

“How to Avoid the Top 10 Fatal Errors of Trading”

From the Active Trend Trader



Disclaimer

U.S. GOVERNMENT REQUIRED DISCLAIMER – COMMODITY FUTURES TRADING COMMISSION
FUTURES AND OPTIONS TRADING HAS LARGE POTENTIAL REWARDS, BUT ALSO LARGE
POTENTIAL RISK. YOU MUST BE AWARE OF THE RISKS AND BE WILLING TO ACCEPT THEM IN
ORDER TO INVEST IN THE FUTURES AND OPTIONS MARKETS.

DON'T TRADE WITH MONEY YOU CAN'T AFFORD TO LOSE. THIS IS NEITHER A SOLICITATION
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THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE
DISCUSSED IN THIS TRAINING. THE PAST PERFORMANCE OF ANY TRADING SYSTEM OR
METHODOLOGY IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

CFTC RULE 4.41 – HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN
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REPRESENT ACTUAL TRADING. ALSO, SINCE THE TRADES HAVE NOT BEEN EXECUTED, THE
RESULTS MAY HAVE UNDER-OR-OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN
MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN
GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF
HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY
TO ACHIEVE PROFIT OR LOSSES SIMILAR TO THOSE SHOWN.

ALL MATERIALS PRESENTED ARE FOR **TRAINING PURPOSES ONLY.** **TRADERS SHOULD**
PAPER TRADE ANY NEW METHOD PRIOR TO RISK OF PERSONAL CAPITAL.

Effects of Fatal Trading Errors

*Those **ill prepared** will Fall Prey to the Fatal Errors!*



- They are victims when something like this happens



Which can be devastating!

Top 10 Fatal Errors

1. Trying to Run Before Learning to Walk
2. Trading Strategies before Knowing the System
3. Failure to Develop a Routine
4. Unrealistic Expectations
5. Failure to Use Price Clues – Entries, Exits & Trend
6. Trying to Get Even
7. Psychological Challenges
8. Spread too Thin
9. FEAR
10. Trading too Much/Trading too Little

Top 10 Fatal Errors

1. Trying to Run Before Learning to Walk

- Learning to trade is a process that is much like Golf!
Never totally Mastered
- Don't mistake beginners luck for skill!
- A luring temptress

To Avoid: Choose a solid, winning system with a great track record that fits your life style

Top 10 Fatal Errors

2. Trading Strategies before Knowing the System

- The System determines the probabilities for the Strategies
- Not using a System is just guessing!

To Avoid: Build your strategies around the system!

System to Strategy

CASH FLOW

CAPITAL GROWTH

**Stock & ETF
Strategy**

**Option
Strategy**

**W&I
Strategy**

SYSTEM

Top 10 Fatal Errors

3. Failure to Develop a Routine

- Like driving without Google Maps!
- Flying an Aircraft without using the pre-flight check list



To Avoid: The system will contain: routine & quality control criteria linked in a feedback loop that leads to refinements in protocols and best practices.

- The objective is to eliminate variables and improve quality of both input and output

Top 10 Fatal Errors

4. Unrealistic Expectations

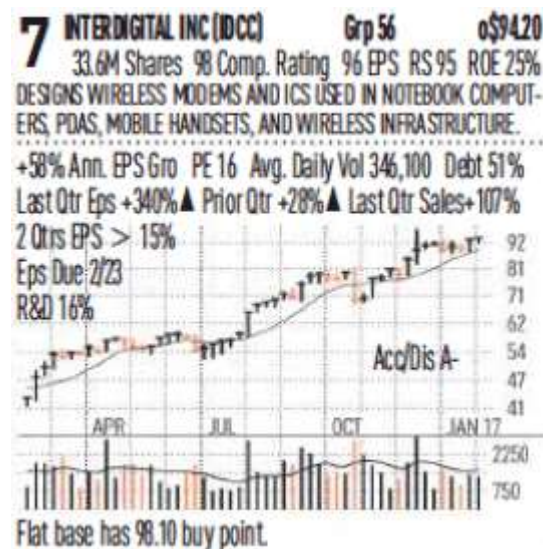
- Understand what it really takes to replace a salary trading
- Being under Capitalized
- Trend Trading Systems: 20% per year with a 50%-60% Win/Loss Ratio so do the math!
 - *Work Salary: \$100K to replace the trader needs \$500K in trading Capital*
- Consistent Stable Monthly Income – More like a commission job, prepare for drawdowns

To Avoid: Don't think you will be different!

Top 10 Fatal Errors

5. Failure to Use Price Clues – Entries, Exits & Trend

- Failing to recognize that there are only 3 types of entries
 - Breakouts, Pullbacks and the Wrong Entry



- Failure to know the Long Term, Mid-Term & Short Term Trends
- Arguing with the Long and Mid-Term Trends

To Avoid: Apply your rules and trust the technical and the trend

Top 10 Fatal Errors

6. Trying to Get Even

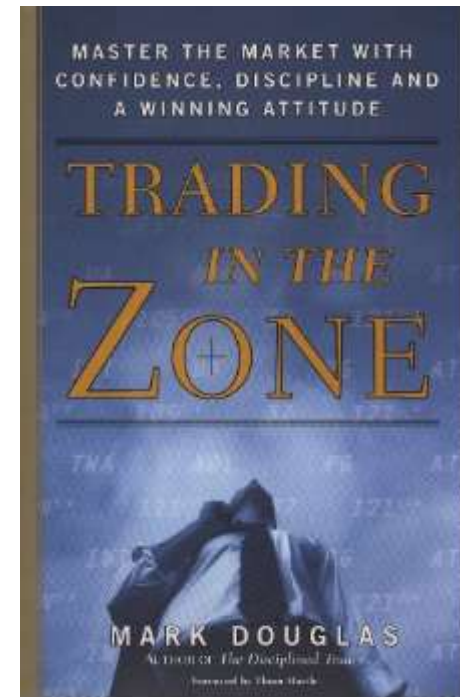
- False Belief that the Market owes you something!
- Several Loosing Trades makes us doubt the system
- Holding on to a loosing trade, didn't follow Rules

To Avoid: Understand probabilities. Understand that even a 50-50 Win/Loss system can be very successful if looses are managed by the system!

Top 10 Fatal Flaws

7. Psychological Challenges

- Fear, Greed, Ego, Lust, etc.
- Holding onto false beliefs
 - I don't deserve to win!
- Self-Sabotaging Subconscious Conditioning



To Avoid: Become a Mechanical Trader. Admit that there may be issues

Top 10 Fatal Errors

8. Spread too Thin

- Not understanding trading is a marathon and not a sprint!
- Trying to learn something new before mastering past training—Leads to a never ending search for the Holy Grail of Trading!

To Avoid: "A Man's Gotta Know His Limitations!"



Top 10 Fatal Flaws

9. **FEAR**

Fear is probably the most significant emotion for traders. Many traders struggle with this emotion and fear can demobilize you from applying your hard learned technical skills.

When suffering from fear, you may

- Cut winners short in fear of giving profits back*
- Hesitate in pulling the trigger because you fear the prospects of a loss*
- Hang on to losing trades because you fear taking the loss*
- Jump into unplanned trades because you fear leaving money on the table*

To Avoid: Get Help and find a mentor

<https://tradingpsychologyedge.com/mental-skill-builders/overcome-fear/>

Top 10 Fatal Flaws

10. Trading too Much/Trading too Little

- Forcing Trades believing one has to be in a trade
- Too Many Positions (Over 10 is too many for most)
- Can't Pull the trigger
- Won't do the homework to trade

To Avoid: Buy when you should buy, sell when you should sell

Clarify, Simplify & Multiply

This has been the Motto of Active Trend Trading from the beginning!

We continuously work to Clarify & Simplify through refinements to the system to make it objective and easy to both learn and use.

The purpose of all presentations is to provide our fellow Active Trend Trader Members a jump start to accelerate progress up the Learning Curve.

We welcome suggestions on how to improve the learning process!

Trade Wisely & Profitably,
Dennis W. Wilborn
Founder & Lead Technical Analyst