The Trader's Creed

(or Safer Trading Rules *)

A *very successful* technical analyst and trader will have a series of principles or beliefs that will help to guide their trading actions and emotions.

These beliefs might include the following:-

1. Trading for a living is a business, so treat it seriously and professionally. Always maintain and follow a tested trading plan and strategy.
2. Always protect your capital — proactively.
3. Always determine a stop loss position before entering a trade, and follow your pre-determined exit strategy.
4. Cut any losses quickly, to minimise losses.
5. Let your profits run.
6. Don't blindly react to a “hot tip”, or speculation.
7. Only trade liquid stocks.
8. Keep your positions “relatively” small — compared to your capital base.
9. Do NOT get emotionally attached to ANY stock. If you should sell it, then sell it!
10. Always keep your eye on the ball — monitor your positions according to your documented strategy.

Failure to follow these principles is courting with disaster. A possible outcome is a potentially severe loss of capital. Some of these are explained in the separate document “*Robert's Gems!*”.

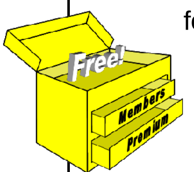
Remember: if you lose 50% of your capital, then you need a 100% return just to get your money back. How likely is that?

> eg. if you start with $1000, and you lose $500 (that's 50%), then to get your capital back to $1000 you need to **double** your $500 (that's a 100% increase).

If you lose half of your capital, and then lose the other half, then you are out of the game.

---

* — The term “Safer Trading Rules” does not guarantee that you won't lose money. Strictly following the rules will only help to make trading “safer”, compared to not following them. Here, the word “safer” should perhaps read “less unsafe”.



More information on share trading, technical analysis, BullCharts charting software as well as **Brainy's monthly e-Newsletters** is available at ***Brainy's Share Market Toolbox*** web site: www.robertbrain.com.