



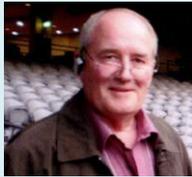
Share Trading Education.com

Your Financial Independence is at the Heart of Everything We Teach

Today's Stock Traders' and Investors' Free Wrap is based on EXTRACTS from Editions 394 & 395 of our Mentoring style 'Investing & Online Trading' Newsletter

"Comfortably Consistent Earner – An (earning) 'job for life!'"

Last week, Catherine Roberts wrote how Jim Berg's system has [benefited her trading](#). Today we thank John Cottle for sending us his story:



Hi John,

I have been a Newsletter Member for quite a few years, and thank you all (and a number of others) for your help in educating me regarding successful trading.

Based on your initial education and help I have developed my own trading style, strategies and plan, which is all going along 'swimmingly' at the moment and has been for a couple of years.

Over the last 15 years or so, I've been through the whole trading 'gambit', including large profits and even larger losses, struggling to pick price turning points and associated entry and exit points, top-down and bottom-up analysis including fundamentals, using ever more intricately detailed (".....this is the winner.....!") indicators and strategies. But with the increasing market volatility, my trading performance deteriorated even further.

In addressing this, I suspect, often travelled path of new traders, I simplified my strategy to the barest minimum and it seems to have worked such that over the last 9 months or so I have been slowly but inexorably and week by week consistently clawing my way back from net capital losses amounting to more than 50%.

I have not become your 'tear away' market millionaire, just a comfortably consistent earner, currently (and quickly in the current market) clawing back the accumulated losses endured over the last 15 years or so of trying. Once I 'pop' out of the capital loss tunnel into the sunshine of net accumulating profits I'm hoping I'll be able to 'soiree into the sunset', earning a sustaining living as I go!

I put this turnaround all down to Jim and the imparting of his advice, experience and wisdom at the talks and [seminars](#) I've attended and your '[Investing & Online Trading](#)' Newsletter in 'covering the field and its action', and calming my approach to be less frenetic (trying to catch turning points etc) and to be more business-like.

The drawdowns still happen of course, but previous panicked over reaction is now replaced by '*patient*' relaxed and considered action on my part. This has resulted in significantly more consistent and sustained net profitability.

I never (really!) look back and reminisce at what might have been with '*Trades not Taken*' or '*Exits Enacted*', except in an analytical strategy fine-tuning context, which I carry out on an approximately monthly basis as/when I update the Monthly scan.

John, apologies for my (usual) long-winded-ness, but as I've said above, Jim, you and your Share Trading Education.com Newsletter can take responsibility for all of the above, for getting me past my normally 'analysis to paralysis' disposition and ultimately getting my 'mind and method' right for me.

I thank you sincerely for your interest, contribution, and help in developing me into a regular, daily, self-sustaining, un-stressed market trader. You've helped me generate an (earning) 'job for life'! This was my aim, particularly post my recent (2 years) retirement from the business world.

I recommend you to others I come across who either need or are interested in getting into and becoming involved in trading the market seriously for a living.

John Cottle, Private Trader, Victoria,

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'How to Outrun the Bull in 2013' – An Evening with Jim Berg



DISCOVER
Step-By-Step

How To Outrun The Bull in 2013

An Evening With Jim Berg
March 2013

SYDNEY | BRISBANE | MELBOURNE

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With the USA markets back close to 2007 highs, **is there a major stock market correction looming** or are we at the start of a new secular Bull Market?

Either way, **now is the time to build your skills** - so you know how to protect your trading and investing capital if there is a correction AND to increase your maximise your profits and minimise your losses if the share market powers on in coming months.

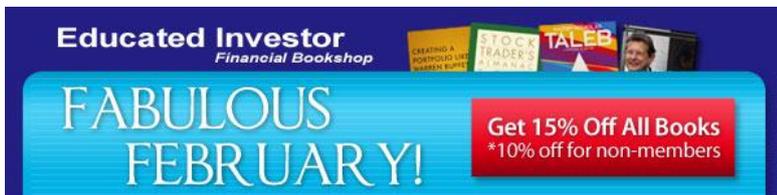
At his 3 new evening seminars, Jim Berg will show you, step-by-step, how he trades and invests in the current market, in:

- ✓ **Sydney:** Tuesday 5 March
- ✓ **Brisbane:** Wednesday 6 March
- ✓ **Melbourne:** Wednesday 13 March

At the end of each seminar, Jim will show how to apply what you learn, to many stocks selected by the audience and himself.

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How to Protect Your Trading Capital

By Joseph Barrington-Lew



Editor's Note: In this article Joseph discusses the 2% Rule and maximum 20% in one trade. In our '[Investing and Online Trading](#)' mentoring-style Newsletter, we teach [our Members](#) enhancement to these Rules and extra Money and Risk Management Rules for long term viability, trading & investing success.

Last week we looked at how Trading emotions play a vital role in the success or failure of traders.

Today, we continue by looking at how to protect your trading capital.

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More than 90% of people trading the share market lose money because the majority do not use correct Money & Risk Management principles or have the discipline to follow them. Money Management, Position or Trade Sizing. No matter what you call it.....you had Better Know It!

Money management and position sizing skills are regarded as ESSENTIALS for successful trading. This is shown by *'The Ralph Vincent Experiment'*.

Van Tharp on Page 162 of *'Trade your way to Financial Freedom'*(1999) he indicates that Position Sizing, also known as Money Management, is the key ingredient behind any Holy Grail trading system and the difference between winning and losing.

Larry Williams, a high profile well known trader says Money Management is his favourite subject in his book, *Day Trade Futures Online* between the ho-hum trading methodology and the world's best methodologies. Yet in his experience working with many traders he finds that only a few people even think about the subject. .

Larry says *"Until you use a Money Management approach, you will be a two-bit speculator, making some money here, losing some there, but never making a big score...."*

Also confirming what Van Tharp had discovered, Larry goes on to say that the truly shocking thing about Money Management is how few people want to hear about it or learn the correct principles. I have found it's just not a sexy enough product.

NEVER risk more than 2% of your Core Trading Capital on any one trade. E.g. If you have \$30,000 your maximum risk is \$600 but what many forget is to also cater for brokerage. If it's say \$50 RT your maximum risk is now \$550 and a stop is set appropriately so if your share drops in value by \$550 you **EXIT** first opportunity.

Money Management – Trade Sizing			RTC
Capital Above	Max % Risk/Trade	Trade Size %	
0	2	19	
50001	1.75	14	
100001	1.5	9	
150001	1	6	

NEVER trade using more than 20% of your Core Trading Capital on any one trade. e.g. Again, if you have \$30,000, your trade size would be \$6,000 BUT I prefer to use 19% if I have less than \$50,000 as my Core Trading Capital and 5(five) open trades I will still have 5% of my trading capital out of the market to allow for things like slippage, data, etc.

Here's a simple mistake many traders make regarding their available Trading Capital. *"My 1st trade is doing great, now worth \$7000, up \$1000 so I decide to open a 2nd trade". "Do I base my next trades' Trading Capital as \$31,000, \$24,000 or \$30,000 again?"*

To fully optimize your Core Trading Capital the correct method should be to first determine the profit or loss of every open position if the current stop was hit.

You may be up \$1000 but your trailing stop is set and if hit you make less, say \$900 so the next calculation would be based on \$30,000 (Initial) + \$900 (Profit). So your true Trading Capital known as Core Trading Capital is your available Cash + or – the profit or loss of all your open positions, if all stops were hit.

It's the 21st Century last time I looked and it's quite normal to manage one's own investments, yet very few implement disciplined, professional Money Risk Management principles or understand them. During the stock market boom, limiting risk was always an afterthought, but given the recent volatility & market conditions, let's get serious!

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Professional Money and Risk Management strategies, used correctly and together, will be your foundation to trading success. Essentially, Money Management tells you how many shares to trade at any given time and your initial Stop placement is where you must accept you have made the wrong decision, close that trade and move on. It is a defensive concept that keeps you in the game to play another day.

Don't confuse Money Management with Stop placement. Stop placement does not answer the question, how much or how many? Risk Management can be the difference between success and failure when trading shares. It refers to Stop placement Initial Stop Loss and maximise any profits and this stop is called a Trailing or Profit Stop.

There are 2 types of stops: Static and Dynamic. How are they handled by JBL Risk Manager?

The automatic *Initial Stop (Static) default option* during new trade set-up basically answers the question: "If I have **x** dollars to spend and I'm willing to risk up to **y** amount (includes brokerage both ways), how many shares should I buy (or short sell) and at what price level should my initial Stop Loss be set at. This is my preferred option as it also avoids [Stop Gunning/Running](#) & best optimizes available CORE Trading Capital.

Your *Preferred Initial Stop (Dynamic) option* during new trade set-up will answer the question: "If I have **x** dollars to spend and I'm willing to risk up to **y** amount (includes brokerage both ways), how many shares should I buy (or short sell) if I placed my Preferred Initial Stop Loss at price z?"

Money Management, used correctly, optimizes capital usage. Few have the ability to view their portfolios as a whole. Even fewer traders and investors make the move from a defensive or reactive view of risk, in which they measure risk to avoid losses, to an offensive or proactive posture in which risks are actively managed for a more efficient use of capital.

[JBL Risk Manager](#) is a simple but Professional Position Sizing Money and Risk Management program that was specifically developed to combat the frustration of multiple open positions and will help you do all of the above, easily

It will automatically calculate your Trade/Position Size, initial Stop Loss price, Trailing Stop when in profit, Break-even price and so much more, based on the last close. It will, of course, also allow you to change your anticipated buy price to actual buy price (slippage)

You can still enter your Preferred Initial Stop Loss but still control your Trade Size \$value. JBLRM will indicate when to look for another trade (control over trading) and also automatically report on your performance by showing you your portfolio %win-loss ratios, average \$win-loss, trade expectancy and much more, accurately. The latest version now includes, with kind permission from the Van Tharp Institute, performance values such as R-Multiples, R-Expectancy and System Quality Number.

Money Risk Management is vital and JBLRM will help remove emotion from your trading decisions.



Joseph Barrington-Lew is the creator of the popular JBL Risk Manager.

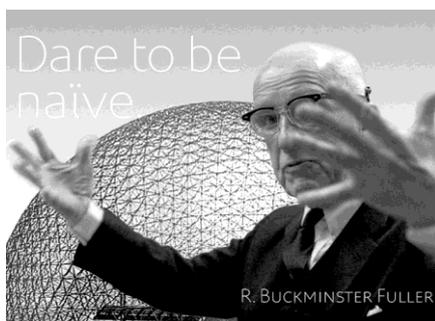
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For a limited time only, this week Joseph has introduced
a new \$50 savings off his Risk Manager.

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IN THIS WEEK'S NEWSLETTER EDITION 395:

Article	Author	Page
Introduction to Edition 395	John Cottle and John Atkinson	2
Short Term Trading Portfolio Update	Jim Berg and John Atkinson	3
Recent RSI Alerts – ASX300	Jim Berg	7
Recent RSI Alerts – USA Market	Jim Berg	7
How to Filter a List of "Experts' Picks for 2013"	Jim Berg and John Atkinson	9
Solving Your Trading Problems	Jim Berg and John Atkinson	15
Update	Jim Berg	18
Protection Against Piranha Attacks – Elder's 6% Rule	Joseph Barrington- Lew	19
Market Update	MarketWatch	22
Guppy View of the Market	Daryl Guppy, Guppytraders.com	24

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Teach you how Jim Berg thinks and **how he trades his own money**, step-by-step and



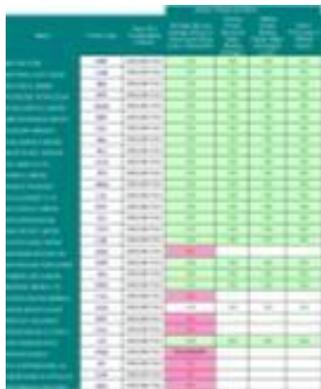
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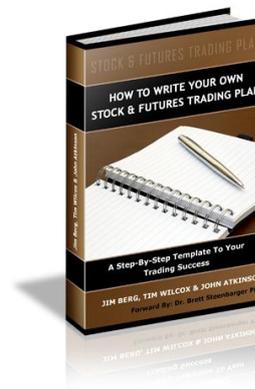
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