

T Creating a Trade Plan

Week 1 – Planning

Week 2 – Mindset

Week 3 – Education

Week 4 – Systems

Week 5 – Execution

Week 6 – Documentation



Course Map

Day 1 – Only Takes ONE Day

Day 2 – Creating A Trade Plan

Day 3 – Forged by Fire Rules

Day 4 – Organization

Day 5 – Planning Strategy



Course Map

Here's what we're going to cover

Simple Trade Plan Intro

Six Essential Parts to a Solid Trade Plan

What to do when the plan isn't working

Bonus plans

What this can do for you

Give you a Simple Plan to Trade

Help identify important parts of a Trade Plan

What to do to get past setbacks in Trading

Help think about the type of Plans you need

Plans help lower risk and give insight into potential conflicts of your time, money and resources

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Simple Trade Plan document Intro

[Trade Plan Template](#)

Simple Trade Plan document Intro

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Six Essential Parts to a Solid Trade Plan

1. Goals
2. Position Sizing
3. Position Management
4. Trade Hours
5. Position Selection
6. Documentation

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1. Goals

A goal is something you're not sure you can attain

Jim Cathcart's recording – Intelligent Motivation

1. Goals

It's only a goal if you don't know how to get there yet

1. Goals

If the goal is not bigger than you are, it will not expand your life

1. Goals

Your goal is always bigger than you

Worthy of a celebration after achieving

1. Goals

If it's something you can do or know how to do already, it's not a goal, it's an obvious milestone

1. Goals

If you will spend one hour a day studying your field,
you can become a National expert in five years

1. Goals

All sorts of Goals can be made...

Most common are Financial, but you shouldn't be limited to that

It can be subscriber based, token based, engagement based, client based

1. Goals

Here are the Key Metrics we track for trading...

ROI

Win Rate

Reward to Risk

Average Hold Times

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2. Position Sizing

This is going to be dependent on your goals and expectation, the time input you decide on, and the risks you're willing to take

2. Position Sizing

Think in terms of overall assets; a combined value of all your assets

2. Position Sizing

Pinpoint the largest positions and calculate their position size relative to your total position values

2. Position Sizing

Focus on the 20% causes that will make 80% of the difference

2. Position Sizing

It was Vilfredo Pareto that observed that 20% of the pea pods in his garden yielded 80% of the peas

2. Position Sizing

Vilfredo also noted that 80% of the wealth in Italy was owned by 20% of the people

2. Position Sizing

It's often found that 80% of the work is completed by 20% of the workforce

2. Position Sizing

Roughly 80% of the wealth and land in most countries is controlled by 20% of the people

2. Position Sizing

Roughly 80% of any company's revenue comes from 20% of it's customers

2. Position Sizing

Zoom in on positions greater than 2%, and ask yourself if the risk worth the rewards

2. Position Sizing

Fortune often favors the bold, but be careful of your largest positions because they could be your Achilles heel

WeWork example



 Liked by **businessbulls.in** and **18,360 others**

bloombergbusiness WeWork's bankruptcy filing caps a years-long saga that revealed breathtaking flaws in the investment style of Japanese billionaire Masayoshi Son, damaging his professional reputation far beyond the money he lost.

Son overrode his lieutenants' objections and handed WeWork founder Adam Neumann billions of dollars from both SoftBank and the Vision Fund, lifting the

2. Position Sizing

Use Pareto's principle, roughly 80% of the consequences come from 20% of the causes

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3. Position Management

Targets and Cutting Losses

3. Position Management

Targets should be driven by timeframes and expectations

3. Position Management

In my opinion, your risk determination should be pre-determined based on a lesser percentage amount than your target

3. Position Management

In no case do I take more risk than there is reward, and I'll give an example

3. Position Management

Let's say you buy XYZ stock for \$100 / share because you think it will go to \$120 next month

3. Position Management

Your reward is \$20/\$100 or 20%;

Therefore, to keep your Reward to Risk ratio above 1:1, your bail out point should be \$80 or above

3. Position Management

Your reward is \$20/\$100 or 20%;

If your stop point was \$90, that would make your

Reward to Risk ratio 2:1

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4. Trade Hours

Ultimately, it needs to work with your schedule

4. Trade Hours

Forex hours are Sunday 5:00 PM EST to Friday
5:00 PM EST

4. Trade Hours

Crypto trading is 24/7, 365 days a year

4. Trade Hours

Stock market hours are generally 9:30 AM EST to 4:00 PM EST, although hours may vary based on Holiday schedules

4. Trade Hours

In the stock market, the daily close prices are the prices tracked the closest by Traders and Investors, which are set at 4:00 PM EST when markets close

4. Trade Hours

The first hour markets are open is when there is the most volume, 9:30 AM EST to 10:30 AM EST

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5. Position Selection

This is up to you; however, we'll give you an intro to one technique we use

5. Position Selection

Someone else's method is riskier because you may not understand all principles involved

5. Position Selection

You should have high confidence you understand the Industry and Market before trading

5. Position Selection

Practice in Demo accounts until you feel comfortable to remove all the risk

5. Position Selection

Now, here's our 3-step system, with one caveat that all trading is situational

'One Trade a Week' Strategy, 3 steps

1. [Find the Best Opportunities](#) (60 seconds)
2. [Make ONLY the Best Trade](#) (60 seconds)
3. Set the Target and Alert at your stop levels (2 min)

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6. Documentation

This is your written plan which can be as simple as the one-page trade document in the Resources section

6. Documentation

This will help shape your trading and give you guidelines to follow,

6. Documentation

As well as information to reflect on

6. Documentation

This is essential for tracking and learning from mistakes

6. Documentation

Actually documenting the trades is also super important, however this is a separate item we'll cover in the last week

6. Documentation

You'll need to track your trades for tax purposes and we'll cover this in Week 6, Day 4 when we give a Demo of the Trade Toolkit file

Simple Trade Plan document Intro

Six Essential Parts to a Solid Trade Plan

What to do when the plan isn't working

Bonus plans

What to do when the plan isn't working

Change the plan until it works

What to do when the plan isn't working

Options...

Change the plan

Wait for market conditions to change

Rethink the situations; strategize specifics

What to do when the plan isn't working

The plan does NOT need to be sound at first

What to do when the plan isn't working

Any plan is better than no plan

What to do when the plan isn't working

And very often, the first plan is not sound, and you will need to change it for various reasons that become apparent when you start doing it

What to do when the plan isn't working

Failure to plan is planning to fail

What to do when the plan isn't working

When you don't plan, what happens?

What to do when the plan isn't working

Often, you become part of someone else's plan,
and you end up unsatisfied and unhappy

Big Idea

Change the plan until it works for you



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Bonus plans

Available in the resource section...

Forex Trade Plan

Crypto Trade Plan

Recap

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Action Item

Create your trade plan from the Resource document and save it on an accessible drive or the Cloud so you can access it from anywhere

2022 Trade Plan Template

I. Goals

A. Target Returns Per Week
3%

B. Win Rate Options 1
Win rate of 65%

C. Reward to Risk Ratio
Risk Reward Ratio of 2:1

D. Risk Management Rules
If daily close price is lower by 15%, sell Friday at 3:30 EST

II. Position Sizing
20% of account balance

III. Position Management
Automatically set 30% targets on entry

IV. Trade Hours
Friday 3:30 - 3:34 EST

V. Stock Selection
[See Trade Course](#) (I.e. One Trade a Week strategy)

VI. Documentation

- Save Screen of the chart with timeframe and note pattern
- Record volume, outstanding shares, relative volume, and catalyst
- Record date, ticker, purchase price and action taken

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T Creating a Trade Plan