**Tonight is a different approach …
it has nothing to do with stock selection**

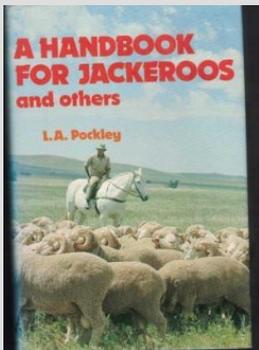# Active Management =
Everything you do once you have bought your stock

Feed & Water, Pasture Management, Fencing, Weed Control

Farm & Stock Management

How do you manage:
- your farm = business plan
- your herd = Management Systems & processes
- your bull = Stock & Trade Management Plan

What is the Business Of Share Trading?

Australian Tax Office Definition:
Purpose of earning income from buying & selling shares.

- **Demonstrate a business plan**

- **Organisation in a business-like way & keeping records**

- **Repetition, volume and regularity**

Active Trade Management

Business Plan

Trade Management Actions

Processes & Record Keeping

Performance Monitoring

Tools & Systems
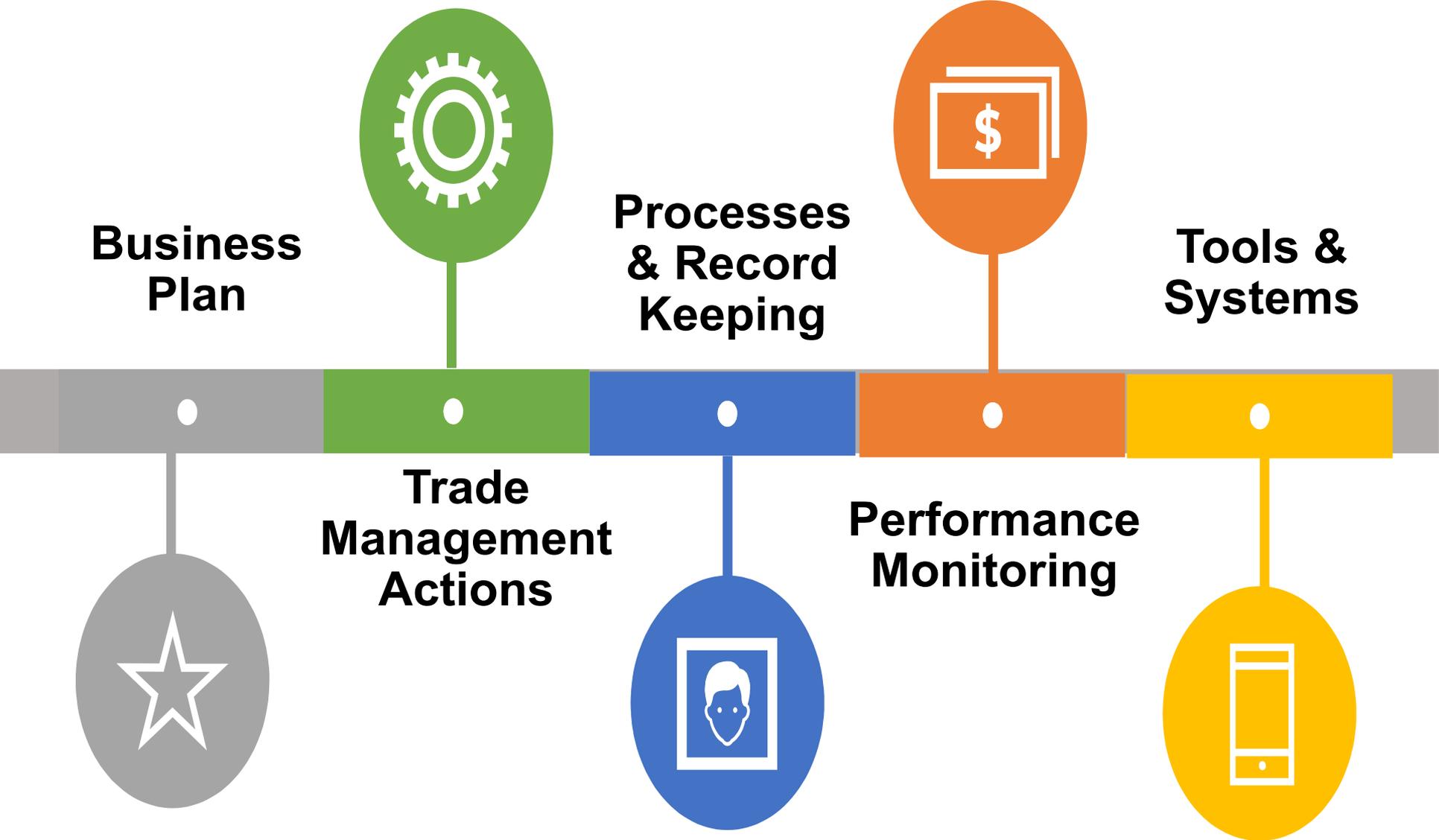
Business Plan - RoadMap

My Journey to Improving Competency

Novice:
"Passive (long-term) Investor"
Learning Core Trading
Foundations

Amateur:
Anticipate demands & needs
Use data to drive changes
Add Business value

Professional:
Member of Traders Guild
Master Craftsman
(Virtual Apprenticeship and Degree)

Focus Area's

Hours P/W

Education

Mind & Wellbeing

Process

Team

Portfolio & Trade

System

Improvement Actions:
- Core Foundations
- Mentor
- Mental & Physical Strenght
- Emotional Wellbeing
- EOD & Weekened Routines
- Build SMG Business Elements
- Manage Admin
- Trading (paper/small)
- Learn 2 or 3 easy systems

Improvement Actions:
- (chart patterns, candles, indicators)
- Professional Mentor (prop firm)
- progress mental stamina/strength
- progress Emotional Wellbeing
- streamline processes & routines
- Progress Strategies & Plans
- be a disciplined professional
- Increase trade size
- master 3 strategies

Improvement Actions:
- targeted & speacialised knowledge
- advanced training
- fit & healthy
- Emotional Maturity & sense of self
- simple processes & routines
- Mature Business Strategies & Plans
- orgainised & disciplined
- leveraged position size
- diversified products & markets

4 hrs

10 hrs

15 hrs

20 hrs

25 hrs

Phase 1:
Trading at Break Even
Small position size
Learn 3 systems

Phase 2:
Consistent small profits
Increased Position size
Master 3 Systems

Phase 3:
Consistent large profits
Increased position sizing
Increased Breadth of ideas & systems
Sophistication & Maturity of systems

Question: Do you use a business plan & what type?

This is my Business Plan "Premiership Portfolio"

Question: Do you have a Portfolio Plan?

Trade Actions & Management of Positions

Trying to put more to discipline into my Trade Management

Question: How do you manage your Trades?

Trade Actions & Management of Positions

Trying to put more discipline and professionalism into my Trade Management

Questions:

- How do you manage your trades? eg. systematic, distortionary, manual?
    - Automated Stop Loss, manual

- How do you track progression?
    - Price, candles, chart patterns, etc.
    - Profit Expectancy or Stop Loss

- How do you manage any actions?

- What Tools do you use?
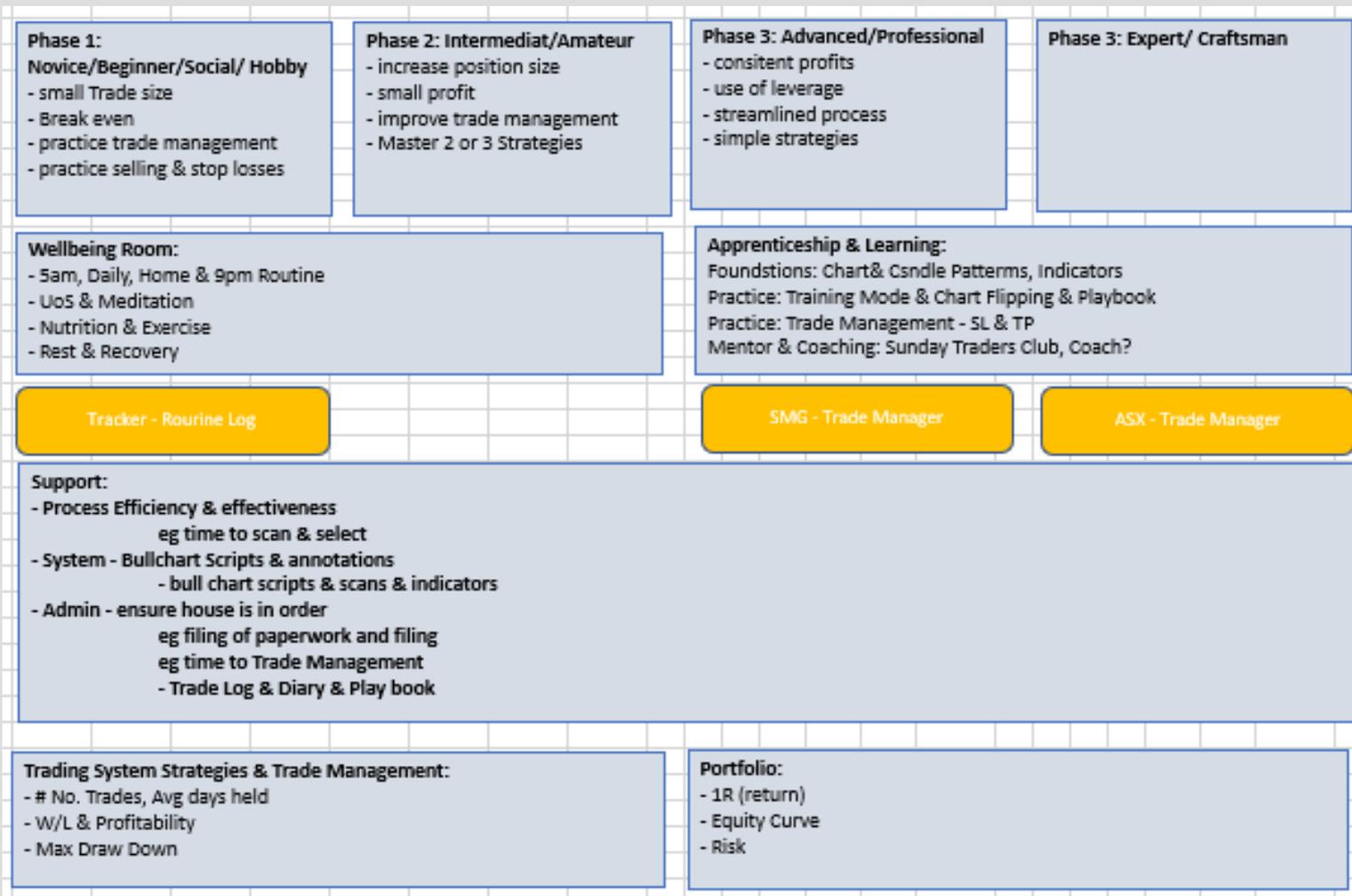   - BullCharts Trade Manager & Alerts
    - Nothing

Trade Performance Management

	A	B	C	D	E	F
		Win Rate	**Winning R-Multiple**	**Losing R-Multiple**	**Risk Per Trade**	
		50%	2.00 R	1.00 R	3.0%	
			2.00 R	1.00 R		
	Simulated Win Rate	58%			**Expectancy**	0.74 R
	Compounded Return	717%			**Std Dev**	1.49 R
	Key in boxes in WHITE only				**Ratio**	0.50
	Trade	**R-Multiple**	**Return**	**1+Return**	**Drawdown**	**Equity**
	0				0.0%	$ 10,000
	1	-1.00 R	-3.00%	0.9700	-3.0%	$ 9,700
	2	-1.00 R	-3.00%	0.9700	-5.9%	$ 9,409
	3	-1.00 R	-3.00%	0.9700	-8.7%	$ 9,127
	4	2.00 R	6.00%	1.0600	-3.3%	$ 9,674
	5	-1.00 R	-3.00%	0.9700	-6.2%	$ 9,384
	6	-1.00 R	-3.00%	0.9700	-9.0%	$ 9,103
	7	2.00 R	6.00%	1.0600	-3.5%	$ 9,649
	8	2.00 R	6.00%	1.0600	0.0%	$ 10,228
	9	-1.00 R	-3.00%	0.9700	-3.0%	$ 9,921
	10	2.00 R	6.00%	1.0600	0.0%	$ 10,516
	11	2.00 R	6.00%	1.0600	0.0%	$ 11,147
	12	-1.00 R	-3.00%	0.9700	-3.0%	$ 10,813
	13	-1.00 R	-3.00%	0.9700	-5.9%	$ 10,488
	14	2.00 R	6.00%	1.0600	-0.3%	$ 11,118
	15	2.00 R	6.00%	1.0600	0.0%	$ 11,785

Balanced Score Card approach

Phase 1:
Novice/Beginner/Social/ Hobby
- small Trade size
- Break even
- practice trade management
- practice selling & stop losses

Phase 2: Intermediat/Amateur
- increase position size
- small profit
- improve trade management
- Master 2 or 3 Strategies

Phase 3: Advanced/Professional
- consitent profits
- use of leverage
- streamlined process
- simple strategies

Phase 3: Expert/ Craftsman

Wellbeing Room:
- 5am, Daily, Home & 9pm Routine
- UoS & Meditation
- Nutrition & Exercise
- Rest & Recovery

Apprenticeship & Learning:
Foundstions: Chart& Csndle Patterms, Indicators
Practice: Training Mode & Chart Flipping & Playbook
Practice: Trade Management - SL & TP
Mentor & Coaching: Sunday Traders Club, Coach?

Tracker - Rourine Log

SMG - Trade Manager

ASX - Trade Manager

Support:
- **Process Efficiency & effectiveness**
  eg time to scan & select
- **System - Bullchart Scripts & annotations**
  - bull chart scripts & scans & indicators
- **Admin - ensure house is in order**
  eg filing of paperwork and filing
  eg time to Trade Management
  - Trade Log & Diary & Play book

Trading System Strategies & Trade Management:
- # No. Trades, Avg days held
- W/L & Profitability
- Max Draw Down

Portfolio:
- 1R (return)
- Equity Curve
- Risk

Trade Process & Record Keeping

Striving to be more efficient & effective with my time

Weekly Process:
- Fri Night: Heavy lifting – Watchlist & Universe Review, Market Review, Portfolio Review
- Sat Morning: Scans, Filters & shortlist
- Sun Morning: Trade Selection and Admin

Streamline and systematise trade management processes
- Trade Log: Captures Trade Entry Details
- Trade Charts Log: Screen shot of charts @ Entry
- Trade Diary: Written Diary of my trades
- Playbook: Screen shot of example setups

Tools (hacks & cracks & cheats) to become a Proficient Trader

- **Trade Log & Calculator**
- **Trade Diary**
- **Trade Charts Log**
- **Playbook:**

Questions:

- What tools do you use to ply your trade as a "Master Craftsman"?

Thank you

Position Size
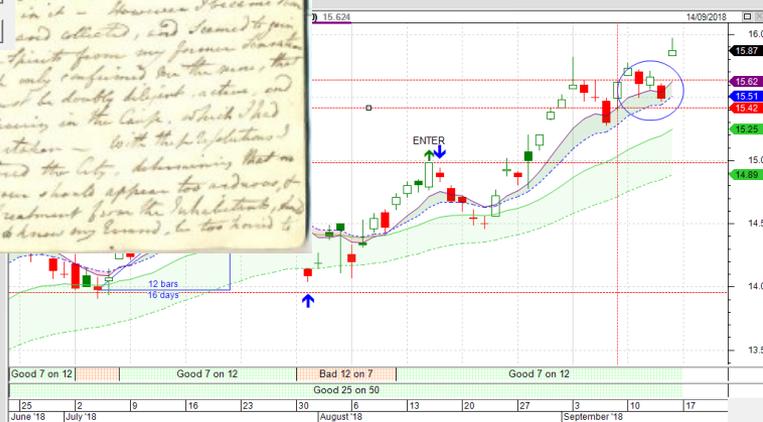
No. of Shares = <u>% Risk Per Trade x Capital</u>
ccRisk Per Share

Position Size:
- Risk a fixed percentage % of your capital for every trade
  - Nominal amount i.e. 1%-5%
  - Calculated amount 2ATR (or ??)
  - Support or resistance level

Van Tharp:
No. of Shares = <u>% Risk Per Trade x Capital</u>
ccRisk Per Share

Take Profit Sell@ $ 16.84 (2R)

Profit Per Share = $0.94

Buy Entry @ $ 15.90

Risk Per Share = $0.477

Stop Loss Sell@ $ 15.42 (1R)

No. of Shares = <u>3% x $10,000</u> = <u>$300</u> = $638
-
$0.47 $0.47

No. of Shares = <u>$638</u> = 40 Shares
$0.47

Position Size

Example:

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