Bad Habits to Eliminate NOW!

Dennis W. Wilborn
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.

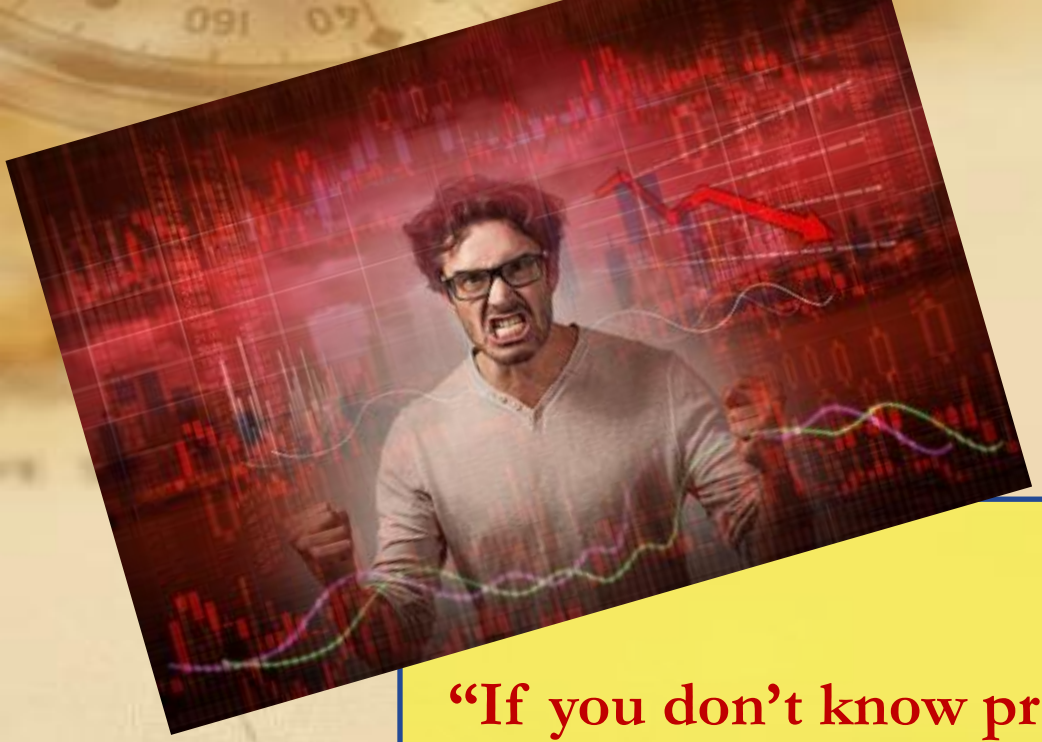
- Don't trade with money you can't afford to lose. This is neither a solicitation nor an offer to Buy/Sell futures or options. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed in this training. The past performance of any trading system or methodology is not necessarily indicative of future results.

- CFTC RULE 4.41 – HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT 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. Past Performance is not an indication or promise for future performance.**

Copyright ATTS 2021



“If you don’t know precisely what signal is yours & how you will size and manage your position—STOP TRADING!

~Peter Brandt

Copyright ATTS 2021

For Greater Success—Never Stop Refining

1. *Trade a Proven Winning system*
   a. *Makes measurement easier—if the proven system is not performing it is typically because of operator error*
   b. *Know the expectations of the system and the proper number of trades to evaluate*
2. *Study successful trades and unsuccessful trades*
   a. *How well did you follow your best practices*
      - *In too early/late*
      - *Out too late/early*
      - *Few convergence of clues*
      - *Know what is out of your control (The Market after you open any trade)*
3. *Review and Journal*
   a. *Include back testing and forward testing*
   b. *If a system is not meeting it's back tested success levels—determine why: is it the market, the system or me?*
   c. *Focus on the cumulative track record and not just a handful of trades*
4. *Trade Less—Learn & Earn More*
   a. *Fewer Stocks & ETFs*

Copyright ATTS 2021

For Greater Success – Hang in There

Is the potential acceptable? Yes, So Hang in there!

Trading skills are developed over time! The task is to survive until you make it!

Copyright ATTS 2021

Habits to Eliminate NOW!

The Worst Habits/Beliefs most Traders Struggle with: The Disconnect between what we Think & Reality!

Copyright ATTS 2021

Habits to Eliminate NOW!

The Worst Habits/Beliefs most Traders Struggle with:

Copyright ATTS 2021

Habits to Eliminate NOW!

The Worst Habits/Beliefs most Traders Struggle with:

1. Managing Fear & Greed (Emotions)
2. Dealing with Impatience & Lack of Discipline (Ego)
3. Overtrading and Under-trading (Discipline)
4. Failure to establish a comprehensive trading system with clear, concise mechanical rules and put it in writing
   a. Failure to follow those rules precisely and consistently if they are established
   b. Failure to back test that system and determine expectancy or profit factor of the system before implementing it

What are yours? What can you do about it?

Copyright ATTS 2021

Habits to Eliminate NOW!

The Worst Habits/Beliefs most Traders Struggle with:

1. Managing Fear & Greed (Emotions)

Preparation, Patience & Discipline

Copyright ATTS 2021

Habits to Eliminate NOW!

2. Dealing with Impatience & Lack of Discipline (Ego)

Do you have a safety net?

Copyright ATTS 2021

Habits to Eliminate NOW!

The Worst Habits/Beliefs most Traders Struggle with:

3. Overtrading and Under-trading (Discipline)

Sure way to self-destruct

Copyright ATTS 2021

Habits to Eliminate NOW!

The Worst Habits/Beliefs most Traders Struggle with: ***The Root!***

4. Failure to establish a comprehensive trading system with clear, concise mechanical rules and put it in writing
    a. Failure to follow those rules precisely and consistently if they are established
    b. Failure to back test that system and determine expectancy or profit factor of the system before implementing it

Copyright ATTS 2021

Habits to Eliminate NOW!

The Worst Habits/Beliefs most Traders Struggle with:

1. Managing Fear & Greed (Emotions)
2. Dealing with Impatience & Lack of Discipline (Ego)
3. Overtrading and Under-trading (Discipline)
4. Failure to establish a comprehensive trading system with clear, concise mechanical rules and put it in writing
    a. Failure to follow those rules precisely and consistently if they are established
    b. Failure to back test that system and determine expectancy or profit factor of the system before implementing it

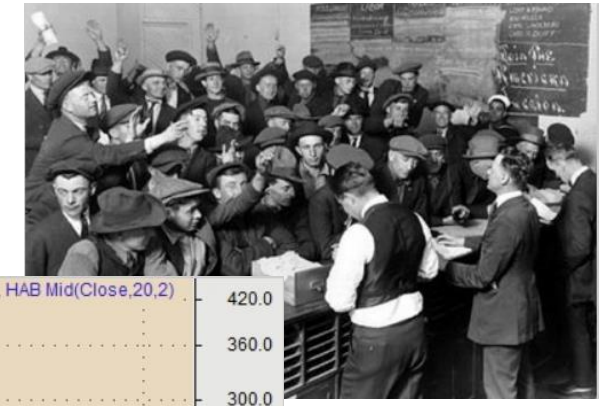
What are yours? What can you do about it?

Copyright ATTS 2021

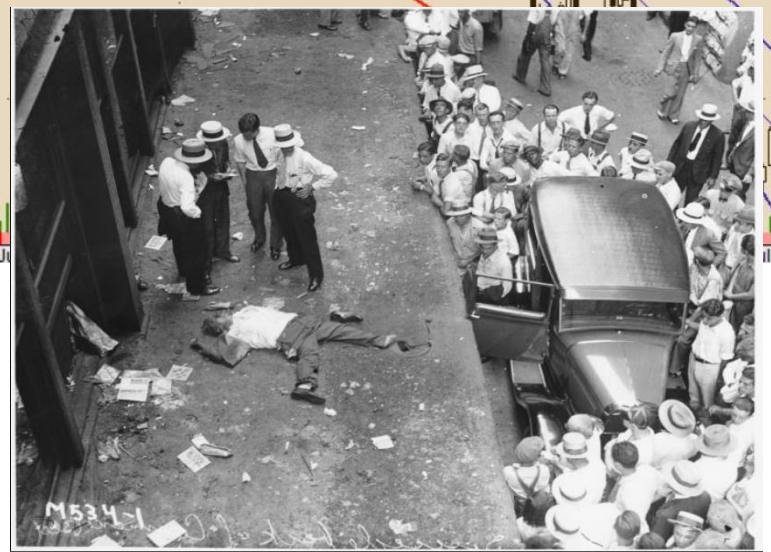
Questions – Comments
Bonus Slides

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

Copyright ATTS 2021

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 lifestyle

Copyright ATTS 2021

Top 10 Fatal Errors

2. Trading Strategies before Knowing the System

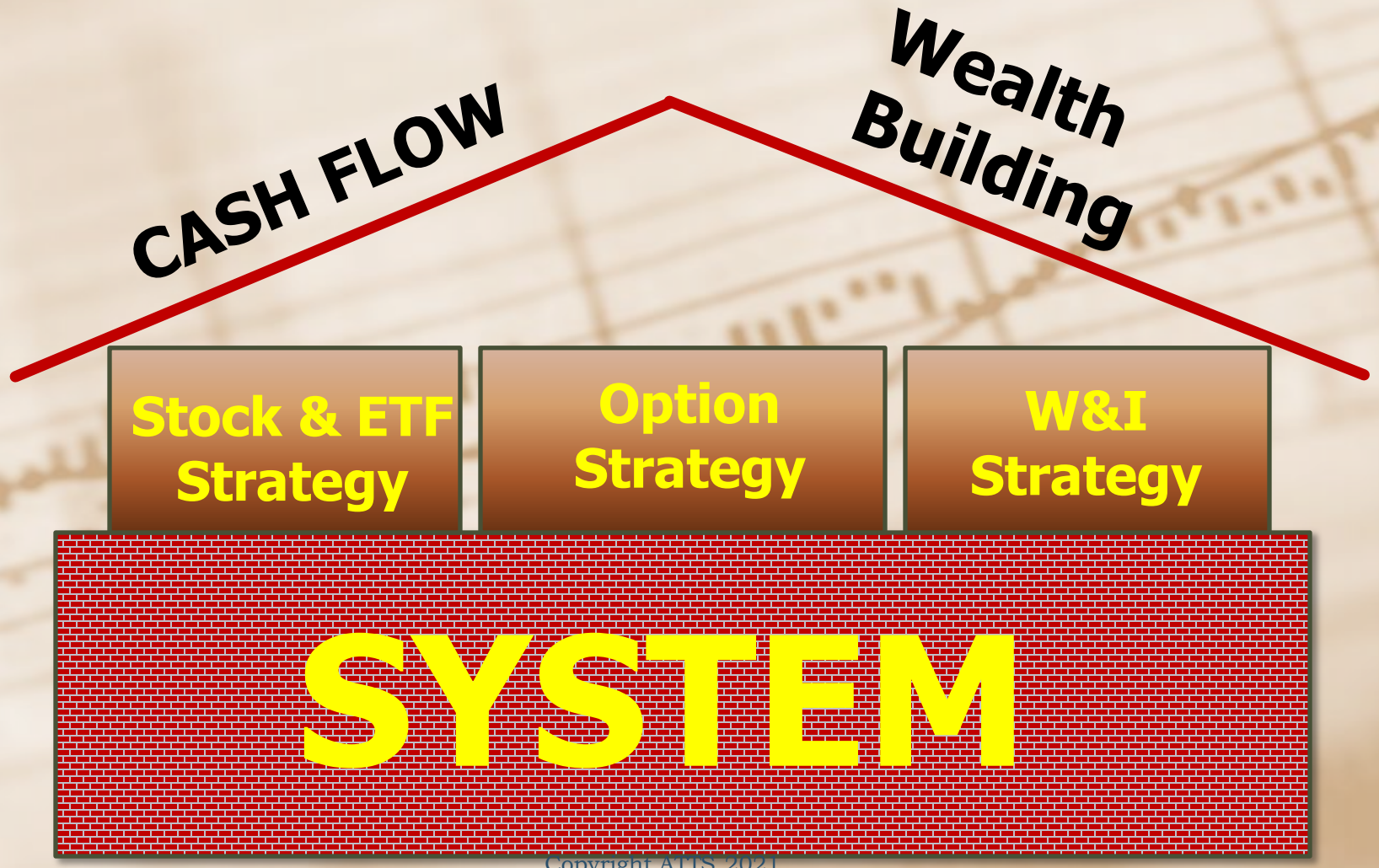
- The System determines the probabilities for the Strategies

- Not using a System is just guessing!

To Avoid: Build your strategies around the system!

Copyright ATTS 2021

System to Strategy



Copyright ATTS 2021

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

Copyright ATTS 2021

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 60%-70% 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!

Copyright ATTS 2021

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

Copyright ATTS 2021

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!

Copyright ATTS 2021

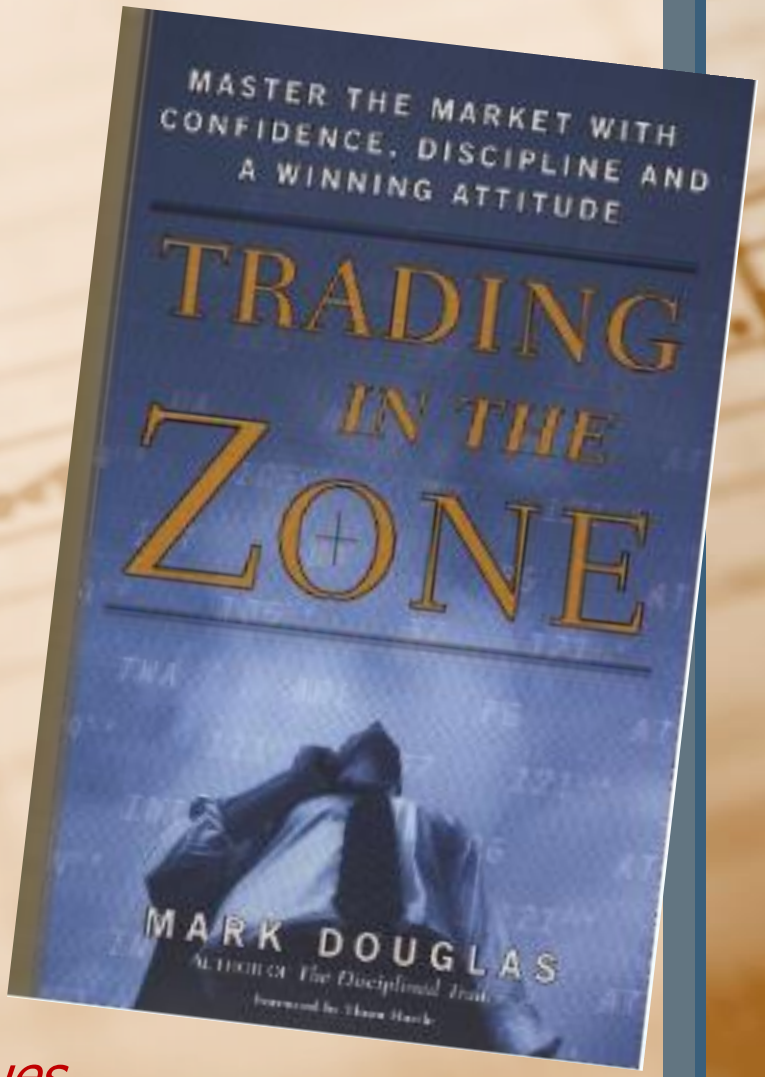
Top 10 Fatal Flaws

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

Book List at: https://activetrendtrading.com/BookList

Copyright ATTS 2021

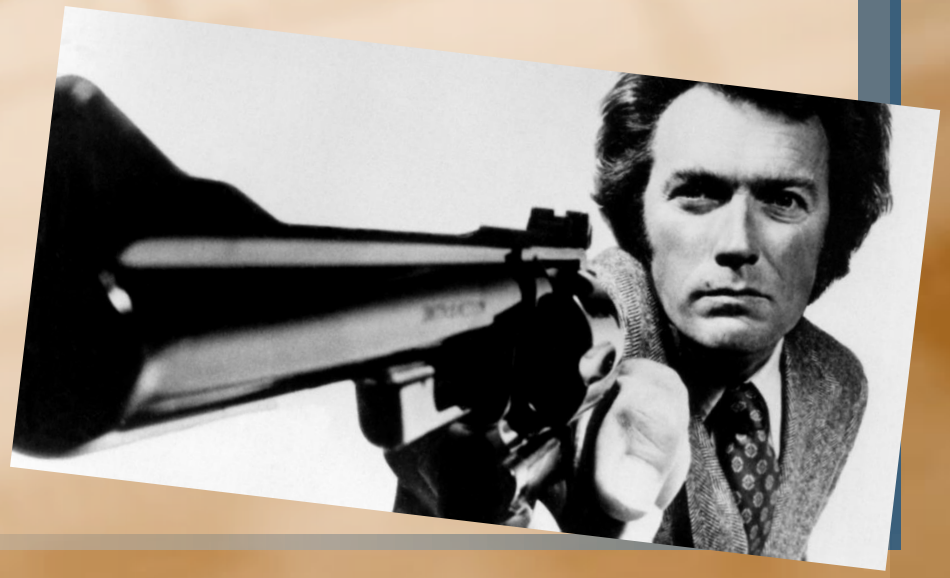
Top 10 Fatal Errors

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!"



Copyright ATTS 2021

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/

Copyright ATTS 2021

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

Copyright ATTS 2021

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

Bonus Slides

Copyright ATTS 2021

SWOTs Strategic Planning

Strengths: characteristics of the business or project that give it an advantage over others (What Provides the Edge)

Weaknesses: characteristics of the business that place the business or project at a disadvantage relative to others (What Dulls the Edge)

Opportunities: elements in the environment that the business or project could exploit to its advantage (Doing our homework)

Threats: elements in the environment that could cause trouble for the business or project (External & Internal)

Must have Inputs, Activities, Outputs, Outcomes, Feedback Loops & Diagnosis for mid-course correction

Copyright ATTS 2021

Trading Without a Routine

Copyright ATTS 2021

System to Strategy to Campaign

Copyright ATTS 2021

The Active Trend Trading System

Our Motto: Clarify, Simplify & Multiply

Three Point Strategies based on ATTS

Copyright ATTS 2021

The Active Trend Trading System

Our Motto: Clarify, Simplify & Multiply

For ***ANY*** Market Condition ATTS Shows & Teaches members:

- Pillar 1 — **What to Trade (Top Quality IBD Growth Stocks & Top Notch ETF's)**
- Pillar 2 — **When to Enter:** Entry Action Point
- Pillar 3 — **When to Exit:** Exit Action Points
- Pillar 4 — **What Strategy to Use**
- Pillar 5 — **What to Expect**

Copyright ATTS 2021

My Strategic Plan for ATTS

Strengths and What Worked

1. ATTS Triggers
2. Moving Average Bounces
3. Waiting for the TSI Turn
4. Seasonality Trades
5. Strategy III

Weaknesses and What didn't Work

1. Holding too long
2. Failing to use proper stops
3. Not doing my homework consistently
4. Lack of Persistence and Patience

Opportunities

1. Trading IBD 50 and Leveraged ETFs
2. Seasonality
3. Strategy III

Threats

1. Distraction
2. Fitness
3. Unforeseen "Black Swan" Events

Copyright ATTS 2021

My SWOT for ATTS

Actions

1. ATTS—Just Do It!
2. Wait for TSI Turns
3. Do more Conditional Orders to Enter based on Technical Analysis
4. Plan Seasonality Trades
5. Use Leveraged ETFs both directions
6. Use the IBD 50 exclusively for stock picks
7. Become Intimate with what I trade
8. Become Intimate with all set-ups
9. Complete daily & weekly homework
10. Take the second trade

Feedback & Diagnosis

1. Monthly Assessment of trades and P&L
2. Grade Every Trade
3. Journal
4. Have adequate data before making mid-course corrections

Copyright ATTS 2021

Strategy I – Portfolio Building

1. Patiently and Persistently complete daily, weekly & monthly homework
2. Trade IBD 50, Leveraged ETFs & specific identified stocks like TSLA
3. Up to 4 open position at full margin at a time
4. TSI/Momentum Turns

Strategy II – Options

1. Up to 5 positions
2. Buy or Sell options for cashflow when appropriate
3. Trigger off TSI/Momentum Turns

Strategy III – Wealth & Income

1. Three Foundation Positions
2. Trade Aggressively when Any Foundation Position is trending strongly
3. Use trailing stops to protect profits
4. Increase Capital Investment up to 30%

Copyright ATTS 2021

Questions

Copyright ATTS 2021