



# Keep It Real

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Income and Capital Growth

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# The Hype

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- "Watch As I Make Over \$6000 LIVE On Video!"
- I'll Show You How I Did \$77 Million In 2 Years.
- "\$67,000 In 6 Months As A Complete Novice"
- "I Increased My Investment by Over 140% in Just 3 Days"
- How I Made 6000 Pips Profit In 21 Days

# The Reality

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80% to 95% failure rate



# Why Traders Fail

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- Trader psychology
- Risk management
- Planning and analysis
- Trading as a business

# Risk Management

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- Capital preservation
- Capital growth
- Income distribution

# The Lure of the Winning Streak

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# Planning and Analysis

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- Business plan
- Back test
- Forward test
- Trade plan
- Tracking

# Back Test

Soybeans AT.xls [Compatibility Mode] - Microsoft Excel

	A	B	C	D	E	F	G	H	I
1	Symbol:	S	Chart:	89 Tick	\$ / Point:	50.00			
2	\$ Won	28350.00	# of Wins	193	Largest Win \$	462.50		21162.50	6637.50
3	\$ Lost	(16875.00)	# of Losses	155	Largest Loss \$	(275.00)		(12875.00)	(3887.50)
4	\$ Net	11,475.00	Total Trades	348				8287.50	2750.00
5	Avg \$/Trade	32.97	Wins	55%	PF	2.09		138	51
6								113	39
7								229.50	54.98%
8									56.67%
90	Date	Time	Buy	Sell	SellShort	Cover	Points	Trade Type	Trend line Hook
91	17-Mar-09	936	917.00	915.25			-1.75	Hook	(1.75)
92	17-Mar-09	951	919.50	915.75			-3.75	Hook	(3.75)
93	17-Mar-09	959			913.00	910.50	2.50	Hook	2.50
94	18-Mar-09	932	915.75	916.75			1.00	Hook	1.00
95	19-Mar-09	933	948.00	945.75			-2.25	Hook	(2.25)
96	19-Mar-09	937	949.25	951.25			2.00	Hook	2.00
97	19-Mar-09	950			947.75	946.25	1.50	Against	
98	20-Mar-09	944	946.00	946.25			0.25	Hook	0.25
99	23-Mar-09	936			975.50	973.75	1.75	Against	
100	24-Mar-09	935	959.75	963.25			3.50	Against	
101	25-Mar-09	932			959.75	954.75	5.00	Hook	5.00
102	26-Mar-09	936			953.25	950.25	3.00	Hook	3.00
103	27-Mar-09	946	925.25	924.00			-1.25	Against	
104	30-Mar-09	943	906.50	910.00			3.50	Against	
105	31-Mar-09	939			937.75	940.25	-2.50	Against	
106	31-Mar-09	942			937.50	935.25	2.25	Against	
107	31-Mar-09	955			932.25	930.00	2.25	Solid	
108	1-Apr-09	936	945.50	943.25			-2.25	Hook	(2.25)
109	1-Apr-09	937	945.00	947.00			2.00	Hook	2.00

UMT ER2 Since Jan 2008.xls [Compatibility Mode] - Microsoft Excel

	A	B	C	D	E	F	G	H	I	J
1	Symbol:	ER2	Chart:	233 Tick	\$ / Point:	100.00			352.60	188.00
2	\$ Won	89940.00	# of Wins	459	Largest Win \$	520.00			(218.30)	(147.70)
3	\$ Lost	(64460.00)	# of Losses	314	Largest Loss \$	(390.00)			134.30	40.30
4	\$ Net	25,480.00	Total Trades	773					161	107
5	Avg \$/Trade	32.96	Wins	59%	PF	2.04			115	81
6									58.33%	56.91%
7										
8	Date	Time	Buy	Sell	SellShort	Cover	Points	Trade Type	Cross	Pullback
9	1/2/2008	845	771.30	767.90			(3.40)	cross	(3.40)	
10		901			764.90	759.80	5.10	cross	5.10	
11		933	761.60	759.60			(2.00)	Reversal		
12		956			757.90	755.10	2.80	cross	2.80	
13										
14	1/3/2008	839.00			758.40	760.70	(2.30)	Reversal		
15		901.00	760.70	759.90			(0.80)	cross	(0.80)	
16		913			759.90	758.00	1.90	Reversal		
17		937			756.40	758.20	(1.80)	Pullback		(1.80)
18		1009	758.20	759.70			1.50	cross	1.50	
19		1136			758.20	756.10	2.10	Reversal		
20										
21	1/4/2008	836			734.90	735.10	(0.20)	cross	(0.20)	
22		840	735.60	737.50			1.90	Reversal		
23		906			734.80	733.00	1.80	cross	1.80	
24										
25	1/7/2008	832			727.90	725.50	2.40	Reversal		
26		848	731.10	727.90			(3.20)	cross	(3.20)	
27		900			727.90	726.00	1.90	cross	1.90	
28										
29	1/8/2008	835	720.70	732.70			2.00	cross	2.00	



# Trading as a Business – The Process

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- Market analysis
- Initial funding
- Financial projections
- Capital planning

# Market Analysis

<b>Instrument/ System</b>	<b>Quarterly Trade Income</b>	<b>Average Losing Trade</b>	<b>Largest Losing Trade</b>
<b>Soybeans 34T HVMM</b>	\$4,862	\$124	\$255
<b>Soybeans 89T UMT</b>	\$3,129	\$109	\$275
<b>Crude 144T S2+</b>	\$25,970	\$246	\$800
<b>ER2 Core</b>	\$9,905	\$206	\$390

# Initial Funding

<b>Instrument/ System</b>	<b>Intraday Margin</b>	<b>Ten Losing Streak Average Size</b>	<b>Ten Losing Streak Largest Size</b>	<b>Minimum Account Size</b>
<b>Soybeans 34T HVMM</b>	\$3,800	\$1,240	\$2,550	\$5,040 to \$6,350
<b>Soybeans 89T UMT</b>	\$3,800	\$1,050	\$2,170	\$4,850 to \$5,970
<b>Crude 144T S2+</b>	\$2,700	\$2,460	\$8,000	\$5,160 to \$10,700
<b>Russell 233T Core</b>	\$2,500	\$2,060	\$3,900	\$4,560 to \$8,470



# Initial Funding

<b>Instrument/ System</b>	<b>Losing Trade Average</b>	<b>2% Risk Account Size Average Size</b>	<b>Largest Trade</b>	<b>2% Risk Account Size Largest Size</b>
<b>Soybeans 34T HVMM</b>	\$124	\$6,200	\$255	\$12,750.00
<b>Soybeans 89T UMT</b>	\$109	\$5,450	\$275	\$13,750
<b>Crude 144T S2+</b>	\$246	\$12,300	\$800	\$40,000
<b>Russell 233T Core</b>	\$206	\$10,300	\$390	\$19,500

# Financial Projections

<b>Soybeans 34T HVMM</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>Begin Acct Balance</b>	\$6,350	\$8,930	\$11,510	\$14,090	\$16,670	\$19,250	\$21,830	\$24,410
<b>Trade Income</b>	\$4,380	\$4,380	\$4,380	\$4,380	\$4,380	\$4,380	\$4,380	\$4,380
<b>Expenses</b>	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
<b>Net Income</b>	\$2,580	\$2,580	\$2,580	\$2,580	\$2,580	\$2,580	\$2,580	\$2,580
<b>End Acct Balance</b>	\$8,930	\$11,510	\$14,090	\$16,670	\$19,250	\$21,830	\$24,410	\$26,990

# Financial Projections

<b>Soybeans 89T UMT</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>Begin Acct Balance</b>	\$5,970	\$6,890	\$7,810	\$8,730	\$9,650	\$10,570	\$11,490	\$12,410
<b>Trade Income</b>	\$2,720	\$2,720	\$2,720	\$2,720	\$2,720	\$2,720	\$2,720	\$2,720
<b>Expenses</b>	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
<b>Net Income</b>	\$920	\$920	\$920	\$920	\$920	\$920	\$920	\$920
<b>End Acct Balance</b>	\$6,890	\$7,810	\$8,730	\$9,650	\$10,570	\$11,490	\$12,410	\$13,330



# Capital Planning

Soybeans 34T HVMM	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Begin Acct Balance</b>	\$6,350	\$8,930	\$11,510	\$18,470	\$24,810	\$35,530	\$50,630	\$65,730
<b># Contracts</b>	1	1	2	3	4	5	5	5
<b>Trade Income</b>	\$4,380	\$4,380	\$8,760	\$13,140	\$17,520	\$21,900	\$21,900	\$21,900
<b>Expenses</b>	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
<b>Net Income</b>	\$2,580	\$2,580	\$6,960	\$11,340	\$15,720	\$20,100	\$20,100	\$20,100
<b>Withdrawal</b>				\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
<b>Net Growth</b>	\$2,580	\$2,580	\$6,960	\$6,340	\$10,720	\$15,100	\$15,100	\$15,100
<b>End Acct Balance</b>	\$8,930	\$11,510	\$18,470	\$24,810	\$35,530	\$50,630	\$65,730	\$80,830

# Capital Planning

Soybeans 89T UMT	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Begin Acct Balance</b>	\$5,970	\$6,890	\$9,470	\$12,050	\$19,010	\$25,350	\$36,070	\$51,170
<b># Contracts</b>	1	1	1	2	3	4	5	5
<b>Trade Income</b>	\$2,720	\$4,380	\$4,380	\$8,760	\$13,140	\$17,520	\$21,900	\$21,900
<b>Expenses</b>	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
<b>Net Income</b>	\$920	\$2,580	\$2,580	\$6,960	\$11,340	\$15,720	\$20,100	\$20,100
<b>Withdrawal</b>					\$5,000	\$5,000	\$5,000	\$5,000
<b>Net Growth</b>	\$920	\$2,580	\$2,580	\$6,960	\$6,340	\$10,720	\$15,100	\$15,100
<b>End Acct Balance</b>	\$6,890	\$9,470	\$12,050	\$19,010	\$25,350	\$36,070	\$51,170	\$66,270

# Other Scenarios

