



# ***Fundamentals of Trade Management***

PRESENTED BY:

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# Overview

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- Basic Terminology
- Stop Loss to Break-even Debt
- Stop Loss to Break-even Sample Criteria
- \$AAPL & \$QCOM Results
- Decision Time

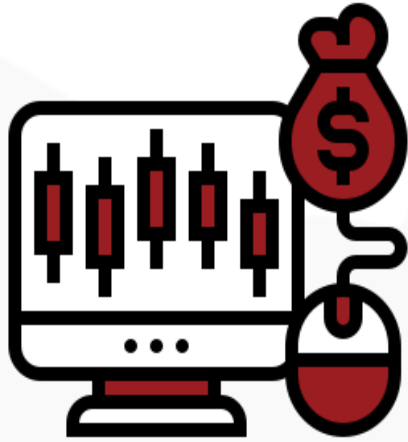




# Basic Terminology

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- Risk to Reward



Risk



Reward

1:2

1:3

1:4

1:5

R = Unit of Risk    1R = \$10    2R = \$20

# Basic Terminology

- Risk to Reward Formula

- Technical Levels

- 2 Days Ago High
- Yesterday High
- Daily Level

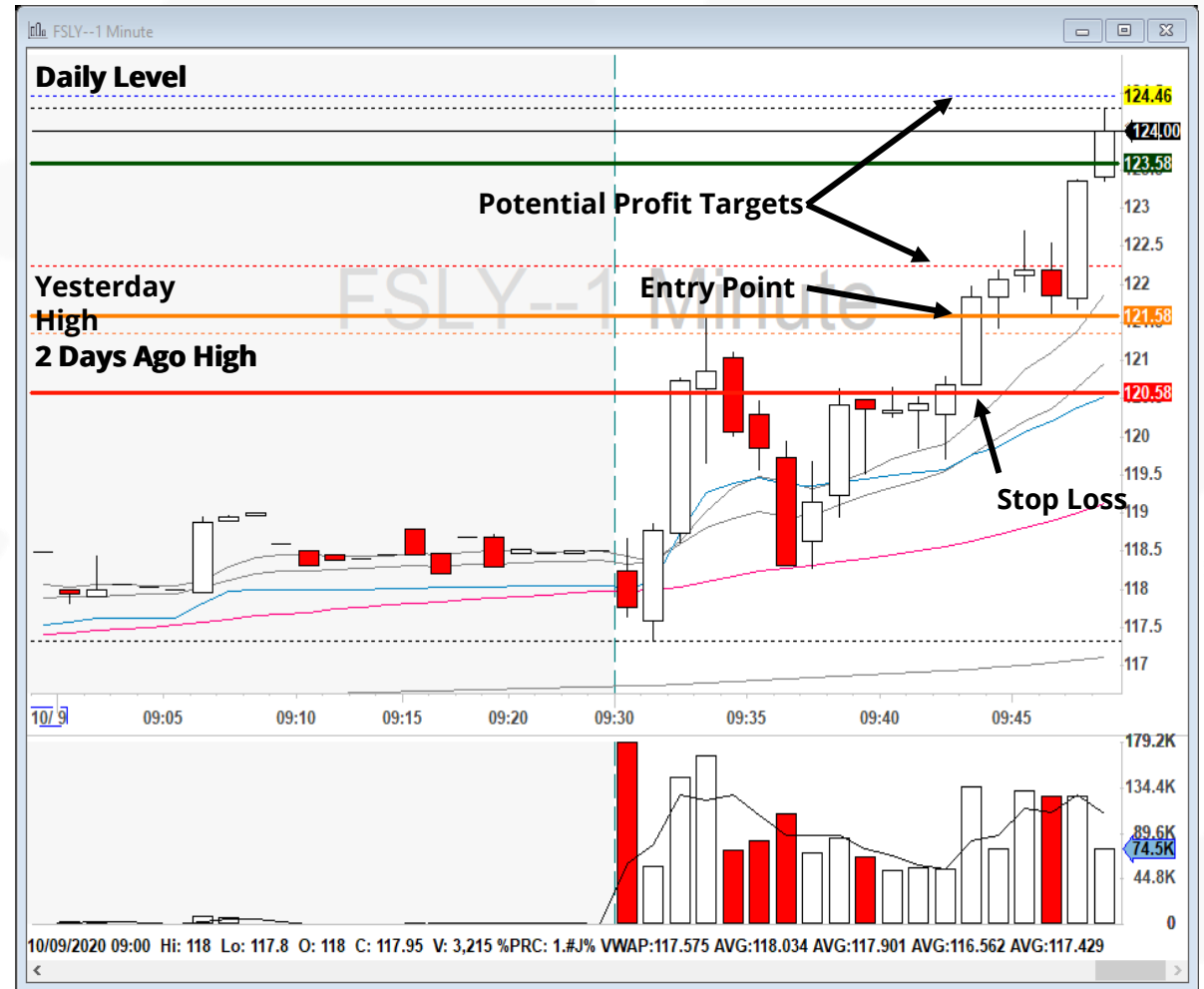
- Stop Loss

- Entry

- **Unit of Risk = Entry - Stop Loss**

- Profit target

- **Reward = Entry + Profit Target**



# Stop Loss to Break-even Debate

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- Centers Around Your Psychology
  - Position 1 (**For**): Stop Moved to B/E After Partial
  - Position 2 (**For**): Stop Moved to B/E Before Partial
  - Position 3 (**Against**): Stop Left After Partial
  - Position 4 (**Against**): All or None



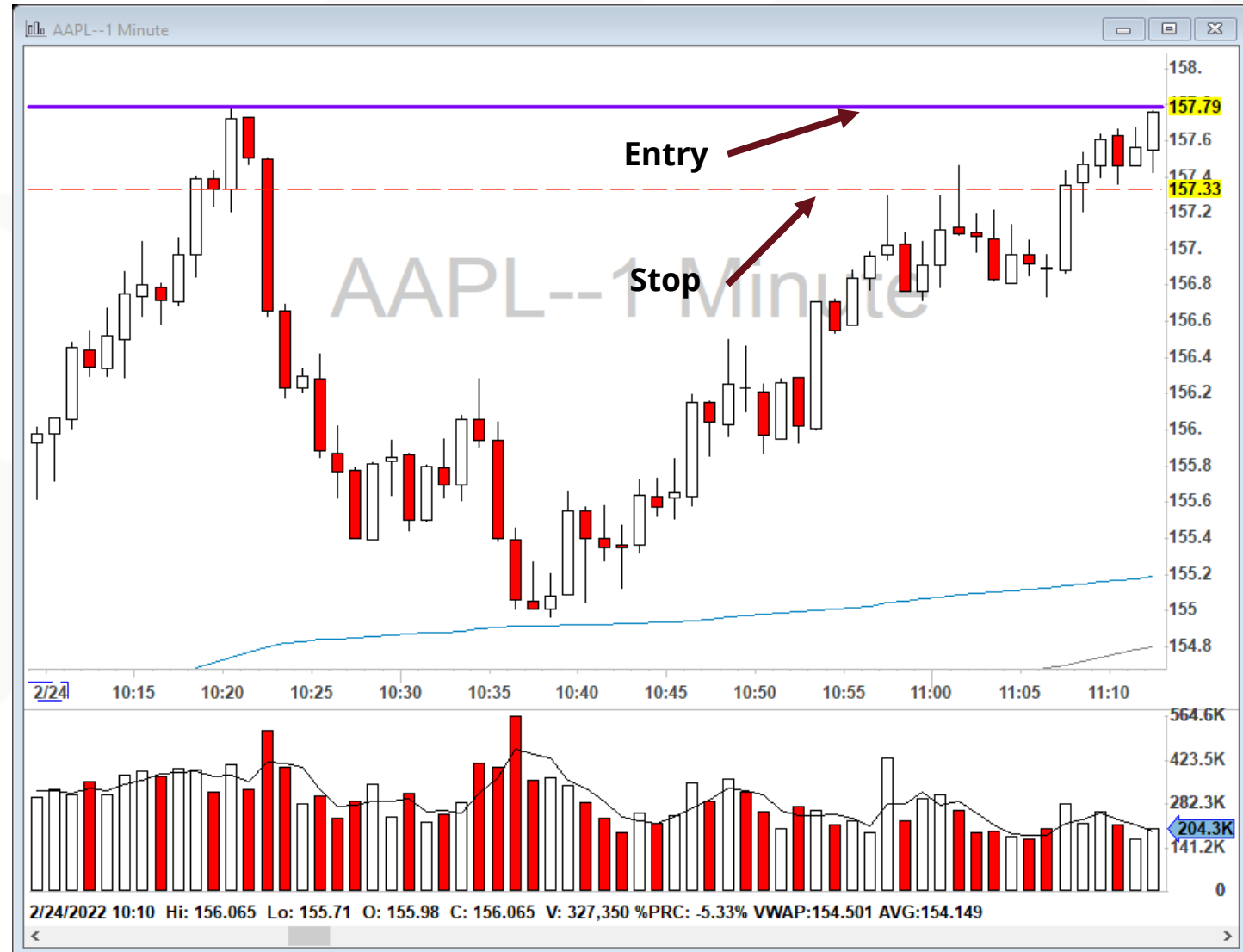
# Stop Loss to Break-even Sample Criteria

- Controls

- **Strategy:** Mike's BHOD Strategy
- **Entry:** \$.01 above HOD
- **Stop:** Wic of the previous candle
- **Risk:** \$100
- **T/M Plan:** 50% 1R Partial  
100% 2R Profit Target

- Variable

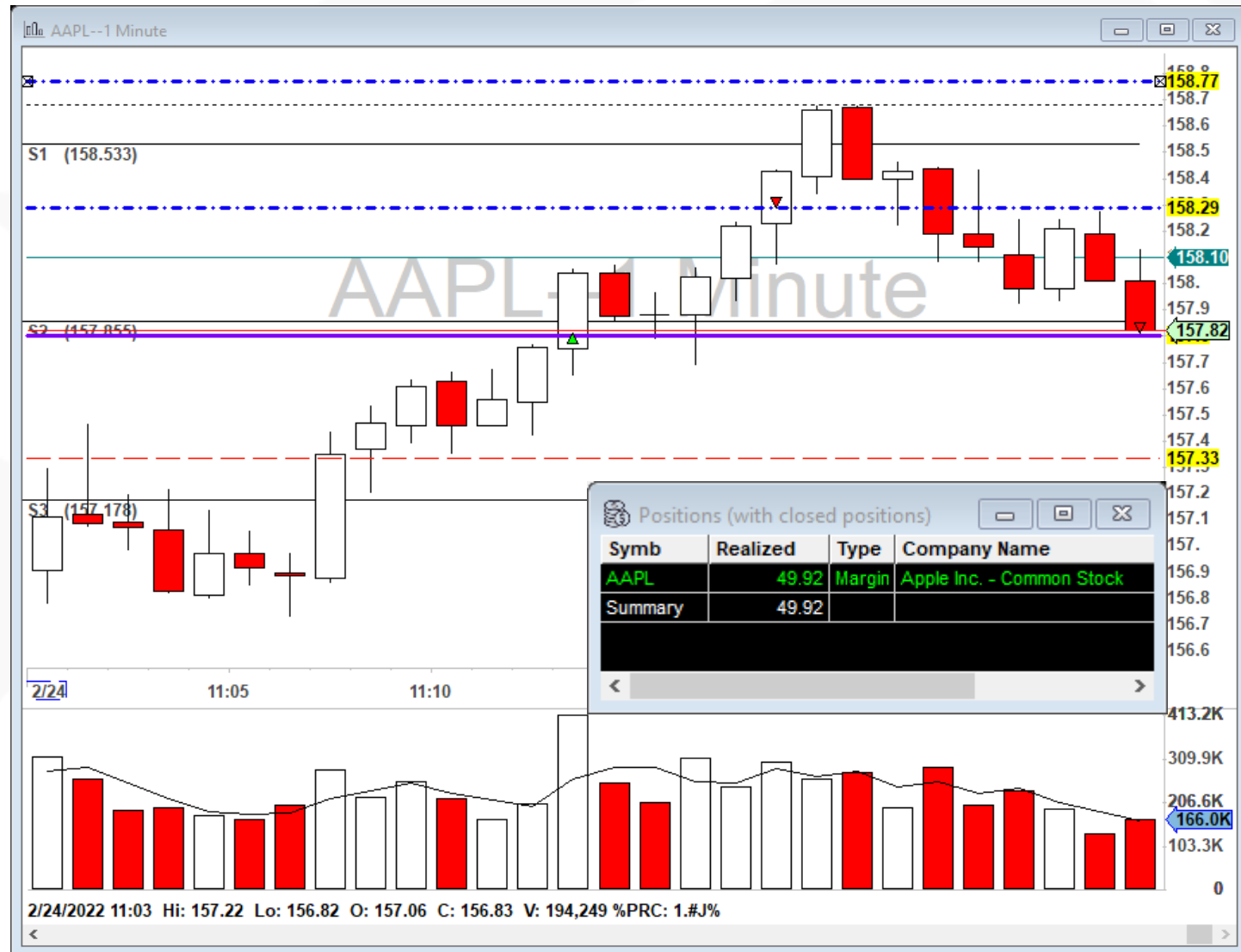
- **Position 1:**  
Stop Moved To B/E After Partial
- **Position 2:**  
Stop Moved to B/E Before Partial
- **Position 3:**  
Stop Left After Partial
- **Position 4:**  
All or None



# Position 1: Max Movement 1R

- Stop Moved to B/E After Partial

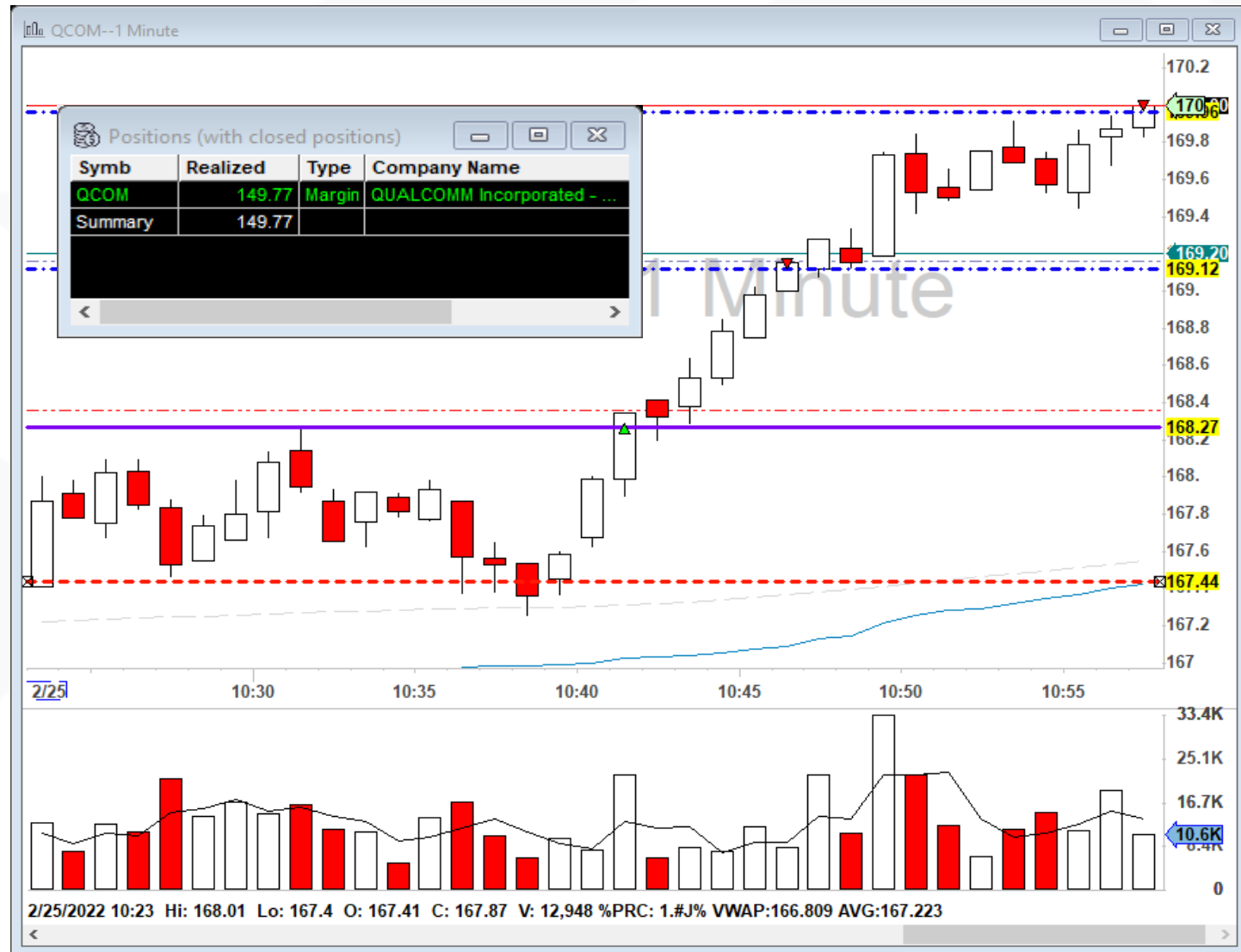
- Stock: AAPL
- Date: 2/24/22
- Entry: 157.81
- 1R Partial: 158.29
- Profit Target: Not Reached
- B/E: 157.81
- Realized Gain: 49.92



# Position 1: Max Movement 2R

- Stop Moved to B/E After Partial

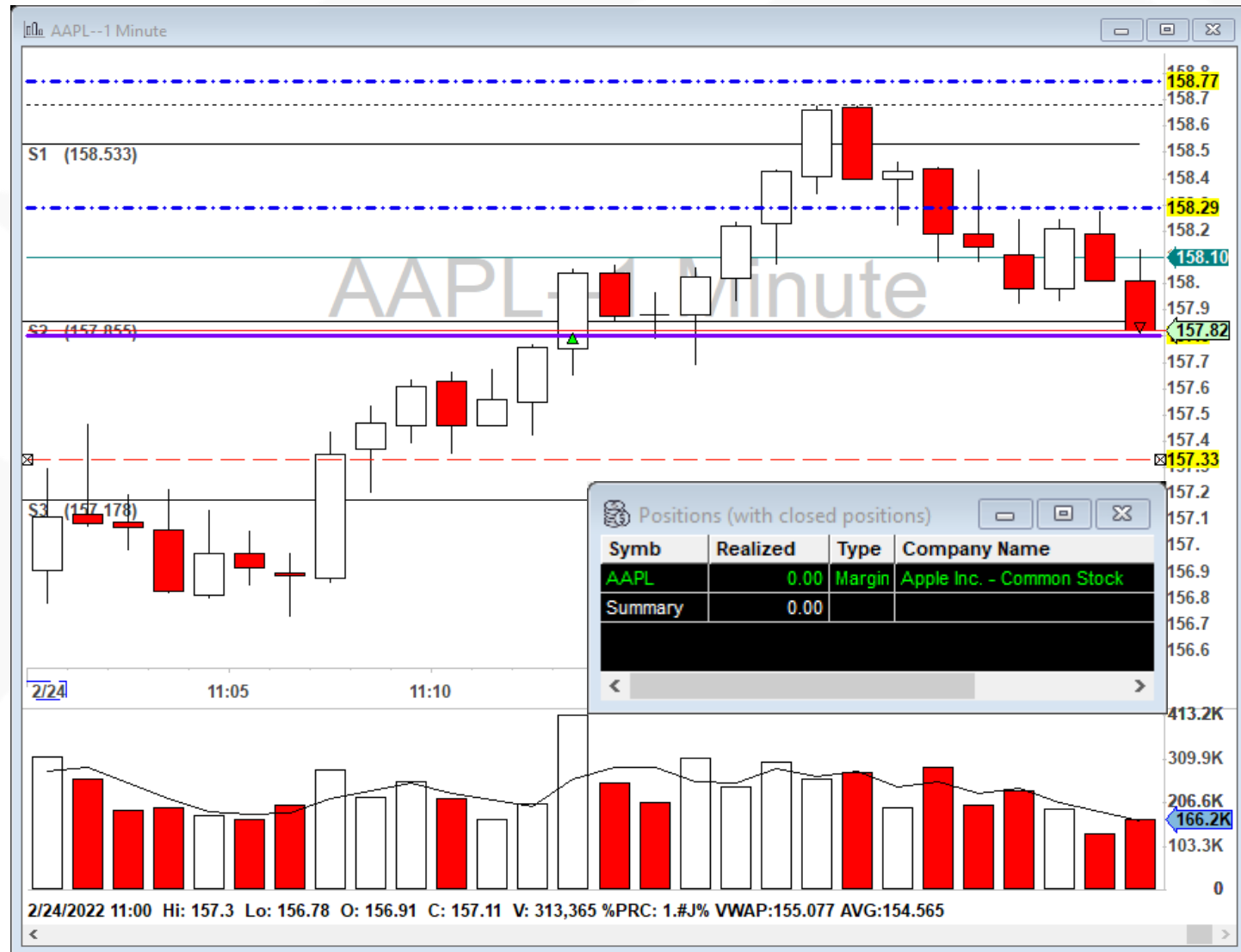
- Stock: **QCOM**
- Date: **2/25/22**
- Entry: **168.28**
- 1R Partial: **169.12**
- Profit Target: **169.96**
- B/E: **Not Reached**
- Realized Gain: **149.77**



# Position 2: Max Movement 1R

- Stop Moved to B/E Before Partial

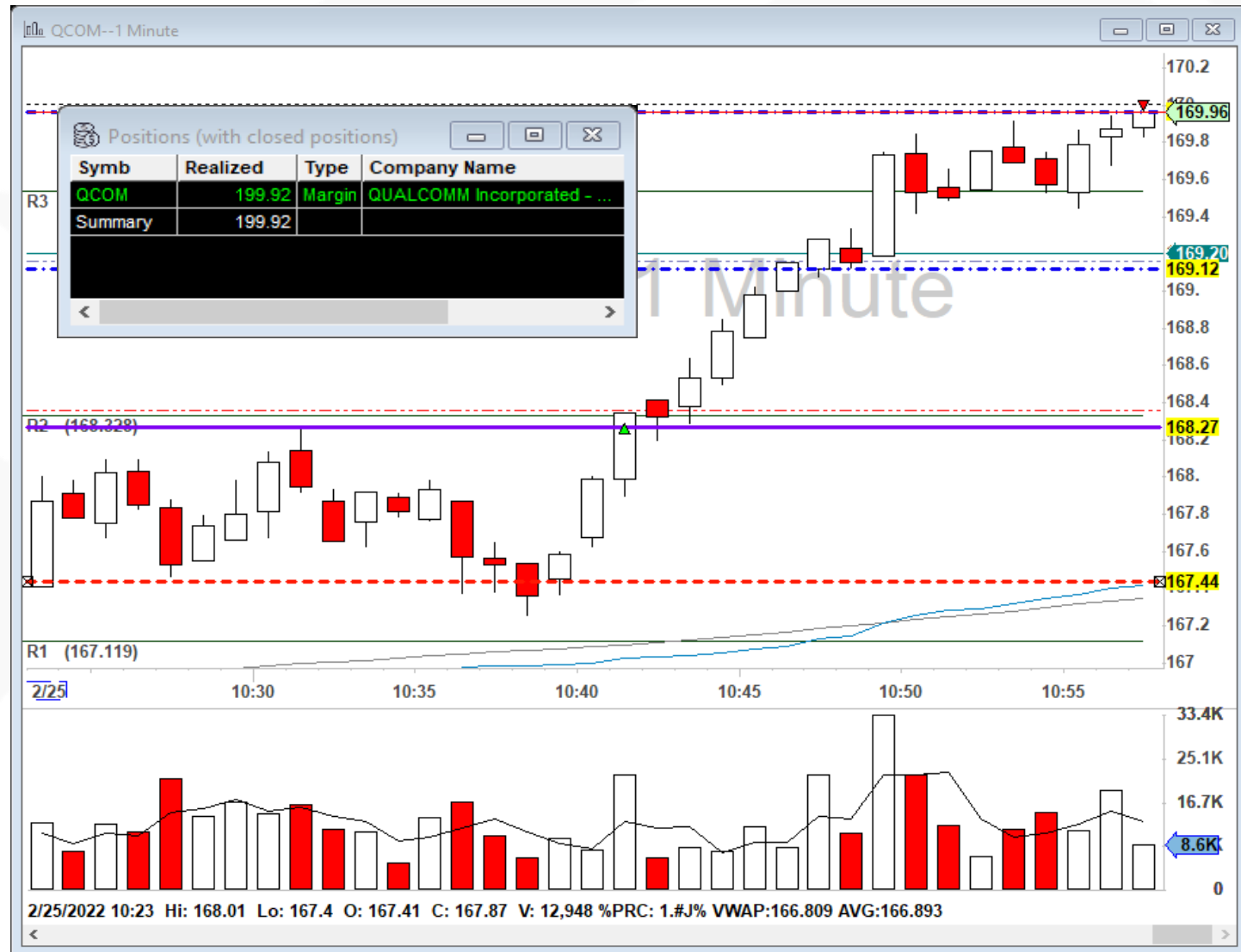
- Stock: AAPL
- Date: 2/24/22
- Entry: 157.81
- 1R Partial: 158.29 (Stop to B/E)
- Profit Target: Not Reached
- B/E: 157.81
- Realized Gain: 0.00



# Position 2: Max Movement 2R

- Stop Moved to B/E Before Partial

- Stock: **QCOM**
- Date: **2/25/22**
- Entry: **168.28**
- 1R Partial: **169.12 (Stop to B/E)**
- Profit Target: **169.96**
- B/E: **168.28**
- Realized Gain: **199.92**



# Position 3: Max Movement 1R

- Stop Left After Partial

- Stock: AAPL
- Date: 2/24/22
- Entry: 157.81
- 1R Partial: 158.29
- Profit Target: Not Reached
- B/E: **Not Used**
- Realized Gain: 2.08



# Position 3: Max Movement 2R

- Stop Left After Partial
  - Stock: AAPL
  - Date: 2/24/22
  - Entry: 157.81
  - 1R Partial: 158.29
  - Profit Target: 158.77
  - B/E: **Not Used**
  - Realized Gain: 148.72







# \$AAPL & \$QCOM Results

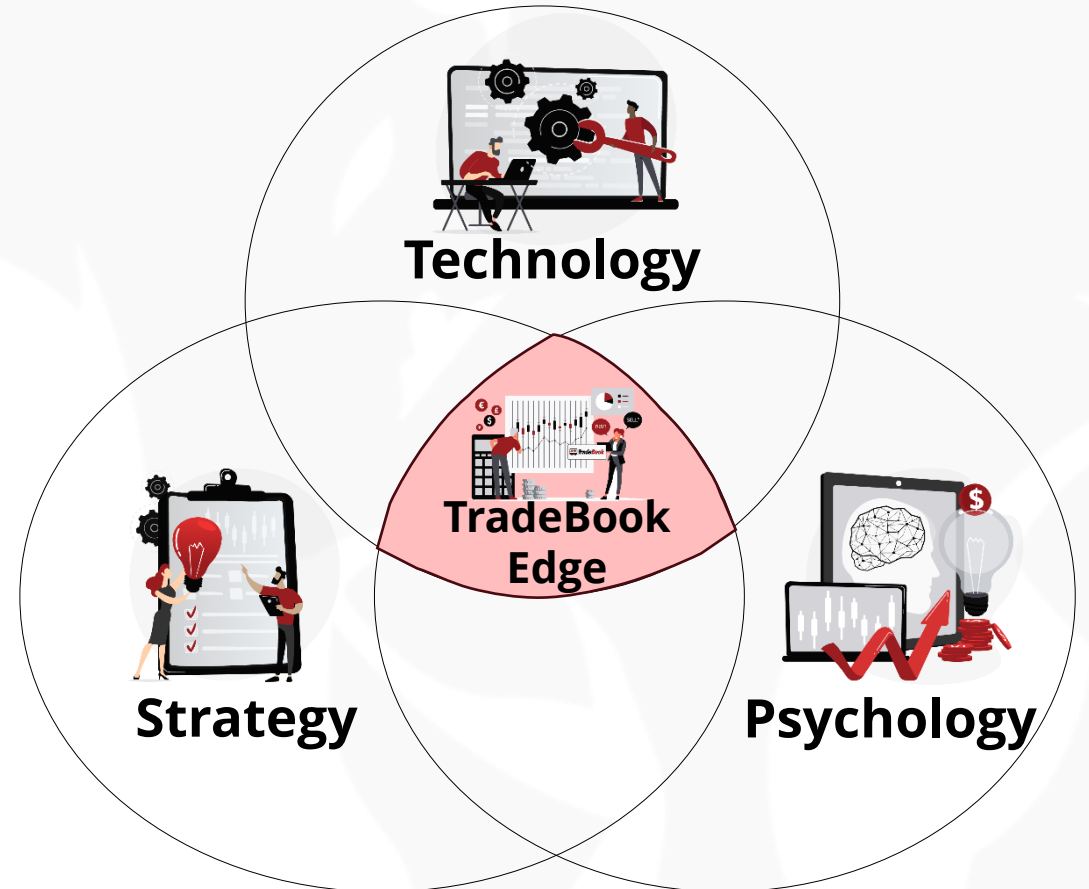
	Position 1	Position 2	Position 3	Position 4
Stopped Out	(\$100)	(\$100)	(\$100)	(\$100)
Max Movement 1R	\$49.92	\$0.00	\$2.08	(\$100)
Max Movement 2R	\$149.77	\$199.92	\$148.72	\$199.68



# Decision Time!!!

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- Which is Better?
  - Depends on your Trading Stats
  - Depends on your Trading Style
  - Depends on your Emotional Capacity
- How do you Determine?
  - Develop a TradeBook
  - Test your TradeBook





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