%	0%	0%
Win Ratio 35.0%	100%	0,70%	0%	0%	0%
Win Ratio 40.0%	100%	0%	0%	0%	0%
Win Ratio 45.0%	100%	0%	0%	0%	0%
Win Ratio 50.0%	100%	0%	0%	0%	0%
Win Ratio 55.0%	0%	0%	0%	0%	0%
Win Ratio 60.0%	0%	0%	0%	0%	0%
Win Ratio 65.0%	0%	0%	0%	0%	0%
Win Ratio 70.0%	0%	0%	0%	0%	0%
Win Ratio 75.0%	0%	0%	0%	0%	0%
Win Ratio 80.0%	0%	0%	0%	0%	0%
Win Ratio 85.0%	0%	0%	0%	0%	0%
Win Ratio 90.0%	0%	0%	0%	0%	0%

The "risk of ruin" is a concept in finance and trading that refers to the likelihood of a trader or investor losing all of their capital, thus being unable to continue trading or investing. It's a measure of the probability of going broke or experiencing a catastrophic loss. Traders and investors often use risk management strategies to minimize their risk of ruin, such as setting stop-loss orders and position sizing limits to protect their capital. The goal is to manage risk in a way that ensures a sustainable and long-term trading or investing career, rather than risking complete financial depletion.

Trail Stop-Loss Orders

- Trailing stop-loss orders are a risk management tool used in trading.
- They are applied as a trade moves in your favor.
- These orders automatically adjust the stop-loss level as the price of the asset moves in your favor.
- The purpose is to lock in profits by trailing the stop-loss behind the rising price while still limiting potential losses.
- Trailing stops are dynamic and can help capture more gains in trending markets.
- They provide flexibility and reduce the need for manual adjustments as the trade progresses.
- Trailing stops can be a valuable addition to a trader's risk management strategy to protect profits while allowing room for potential growth.

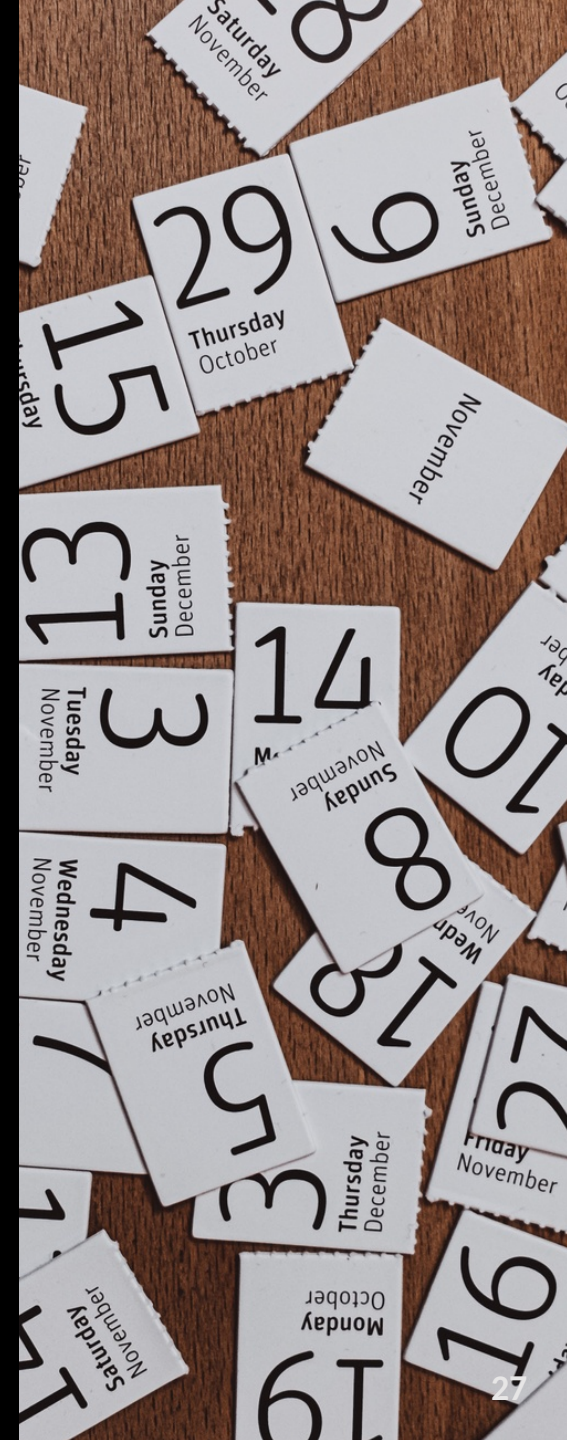
Set Daily and Weekly Loss Limits

Daily Limits

- Set a daily stop trading limit to cap the amount of capital you are willing to risk or trade within a single trading day.
- This limit is crucial for maintaining discipline and preventing overtrading, which can result in losses.
- Once the daily limit is reached, you stop trading for that day to protect your capital and mental well-being.

Weekly Limits

- Weekly stop trading limits are similar but applied over a longer time frame – a trading week.
- These limits are useful for those who want to set broader risk parameters and may engage in more active trading.
- Once the weekly limit is reached, you halt trading for the remainder of the week, helping ensure that losses don't accumulate.



Set Daily and Weekly Loss Limits

Discipline and Self Control

- Setting and adhering to these limits require discipline and self-control.
- They help prevent chasing losses, which is a common behavior that can exacerbate risk.

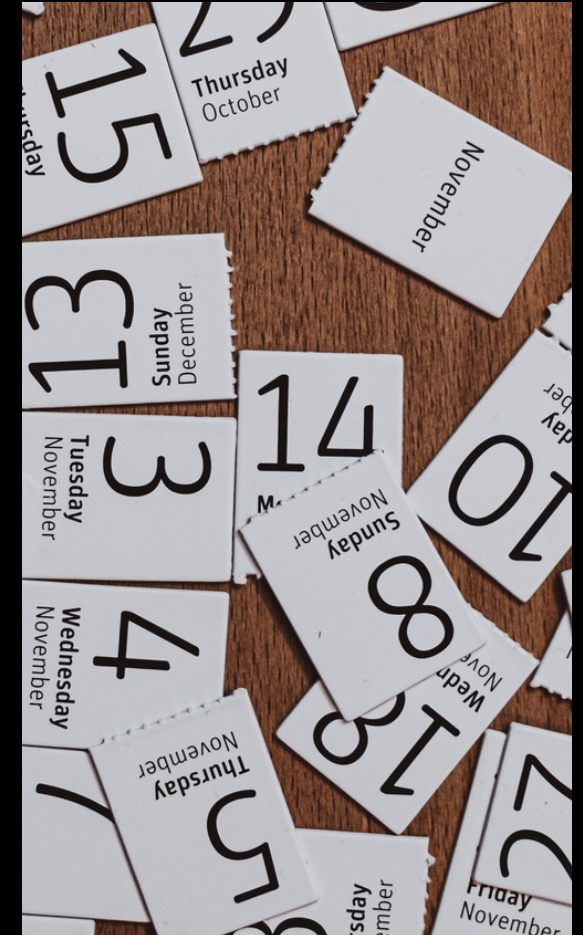
Psychological Benefits

- Establishing trading limits can provide peace of mind and reduce stress, as you know you won't incur large unexpected losses.

Review and Adjustment

- Periodically review your daily and weekly limits to ensure they are appropriate for your trading style and risk tolerance.
- Adjust them as needed based on your evolving trading experience.

The primary goal of these limits is to preserve your trading capital, allowing you to continue trading with a solid foundation



Avoid Revenge Trading

Revenge trading, also known as "revenge trading syndrome" or simply "revenge trading," is a dangerous and emotional behavior often exhibited by traders in financial markets, particularly after suffering significant losses.

Revenge trading occurs when a trader tries to recover their losses by making impulsive, high-risk trades that are not part of their usual trading strategy. Revenge trading is driven by strong emotions like anger, frustration, and a desire to "get even" with the market.

Characteristics of Revenge Trading



- **Emotional Decision-Making:** Revenge traders are often driven by intense emotions, such as anger, frustration, or regret, which cloud their judgment.
- **Higher Risk Tolerance:** To recover losses quickly, revenge traders often take on much higher levels of risk, deviating from their normal risk management strategies.
- **Impulsive Actions:** Revenge trading involves making impulsive and spontaneous trading decisions that are not based on thorough analysis or a well-defined trading plan.
- **Lack of Discipline:** Revenge trading typically leads to a lack of discipline, as traders abandon their trading rules and strategies.

How to Avoid Revenge Trading

- **Recognize Your Emotions:** The first step in avoiding revenge trading is to recognize when you are feeling strong emotions like anger or frustration. Being aware of your emotions can help you take steps to control them.
- **Take a Break:** When you experience significant losses or emotional turmoil, it's essential to step away from trading for a while. A break allows you to regain emotional composure and clear thinking.
- **Stick to Your Plan:** Develop a well-defined trading plan with clear entry and exit points, risk management rules, and profit targets. Stick to this plan, even when you face losses, and avoid making impulsive decisions.
- **Set Loss Limits:** Implement strict risk management strategies, such as setting stop-loss orders and adhering to position size limits, to limit potential losses.
- **Accept Losses:** Realize that losses are an inherent part of trading, and no trader can win every trade. Accepting losses as a normal part of the trading process can help you avoid the emotional drive for revenge.
- **Keep a Trading Journal:** Maintain a trading journal to track your trades, including your thought processes and emotions during each trade. This can help you identify patterns of revenge trading and learn from your mistakes.
- **Seek Support and Education:** Consider seeking support from mentors, trading coaches, or support groups. Continuously educate yourself about trading strategies and psychology to enhance your skills.
- **Build a Support Network:** Share your experiences and challenges with fellow traders who can provide emotional support and insights into overcoming revenge trading tendencies.

Revenge trading is a common pitfall that traders should be aware of, as it can lead to significant financial losses. To avoid revenge trading, it's crucial to manage your emotions, maintain discipline, and stick to your trading plan, even in the face of losses. Building emotional resilience and seeking support and education can be valuable tools in overcoming this destructive trading behavior.



Continuous Learning

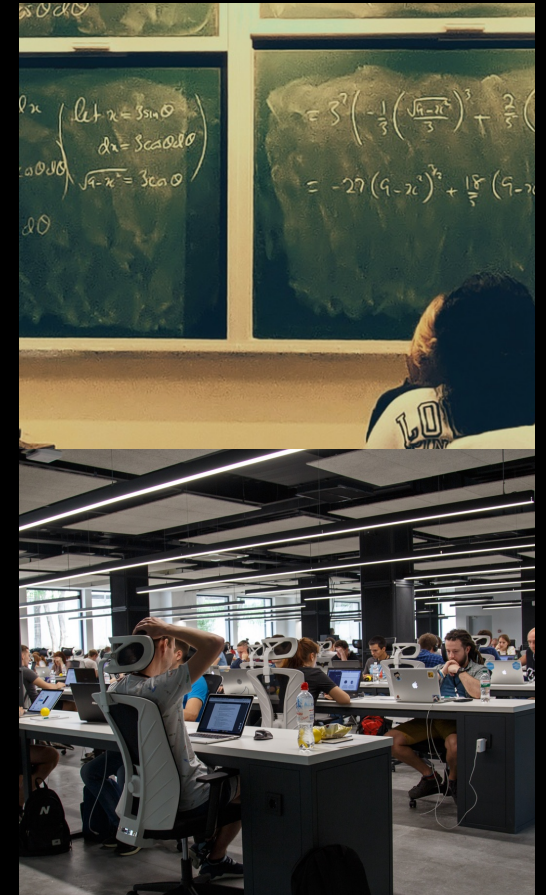
Continuous learning is a crucial aspect of successful trading and effective risk management. Here's a more detailed explanation of the importance of continuous learning in trading and how it can reduce the likelihood of risk:

- **Adaptation to Market Changes:** Financial markets are dynamic and subject to constant changes. New information, events, and economic factors can impact asset prices and market conditions. Traders who engage in continuous learning can adapt to these changes more effectively. They stay informed about current market developments, news, and trends, which enables them to adjust their trading strategies accordingly.
- **Refinement of Trading Strategy:** Continuous learning allows traders to refine and improve their trading strategies over time. By analyzing their past trades, they can identify what works and what doesn't. This process of self-assessment helps traders make necessary adjustments, optimizing their strategies for better risk management and more consistent profitability.
- **Risk Mitigation:** Learning from both successful and unsuccessful trades helps traders identify patterns and behaviors that may lead to excessive risk-taking. They can develop a greater awareness of risk factors and learn to avoid or mitigate them in the future. This can lead to more prudent decision-making and better risk management.

Continuous Learning

- **Emotional Control:** Continuous learning also involves developing emotional intelligence and discipline. Traders who understand their emotions and psychological biases can better control impulsive reactions, including revenge trading, which was mentioned earlier. This emotional control is a key component of risk management.
- **Education and Resources:** Traders have access to a wealth of educational resources, including books, courses, webinars, and forums. Engaging with these resources can deepen their understanding of trading concepts, technical and fundamental analysis, and risk management strategies.
- **Building Confidence:** Continuous learning not only enhances a trader's knowledge but also builds confidence in their abilities. A confident trader is more likely to make rational decisions, follow their trading plan, and effectively manage risk.

Continuous learning in trading is an ongoing process that involves staying informed about market developments, refining trading strategies, and learning from both profitable and unprofitable trades. This commitment to learning not only improves a trader's skills and knowledge but also contributes significantly to reducing the likelihood of risks and losses in their trading endeavors.



Record Keeping

Record keeping, specifically maintaining a trading journal, is an essential aspect of effective trading. It serves as a comprehensive log of your trading activities and decisions, helping you evaluate and improve your performance over time. Here's a more detailed look at the significance of recordkeeping in trading:

Trade Documentation:

- **Entry and Exit Points:** In your trading journal, you should record the exact prices at which you entered and exited each trade. This information is crucial for assessing the accuracy of your trade timing.
- **Stop-Loss Levels:** Document the stop-loss levels you set for each trade. This helps you evaluate the effectiveness of your risk management strategies and whether you adhere to your predefined risk limits.
- **Trade Duration:** Record the duration of each trade, including how long you held the position. This information can help you identify patterns related to trade duration and your trading style.

Record Keeping

Reasons for Each Trade:

- **Trade Rationale:** Document the reasons for entering each trade. This should include your analysis, technical or fundamental indicators, and any other factors that influenced your decision. It helps you understand your thought process at the time and can be useful for future reference.
- **Market Conditions:** Describe the prevailing market conditions when you initiated the trade. This might include factors like economic events, news releases, or overall market sentiment.



Record Keeping



Performance Analysis:

- **Profit and Loss:** Calculate the profit or loss for each trade and include it in your journal. Summarize your overall trading performance, including total gains and losses over a specific period.
- **Win-Loss Ratio:** Calculate the ratio of winning trades to losing trades. This metric provides insights into the effectiveness of your trading strategy.
- **Risk-Reward Ratio:** Analyze the risk-reward ratios for each trade, comparing potential profits to potential losses. This helps in evaluating the risk management aspect of your trades.

Record Keeping

Identifying Patterns and Areas for Improvement

- By regularly reviewing your trading journal, you can identify recurring patterns in your trading behavior. For example, you may notice that you tend to overtrade during certain market conditions or that you often exit winning trades prematurely.
- Recognizing these patterns allows you to work on improving your weaknesses and building on your strengths. You can adjust your trading strategy, refine risk management techniques, and enhance decision-making processes.



Record Keeping

Accountability and Discipline

- A trading journal holds you accountable for your trading decisions. When you see your rationale in writing, you're more likely to stick to your trading plan and avoid impulsive actions.
- Discipline is crucial in trading, and a well-maintained journal reinforces that discipline by keeping you focused on your long-term goals.



Record Keeping

Future Reference

- Your trading journal serves as a valuable reference tool. Over time, it becomes a repository of knowledge, offering insights into your trading history and experiences. This historical data can guide your future trading decisions and strategies.

Maintaining a trading journal is a fundamental practice for traders who aim to improve their performance and maintain discipline. It provides a structured and organized way to assess your trading strategies, risk management, and decision-making processes, ultimately helping you become a more successful and consistent trader.



Economic News and Releases

Monitoring news and events is a critical aspect of trading, as it can significantly influence financial markets. Here's a more detailed explanation of why staying informed and cautious during economic events and news releases is essential for traders:

- **Economic Data Releases:** Governments and financial institutions regularly release economic data, such as employment figures, GDP growth, inflation rates, and consumer sentiment. These reports can provide insights into the health of the economy and impact currency, equity, and commodity markets.
- **Corporate Earnings Reports:** For stock traders, earnings reports from publicly traded companies can have a substantial impact on share prices. Positive or negative surprises in earnings can lead to significant market movements.
- **Geopolitical Events:** Events like elections, geopolitical conflicts, and trade disputes can introduce uncertainty and volatility into financial markets. Traders should be vigilant about such developments.

Economic News and Releases

Impact on Market Volatility

- **Market Reactions:** News and events often trigger market volatility. Traders need to be aware that prices can swing dramatically in response to unexpected news, and this can result in both opportunities and risks.
- **Liquidity Changes:** During significant news events, liquidity in the markets may decrease, leading to wider spreads and potentially unfavorable execution prices. This can affect trading strategies and order fills.



Economic News and Releases



Preparing for High-Impact News Events

- **Stay Informed:** Traders should have access to reliable news sources, economic calendars, and event schedules to know when important news releases are expected. This allows them to plan their trading activities.
- **Risk Management:** Given the increased risk during high-impact news events, traders should adjust their risk management strategies. This may involve reducing position sizes or setting wider stop-loss orders to account for heightened volatility.
- **Avoiding Overtrading:** During major news events, the temptation to trade impulsively can be strong. It's essential to stick to your trading plan and avoid overtrading, as this can lead to significant losses.

Trading Strategies

Preparing for High-Impact News Events

- Some traders specialize in trading news events, aiming to profit from rapid price movements. However, this approach requires in-depth knowledge and experience, as trading the news can be risky.
- Other traders prefer to stay out of the market during high-impact news events to minimize risk and uncertainty. They may wait for the market to settle before resuming trading.

Monitoring economic events, news releases, and market developments is a fundamental part of successful trading. Traders should be aware of the potential impact on market volatility, adjust their risk management strategies accordingly, and decide whether to actively trade during high-impact news events or stay on the sidelines to protect their capital. Staying informed and cautious in response to news and events is essential for effective risk management.



Use Simulation Accounts

Using simulation accounts, also known as demo accounts or paper trading accounts, is a valuable practice, particularly for novice day traders. These accounts allow traders to practice and refine their trading strategies and techniques without risking real money. Here's a more detailed explanation of the benefits and considerations when using simulation accounts:

- **Risk-Free Practice:** A simulation account provides a risk-free environment for traders to gain practical experience. It allows you to execute trades and test strategies using virtual funds, eliminating the potential for financial losses during the learning phase.
- **Familiarization with Trading Platforms:** New traders can use simulation accounts to become familiar with trading platforms and their various features. This includes order types, charting tools, technical indicators, and other trading software.
- **Strategy Development:** Traders can use simulation accounts to develop and fine-tune trading strategies. You can experiment with different entry and exit points, position sizing, risk management techniques, and timeframes to determine what works best for your trading style.

Use Simulation Accounts

- **Testing Market Conditions:** Simulated trading allows you to test your strategies under various market conditions, from calm and trending markets to volatile and range-bound conditions. This helps you understand how your strategies perform in different scenarios.
- **Risk Management Practice:** Effective risk management is crucial in trading. With a simulation account, you can practice setting stop-loss orders, managing position sizes, and learning how to protect your capital from significant losses.
- **Emotional Control:** Trading can be emotionally challenging, especially when real money is at stake. Simulation accounts help traders practice emotional control and discipline. It allows you to gain experience in managing psychological factors without financial risk.
- **Tracking Progress:** Keep a record of your simulated trades and their outcomes. This tracking enables you to evaluate your progress, identify strengths and weaknesses, and make necessary adjustments to your trading approach.



Use Simulation Accounts



- **Transition to Real Trading:** Once you have gained confidence and consistent success in a simulated environment, you can consider transitioning to real trading with actual capital. However, it's important to recognize that real trading involves emotions and psychological aspects that may not be present in simulated trading.
- **Availability of Demo Accounts:** Many brokerage firms offer demo accounts that mirror real market conditions. These accounts are typically free and accessible to traders, making them a convenient and cost-effective tool for practice.
- **Time Frame for Simulation:** The amount of time a trader spends in simulation accounts can vary. Some traders may use them for weeks or months, while others may practice for a shorter period before transitioning to live trading. The duration depends on individual learning curves and comfort levels.

Simulation accounts serve as valuable training tools for day traders. They offer a low-risk environment for gaining experience, developing strategies, and improving trading skills. New traders, in particular, should consider using demo accounts as an integral part of their learning process before they venture into live trading with real capital.

Is Trading Gambling?

According to Webster's Dictionary

Betting on an uncertain outcome is considered gambling.

The main difference between gambling and trading

- When you are gambling at a casino, the casino controls the statistical advantage.
- As traders, WE can control the statistical advantage.

The screenshot shows the Merriam-Webster website interface. At the top, there's a navigation bar with links for 'JOIN MWU', 'GAMES', 'BROWSE THESAURUS', 'WORD OF THE DAY', 'VIDEO', and 'WORDS AT PL'. The Merriam-Webster logo is on the left, with 'SINCE 1828' next to it. A search bar contains the word 'gamble'. Below the search bar, there are tabs for 'DICTIONARY' and 'THESAURUS'. The main content area displays the word 'gamble' in a large font, with a pronunciation guide 'verb | gam-ble | \ˈgam-bəl\' and a note 'Updated on: 11 Aug 2018'. There's a 'TRENDING NOW' section with links to 'sequacious', 'inadmissible', 'oligarch-pejorative', 'emolument', and 'troll'. Below that, there's a section for 'Examples: GAMBLE in a Sentence'. The 'Definition of GAMBLE' section is highlighted, showing the word 'gambled; gambling' with a pronunciation guide '\ˈgam-b(ə-)lɪŋ\' and the part of speech 'intransitive verb'. It lists two definitions: 1. 'a : to play a game for money or property b : to bet on an uncertain outcome' and 2. ': to stake something on a contingency (see CONTINGENCY 1) : take a chance'. Below this, it shows 'transitive verb' with two definitions: 1. ': to risk by gambling : WAGER' and 2. ': VENTURE, HAZARD'. At the bottom, it shows the noun form '—gambler' with a pronunciation guide '\ˈgam-blər\'.

The Casino's Advantage

American Roulette Wheel

- 18 – Black Squares
 - 18 – Red Squares
 - 2 – Green Squares 0,00
 - 38 - Number of chances to win.
-
- Player's chances to win = $18/38$ or 47.3%
 - Casino's chances to win: $20/38$ or 52.7%
 - Casino's advantage = $52.7\% - 47.3\%$ or 5.4%
-

For every \$100 bet, the casino wins \$5.40. When \$1M is bet the casino wins \$54,000



Trading Test

Identify which trade will win and which trade will lose



Trade #1 – Winner or Loser



Trade #2 – Winner or Loser

As day traders, we don't know the difference between a winning trade and a losing trade until it hits our stop or our target.

- This trade has a 50/50 chance to win, right?
 - When you bet a casino, you risk \$1 to make \$1
 - However, because of emotions, traders typically tend to lose more when they lose than win when they win.
-

As a result, what appears to be a 1:1 RR is actually much worse.

Trading Example of "All in and Scaling Out"

Trading CL Futures | 1 Tick of price movement = \$10 per contract

Trader enters position with 2 contracts

When the trade becomes positive the trader closes part of the position and let's the other position "run"

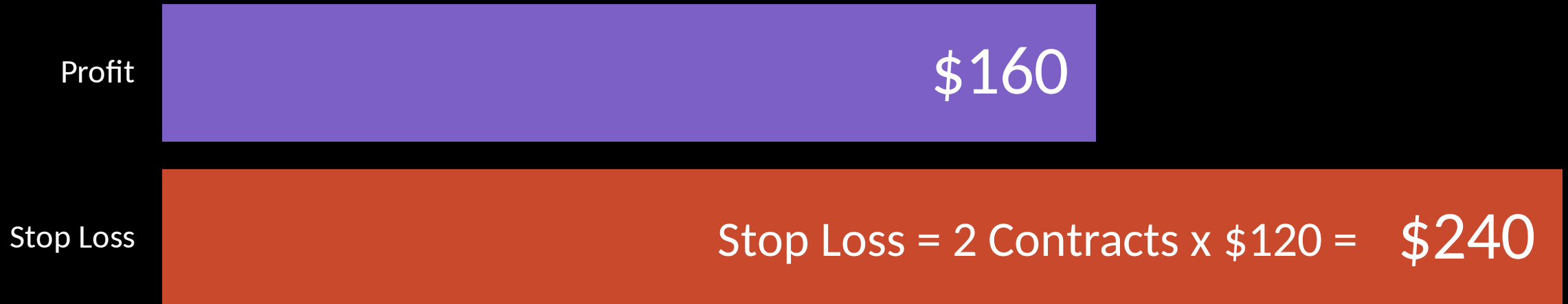
Average of the 2nd Position is \$60

Trader closes the 1st position for \$100.

Total Profit = \$160
(1 contract x \$100 + 1 contract x \$60)

Trading Example of "All in and Scaling Out"

When this trader enters the trade, he is risking \$240 to make \$160.
In other words the trader is being rewarded \$.67 for each \$1 at risk.



What appears on the surface to be a 50/50 proposition is much worse.
This trader is losing more when they lose than they are winning when they win.

Finding your trading Edge is Hard

Losing Weight is Hard

But so are the health complications of being overweight.

Stop Smoking is Hard

But so are the cosmetic, health, and social issues related to smoking.

Quitting Drinking is Hard

But so are the personal and health complications of stopping drinking.

Finding your Trading Edge is Hard

But blowing out your trading account is also hard.



CHOOSE

YOUR

HARD



Trading Edge

A trading edge is a technique, observation or approach that creates a cash advantage over other market players. It doesn't have to be elaborate to fulfill its purpose; anything that adds a few points to the winning side of an equation builds an edge that lasts a lifetime.



Sun Tzu's Teachings On War Strategy

Can be applied to your trading strategies.

"Victorious warriors win first and then go to war, while defeated warriors go to war first and then seek to win."

The Psychology of a Statistical Advantage





Sun Tzu's Teachings On War Strategy

Can be applied to your trading strategies.

When you have a statistical edge, you know the outcome before it happens.

"Victorious warriors win first and then go to war, while defeated warriors go to war first and then seek to win."

Trade with the Pros - Funded Trader Program

Offered through TradeFundrr

Simulated Trading Parameters & Program Guidelines

Step 1	Futures	Stocks	Options
Static Max Drawdown	\$3,000	\$3,000	\$3,000
Profit Objective	\$3,000	\$3,000	\$3,000
Hold Overnight?	Yes - All positions must be flat prior to 3:15 p.m. CST on Friday	Yes	Yes
Maximum Position Size	8 (Mini and Micro Products)	+ (++)	(+)
Buying Power	\$100,000	\$200,000	\$50,000

+Cannot allocate more than 50% of total account buying power to one instrument. Also, no position size can exceed 3% of the average daily volume of the instrument traded.

(++)Can only short instruments on the Easy to Borrow List (Automatically Applied to Account)

Trade with the Pros - Funded Trader Program

Offered through TradeFundrr

Simulated Trading Parameters & Program Guidelines

Step 2	Futures	Stocks	Options
Static Max Drawdown	\$4,500	\$4,500	\$4,500
Profit Objective	\$15,000	\$15,000	\$15,000
Hold Overnight?	Yes - All positions must be flat prior to 3:15 p.m. CST on Friday	Yes	Yes
Maximum Position Size	8 (Mini and Micro Products)	+ (++)	(+)
Buying Power	\$100,000	\$200,000	\$50,000

+Cannot allocate more than 50% of total account buying power to one instrument. Also, no position size can exceed 3% of the average daily volume of the instrument traded.

(++)Can only short instruments on the Easy to Borrow List (Automatically Applied to Account)

Trade with the Pros - Funded Trader Program

Offered through TradeFundrr

Simulated Trading Parameters & Program Guidelines

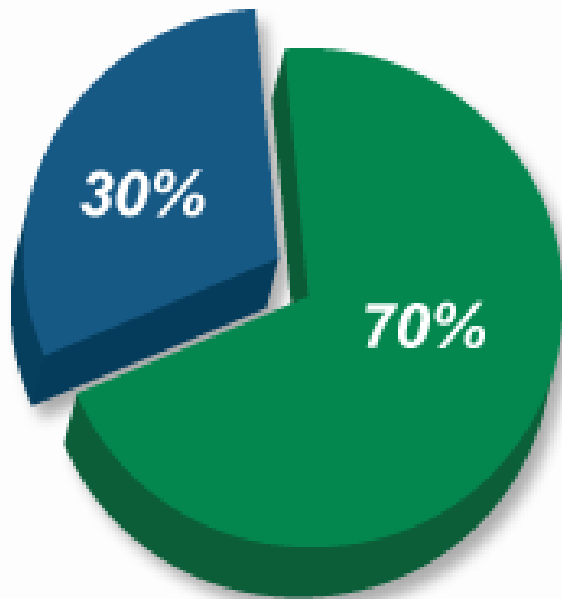
Step 3	Futures	Stocks	Options
Static Max Drawdown	\$5,000	\$5,000	\$5,000
Profit Objective	\$5,000	\$5,000	\$5,000
Hold Overnight?	Yes - All positions must be flat prior to 3:15 p.m. CST on Friday	Yes	Yes
Maximum Position Size	8 (Mini and Micro Products)	+ (++)	(+)
Buying Power	\$100,000	\$200,000	\$50,000
Max Payout	\$5,000	\$5,000	\$5,000

+Cannot allocate more than 50% of total account buying power to one instrument. Also, no position size can exceed 3% of the average daily volume of the instrument traded.

(++)Can only short instruments on the Easy to Borrow List (Automatically Applied to Account)

The Consistency Rule

No single trading day greater than 30% of your profit objective



The "consistency rule" in trading is a risk management guideline that aims to promote responsible and sustainable trading practices.

It stipulates that a trader needs to avoid achieving more than 30% of their daily profit target in a single trading day.

If this threshold is breached, it triggers an adjustment in the trader's profit target for subsequent trading days.

The primary purpose of this rule is to prevent overconfidence and impulsive trading decisions that can arise when a trader experiences a significant profit in a short period, which may not be sustainable over the long term.

Limiting daily gains encourages traders to maintain discipline, focus on risk management, and pursue consistent, steady returns rather than chasing rapid, potentially risky profits.

This rule helps to balance the trader's performance and reduce the likelihood of extreme losses after large gains.

It reinforces the importance of maintaining a structured and measured approach to trading.



THANK
YOU