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User Manual

Terms and Conditions

Disclaimer: As the user of this Program and the Money Risk Management Rules recommended, you do hereby release, forever discharge and agree to forever hold Joseph Barrington-Lew, Park Avenue Consulting and any company he may be involved with, harmless from any liability, claims and demands of any nature whatsoever, for injury, damages, (including but not limited to financial losses), and expenses, of any nature whatsoever, whether such claim or claims are based upon negligence, breach of guarantee or warranty, strict liability, contract, breach of fiduciary duty, or otherwise, which may be incurred by the user as of the use of or reliance upon this information. The information and material contained herein is not a substitute for the obtaining of advice from a licensed adviser or dealer in securities and is not suitable to be acted upon as investment advice nor is it intended to encourage or induce persons to enter into securities transactions or particular securities transactions otherwise than as aforesaid. Before making any decision on the basis of this information, you need to consider with or without the assistance of an investment adviser whether the advice is appropriate in light of the particular investment needs, objectives and financial circumstances of the user. You are also prohibited, in the absence of express written permission from Joseph Barrington-Lew, from "mirroring" or duplicating by any medium any material contained within JBL Risk Manager. ©

Money & Risk Management are very important, if not the most important issues that must always be addressed by anyone seriously considering trading the markets.
They cater for the preservation of both your initial & when accumulated trading capital. You may already have a great system or set of rules to determine what to buy **but** if your method of Money Management is clumsy, you will lose money, unnecessarily! Once buying that share your role is no longer as a Trader but a Risk Manager. At some point in time your trading system will meet a draw down period (losing streak) and if you don't know what to do, you may lose your feeling of control and try to desperately trade your way out of this crisis. Many people feel despondent and abandon a perfectly good trading system, or give up trading altogether with large profits still to be made. As a Trader, you're destined to fail without proven Money Risk Management principles. Managing the Capital in your trading account, controlling the risk it is exposed to, the size of each trade, together with entry/exit strategies are all pre-requisites of any Money/Risk Management System and successful Trading Plan.

(Click below to view some sample trades on YouTube - internet connection required)
http://www.youtube.com/watch?v=hlw-HDVyl8E

(Click below to view 10 minute tour of program on YouTube – internet connection required)
http://au.youtube.com/watch?v=CR7Oerl0YfQ

(Click below to view short 2 minute Intro on YouTube – internet connection required)
http://www.youtube.com/watch?v=vTkT6H-5oIQ

Quick Start

1. Click on "Create New/Load Portfolio" | Enter appropriate name | "Create New Portfolio"

Create New / Load Portfolio

Select Portfolio:

- Close
- Delete Portfolio
- Load Portfolio

Portfolio Long Trades | Create New Portfolio

▶

Current Portfolio: Portfolio Long Trades

Create New / Load Portfolio | Settings
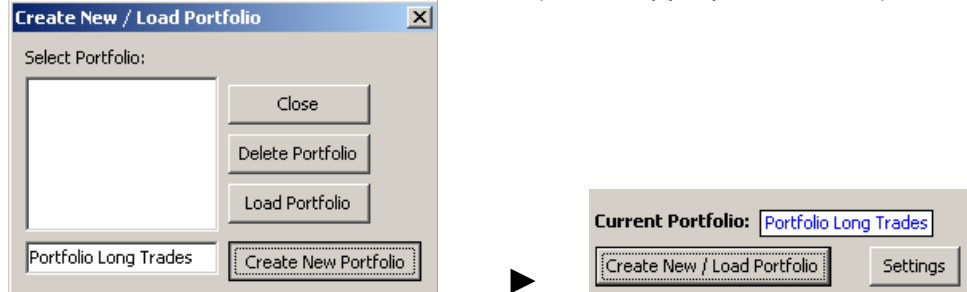
2. Click "Settings" | Select "Short" or "Medium" (Default) or "Long Term Investing"

Risk Management   ○ Short Term Trading ⦿ Medium Term ○ Long Term Trading   **2 x ATR(8) & 10%**

You may alter values for trailing stop e.g. Use higher values for penny stocks with greater volatility
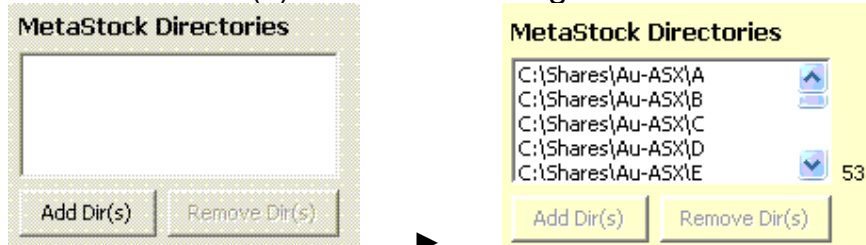
3. Select "Currency Symbol"   Currency Symbol $ *London Stock Exchange

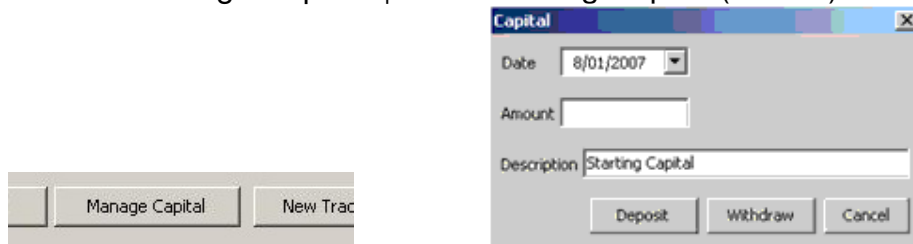3a. ☐ Divide MetaStock prices by 100 Tick box to apply e.g. LSE* price data pence to pounds and pence

4. Specify Brokerage Fees & Charges – Long (& Short Trades, if applicable)

Brokerage – Long Trades

Trade Size Above	$ Brokerage	% Brokerage
0	69.95	
15000		0.4
55000		0.35
1000000		0.13

5. Click Add Dir(s) and Save Settings

MetaStock Directories

Add Dir(s) | Remove Dir(s)

▶

MetaStock Directories

C:\Shares\Au-ASX\A
C:\Shares\Au-ASX\B
C:\Shares\Au-ASX\C
C:\Shares\Au-ASX\D
C:\Shares\Au-ASX\E   53

Add Dir(s) | Remove Dir(s)

6. Click "Manage Capital" | Enter Starting Capital (default) amount | hit "Deposit"

Manage Capital | New Trad

Capital

Date 8/01/2007 ▼

Amount

Description Starting Capital

Deposit | Withdraw | Cancel

7. Initiate new Trade | Click "New Trade" | Long Trade or tick box to indicate Short Trade

LONG TRADE ☐ Short

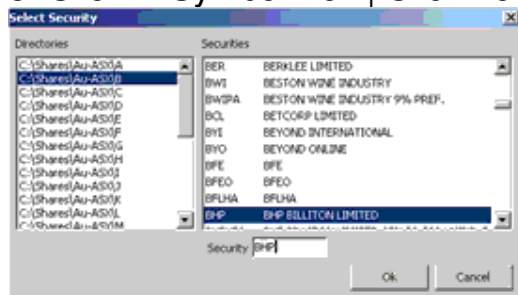Symbol   Recommended Buy Quantity

Buy Date   Buy Price   X Quantity

or

SHORT TRADE ☑ Short

Symbol   Recommended Sell Quantity
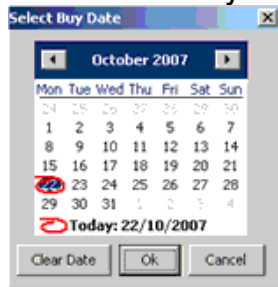
Sell Date   Sell Price   X Quantity

3

8. Click in Symbol Box | Click Folder | Enter Symbol in Security box | OK

Select Security

Directories	Securities	
C:\Shares\Au-ASX\A	BER	BERKLEE LIMITED
C:\Shares\Au-ASX\B	BWI	BESTON WINE INDUSTRY
C:\Shares\Au-ASX\C	BWIPA	BESTON WINE INDUSTRY 9% PREF.
C:\Shares\Au-ASX\D	BCL	BETCORP LIMITED
C:\Shares\Au-ASX\E	BYI	BEYOND INTERNATIONAL
C:\Shares\Au-ASX\F	BYO	BEYOND ONLINE
C:\Shares\Au-ASX\G	BFE	BFE
C:\Shares\Au-ASX\H	BFEO	BFEO
C:\Shares\Au-ASX\I	BFLHA	BFLHA
C:\Shares\Au-ASX\J	BHP	BHP BILLITON LIMITED
C:\Shares\Au-ASX\K		
C:\Shares\Au-ASX\L		
C:\Shares\Au-ASX\M		

Security BHP

Ok   Cancel   (or Click in Symbol Box | enter Symbol in Security Box | OK)

8a. Enter Sector (recommended) | Enter

9. Click in "Buy Date" box | Click on the anticipated Buy Date | hit OK

Select Buy Date

◄ **October 2007** ►

Mon	Tue	Wed	Thu	Fri	Sat	Sun
24	25	26	27	28	29	30
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

Today: 22/10/2007

Clear Date   Ok   Cancel

10. Enter share **Quantity** from Recommended Buy Quantity display | Save Trade

Symbol	BHP	Recommended Buy Quantity	181		Anticipated Buy Total	8441.005
Buy Date	18/10/2007	Buy Price 46.30 X Quantity 181	+ Brokerage 29.95	= Actual Buy Total	8410.25

▼

11. Correct Actual Buy Price & Quantity, if necessary, after purchase

Symbol	BHP	Recommended Buy Quantity	179		Anticipated Buy Total	8441.005
Buy Date	18/10/2007	Buy Price 46.77 X Quantity 181	+ Brokerage 29.95	= Actual Buy Total	8495.32

12. Look for another trade when **Next Trade @** price is hit (optional)

For the conservative trader or investor control the number of positions you have open.
You open another trade only when the trailing stop is at least breakeven at price indicated.

Next Trade @ 48.92

13. Close Trade first opportunity* if **EXIT** triggered. Click in Sell Date box (Buy, if Short)

Click on anticipated Sell Date box (Buy Date, if Short) | enter Anticipated Price | Save Trade

▲ $48.40 0.4588%   Nett Profit 9.30   Based on current Stop Loss [ ]   Anticipated Sell Total [ ]

Sell Date	23/02/2008	Sell Price 9.30	X Quantity 1143	- Brokerage 32.95	= Sell Total	10596.95	▲ $48.40 0.4588%

*Exit at Open, ideally with an At Market Order next trading day

14. Trade Journal – Update with reasons for entry, exit and any updates.

Sell Date	23/02/2008	Sell Price 9.30	X Quantity 1143	- Brokerage 32.95	= Sell Total

Notes:
19/2 Broke major Resistance with volume, new uptrend formed
22/2 Bad Profit Report Lost Government contracts
23/2 EXit on ATR Stop

15. Stock Split(s) - Data adjustment, enter split to adjust | "Stock Split"

1 for 2   Stock Split

Next Trade @ 19.28

Registration

Step 1. Trial expires 14 days after installation and if you wish to purchase click on "Order" button **1**

Step 2. Please quote your unique **Trial Registration No**. **2** with your name and email address.

You will be sent an email with a file attached. This will permanently remove trial window. Save file attached *RiskManager.key* onto your computer | Open JBLRM | hit Install License | Select the file saved | Open
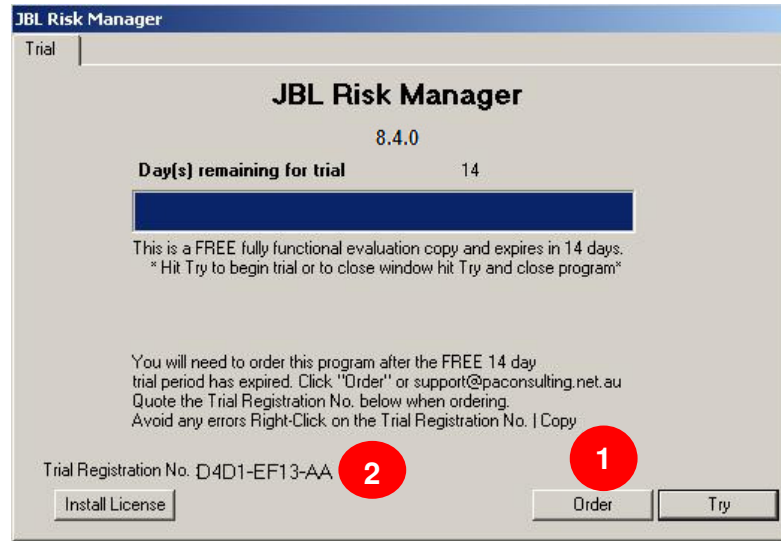
Risk Management Because everyone's risk tolerance and the reason for them participating in the market may vary you may wish to alter the default settings. Select Short Term Trading (few days), Medium Term (Default – few weeks) or Long Term Investing (few months) in Settings page. You may also wish to alter the default price ranges to better reflect the volatility (erratic price movement) of each share within each price range in the market you are trading or investing in. For example the first value in Settings page column refers to shares above 0 but below .49¢ and so on. In this example while holding the share, when it moves above .49¢ into the next range .50¢ - .89¢ the designated ATR & % Stops parameters are then referenced.

ATR and % Stop refers only to your Profit / Trailing Stop values in JBL RM. % Stop refers to how much you will allow the share to drop before you take your profits, based on the last close. For Medium Term trading (default) **ATR** utilizes an 8 day ATR with a 10 day Simple Moving Average (SMA) and will better reflect share price movement. This Profit Stop, also known as a Trailing Stop is triggered when your share price has hit the Breakeven Price. Whichever Stop, ATR or % is closer to each day's closing price that Stop is in control. When the share price hits a new high the ATR MA value is multiplied by the pre-set value, generally 2 times in Settings, down from the new high.

ATR – Average True Range is a Volatility Indicator and is calculated by determining the maximum distance or range a share price moves either today or from the previous day's Close to the extreme point (High or Low) reached during today's trading. Therefore True Range is the greatest of::

- The distance from today's High to today's Low or
- The distance from yesterday's Close to today's High or
- The distance from yesterday's Close to today's Low.
- Average True Range (ATR) average of the True Range over a nominated period of time.

Why use Average True Range? Suppose the average daily range for a share is 20¢ (High to Low) for the past 6 months but due to interest, media, speculation or for whatever reason this range may increase to 40¢, 60¢ or more. If you use traditional technical stops such as support lines or moving average crossovers, you will probably exit the trade a little early or if the average daily range drops to 10¢ you may exit a little late. *"Just a little insurance against change in volatility when in Profit"*

Settings 4

Step1. Click on Settings

You may also wish to fine tune & adjust the share price range values.

Settings

Risk Management ○ Short Term Trading ● Medium Term ○ Long Term Investing **2 x ATR(8) & 10%**

Share Price Above	ATR Multiplier	Stop %
0	2.5	10
0.49	2	10
0.89	2	10
1.49	2	10
3.49	2	10
4.49	2	10
7.49	2	10
12.49	1.75	10

Money – Risk Management   [RTC]

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

Brokerage – Long Trades

Trade Size Above	$ Brokerage	% Brokerage
0	69.95	
15000		0.4
55000		0.35
1000000		0.13

MetaStock Directories

Brokerage – Short Trades

Trade Size Above	$ Brokerage	% Brokerage
0	79.95	
15000		0.45
55000		0.4
1000000		0.15

Currency Symbol [$]   ☐ Divide MetaStock prices by 100

[Add Dir(s)] [Remove Dir(s)]   [Save Settings] [Default Settings] [Cancel]

Money Management - Never risk more than 2% of your Core Trading Capital on any one trade!
You should also never trade anymore than 20% of your Core Trading Capital on any one Trade.
To optimize trade sizing we base our Core Trading Capital on available cash + any realized Trading Capital, which is your initial trade value + or minus the profit or loss if each open position Stop was hit.
We use the Anti-Martingale Fixed Percentage Method with a few little refinements and find it to be the most effective and consistent.
E.g. If you start with $25,000 your first trade is $5,000 and your maximum risk would be $500, less brokerage. Your Initial Stop Loss would then be set so if hit, would result in a maximum loss of $500.
What do we do for our next trade, if this share rallies (goes up) and it is now worth $6,000 (or $1,000 in profit) but your Profit Stop is set so that if hit your profit would only be $850 not $1000?
The next trade would be calculated like this, automatically: 20% of $25,850 not 20% of $26,000 as others may suggest and certainly not 20% of $20,000, your remaining cash. Try 19% not 20% as this will leave 5% to allow for slippage (not getting the anticipated price) and some cash reserves that may be required for other expenses in running your share trading business, data, software, etc.
**Remember:**
1% Risk - you would need to have a losing streak of 69 losses to lose 50% of your Trading Capital.
2% Risk - you would need to have a losing streak of 35 losses to lose 50% of your Trading Capital.
5% Risk - you would need to have a losing streak of 14 losses to lose 50% of your Trading Capital.

MetaStock Database Select the MetaStock directory path so program may retrieve company name & price information each day. If you have a MetaStock data supplier such as Paritech, *for example*, simply click **Add Dir(s)** then **c:** then **shares** giving c:**shares** then ASX showing path as c:\shares**ASX** and then **OK** If you do not have access to a MetaStock database you will first need to enter date, Open, High, Low Close for the last 14 days because the ATR trailing stop is relies on price information for the last 14 trading days prior to your anticipated buy date. You will also need to update these prices each day with O, H, L and C but the ATR value will automatically be calculated.

How to select Metastock directory path, one step at a time.
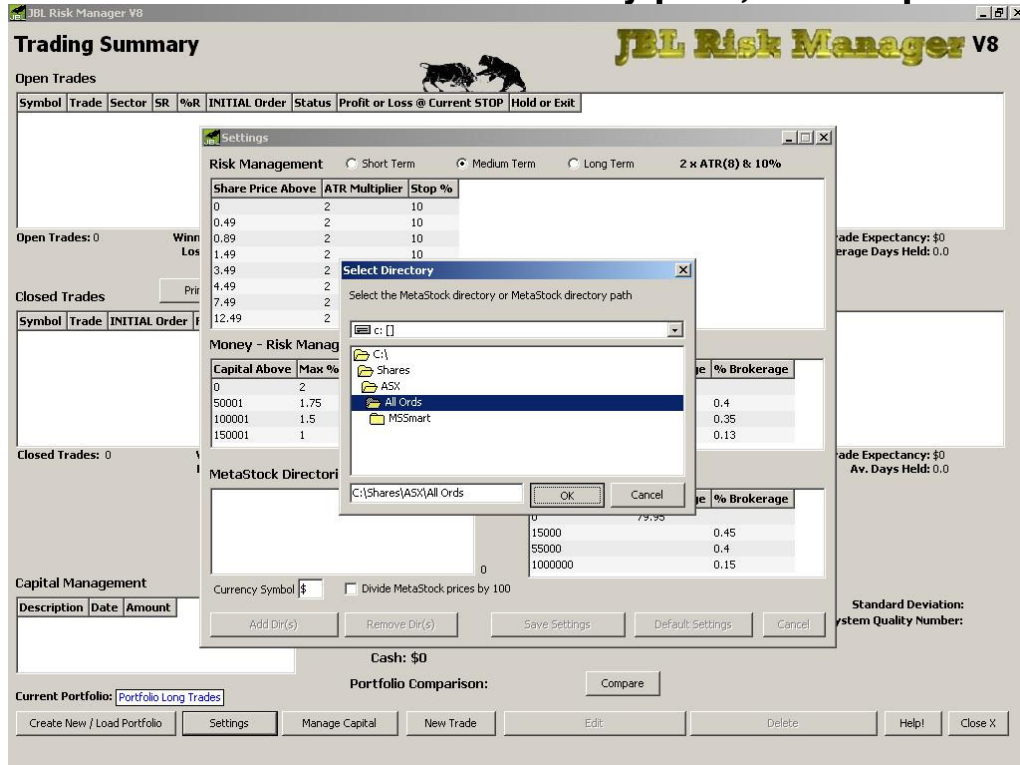
Hit OK
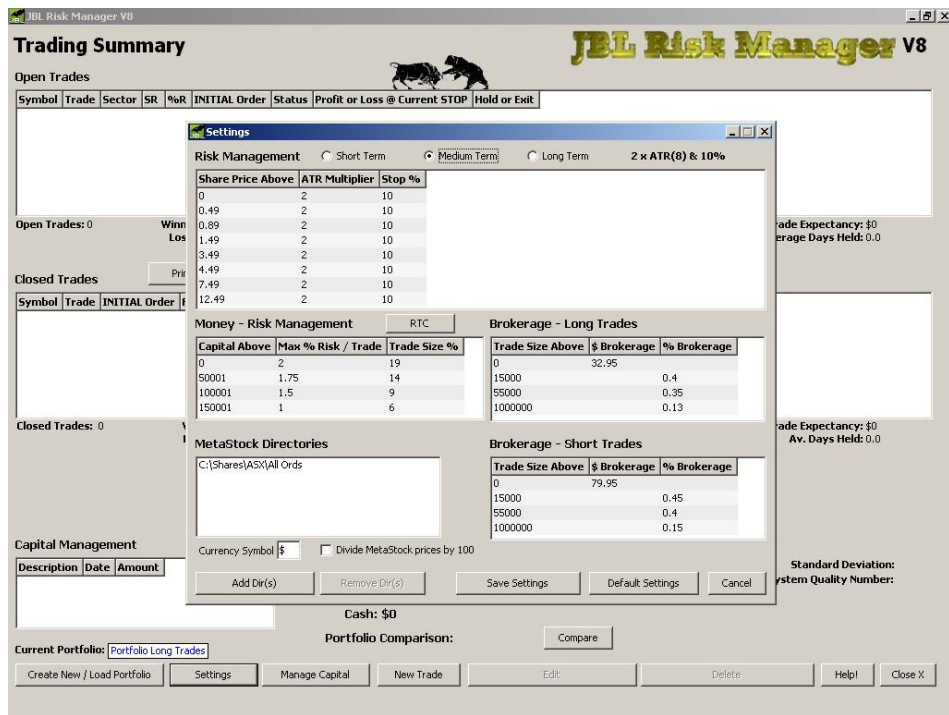
hit Save Settings

Capital Management

% Loss of Initial Capital	% Gain on Balance to Recover
5	5.3
10	11.1
15	17.6
20	25
25	33.3
30	42.9
35	53.8
40	66.7
45	81.8
50	100
55	122
60	150
65	186
70	233
75	300
80	400
85	567
90	900

The percentage gain it takes to recover a loss increases geometrically with each loss. For example, if we lose 15% of our capital, we would have to make a 17.6% gain, on the balance, to get even. However if we lose 30% of our capital, it will take a 42.9% gain, on the balance we have left, to get even; and if we lose 50%, it will take a 100% gain on the balance to get even.

It is widely accepted 80 - 90% of traders lose money in the share market!

So it makes logical sense to do what the majority are not doing and that is follow a proven but simple Trading Plan?

Some of the best Traders in the World only get 50% of their trades right, in other words, they only make money 50% of the time. The difference is successful traders use a trade sizing strategy, exit immediately when the evidence indicates they have got the trade wrong, and when in profit let the market signal when to get out and not their friends or emotions.

After entering a position always assume you have made a mistake, unless the market tells you otherwise, because the chances are you probably have! It'll be easier to close that losing trade if you feel you made the wrong decision in the first place. Some may self talk: "*I've made 100% profit on this share, I'm not greedy, I'm getting out.*" What this trader is actually saying is "*I'm afraid of losing all my profits or if my friends find out I could have made 100% profit and it then went down they may say I was too greedy.*" These traders can't wait to tell their colleagues how well they did recently, but they never mention their losses. What they need is a Trading Plan or a list of rules to follow and understand.

Click on **Manage Capital** 5 and enter your Starting Capital and then **Deposit**

Your Trading Plan & How to Initiate a Trade

1. Entry Strategy – Education & Experience

2. Trade Sizing Strategy – Money Management – How many

3. Exit Strategy – Risk Management – Minimize losses

4. Profit taking Strategy – Protecting Profits on the way up

All 4 strategies of your Trading Plan must be in place before making any trade
(Entry Strategy, Trade Sizing Strategy, Exit & Profit Taking Strategy)

EXAMPLE
Trade 1. You have $20,000 to trade with so you buy 20,000 shares of XYZ Co. @ $1.00 / share. You have your exit (stop loss) set so that if the price drops 10% (90¢) you get out, and it does. Remaining Trading Capital $18,000. Loss $2,000
Problem: No Trade Sizing Strategy

Trade 2. Once bit, twice shy, **"they"** say, you are now a little more cautious and only buy 5,000 shares of ABC Co. @ $1.00 / share and it goes up to $1.30 (+30%) you decide that's great profit, I'm not greedy & sell. How can you lose taking a profit? "*I've made $1,500*" you tell your friends, this is great, you think, but you lost $2,000 on your first trade, you are down $500 or $19,500?
Problem: No Trade Sizing or Profit Taking Strategy!

No one trade should feel better or worse than the other, the share either fits all your trading rules or it doesn't, don't make it personal! Don't try to second guess or let your emotions tell you when to sell, the market & your Exit & Profit Taking strategy will do that. Who knows how much higher it may have go? After 10 or 20 trades this can get out of control & hard to manage!

JBL Risk Manager displays your Recommended Buy Quantity based on your Trading Capital, brokerage fees and the last closing price. Initial Stop Loss & Breakeven prices are also displayed. At any time during the trade you may enter an alternative Trailing Stop Loss price by entering value beside day in New Trailing Stop column which will over-ride current Trailing Stop. Optional is a Time Stop which triggers an **EXIT** if the share price has not made Breakeven in 10 days. The logic behind this is that your money can probably be better spent elsewhere.

6   Click on **New Trade** | **Long** trade or click in **Short** trade Box | Click once in **Symbol** box

Click in Symbol box | select directory under **Directories** and/**or** enter symbol in **Security** box | OK

Recommended: enter Sector to control **Sector Risk** displayed in **Trading Summary** Page

Click once in **Buy Date** box | Click on Buy Date | Select Date | Hit OK

e.g. Last close 8/2/2008 was $36.14 but opened at $36.61 | alter Buy Price

Hit Save Trade

(optional) *Let us use an alternative Initial Stop & update Recommended Qty

Lowering Preferred Initial Stop from $39.07 to $38.00 is higher risk & results in reduced Share Quantity.

Trade

BHP - BHP BILLITON LIMITED ORDINARY
LONG TRADE ☐ Short   Sector Materials   Trading Capital 25000   Cash 25000

Symbol BHP   Recommended Buy Quantity 153   **New Qty. Exceeds Max.Trade Size** Anticipated Buy Total **6547.97**

Buy Date 23/01/2012   Buy Price 42.34   x Quantity [   ]   + Brokerage 69.95   = Actual Buy Total [   ]

Date	Open	High	Low	Close	ATR MA	Stop Loss	% Stop	ATR Stop	Current Stop	Action	New Trailing Stop	Time Stop	S2	S1	PP	R1	R2

Initial Stop Loss % 2   Breakeven [   ]   Technical Stop [   ]   ☐ for [   ] Stock Split

Maximum Risk 500   Days Held -1   **Initial Stop** 39.07   Next Trade @ [   ]

Preferred Initial Stop 40.00

Last Close [   ]   Based on current Stop Loss 40.00   Anticipated Sell Total [   ]

Raising Preferred Initial Stop from $39.07 to $40.00 is lower risk & results in increased Share Quantity
New Quantity **will** exceed Max. Trade Size % so reduce to initial 110 Recommended Buy Qty as above.

(optional) Use an Alternative Stop to automatic ATR or % Trailing Stop

Date	Open	High	Low	Close	ATR MA	Stop Loss	% Stop	ATR Stop	Current Stop	Status	New Trailing Stop	Time Stop	S2	S1	PP	R1	R2
20/02/2008	9.10	9.25	8.91	8.94	0.4988	8.11	8.05	8.25	8.11				8.69	8.82	9.03	9.16	9.37
21/02/2008	9.26	9.35	9.10	9.28	0.4905	8.11	8.35	8.37	8.37				8.99	9.14	9.24	9.39	9.49
22/02/2008	9.20	9.36	9.05	9.30	0.4846	8.11	8.37	8.39	8.39				8.93	9.11	9.24	9.42	9.55

Initial Stop Loss % 1.75   Breakeven 9.26   Technical Stop [   ]   ☐ for [   ] Stock Split

Maximum Risk 1339.02   Days Held 3   **Trailing Stop** 8.39   Next Trade @ 10.23

Enter Trailing Stop value in "New Trailing Stop" column (after updating database)

Date	Open	High	Low	Close	ATR MA	Stop Loss	% Stop	ATR Stop	Current Stop	Status	New Trailing Stop	Time Stop	S2	S1	PP	R1	R2
20/02/2008	9.10	9.25	8.91	8.94	0.4988	8.11	8.05	8.25	8.11				8.69	8.82	9.03	9.16	9.37
21/02/2008	9.26	9.35	9.10	9.28	0.4905	8.11	8.35	8.37	8.37				8.99	9.14	9.24	9.39	9.49
22/02/2008	9.20	9.36	9.05	9.30	0.4846	8.11	8.37	8.39	9.02		9.02		8.93	9.11	9.24	9.42	9.55

Initial Stop Loss % 1.75   Breakeven 9.26   Technical Stop 9.02   ☐ for [   ] Stock Split

Maximum Risk 1339.02   Days Held 3   **Trailing Stop** 9.02   Next Trade @ 10.23

Portfolio Comparison - Hit Compare and select Index folder | OK

Comparison of Portfolio Performance and Indice over the same period:

Here your portfolio is only up 1.34% but is performing more than 17% better than the XAO - Index

To edit, view or delete any Open or Closed Trade or Capital click on that item and then click on the appropriate button below or simply double left mouse click on item to edit/view.

Trade - Performance & Reporting

All Trades -	Win Total: $12285.61	Average Win: $3071 / 34.6%	Trade Expectancy: $1653	
	Loss Total: $-715.76	Average Loss: $-239 / -2.7%	Av. Days Held: 15.7	
Long Trades -	Win Total: $12285.61	Average Win: $3071 / 34.6%	Trade Expectancy: $1976	
	Loss Total: $-429.55	Average Loss: $-215 / -2.5%	Av. Days Held: 14.7	
Short Trades -	Win Total: $0	Average Win: $0 / 0.0%	Trade Expectancy: $-286	
	Loss Total: $-286.21	Average Loss: $-286 / -3.2%	Av. Days Held: 22.0	

Total Brokerage: $502.25 (closed trades only)   Total Gain/Loss (R): 11.59   Standard Deviation: 2.37
Average Expectancy (R): 1.66   System Quality Number: 1.85

Capital: $61743.905 ▲ $11743.905 23.49%
Cash: $52919.73

Portfolio Comparison: ▲ 60.39%   [Compare]   Symbol: XAO ▼ -36.90%

Trading Expectancy is probably one of the most important factors in trading/investing success. Unfortunately most people have not heard of the concept. Out of the 25 or so trading books I've read only a few even touch on any aspect of Money & Risk Management & fewer still, explaining Trading Expectancy. Put simply, trade expectancy is the average $ amount you can expect to win (or lose) per trade, based on past results. Here's the formula that is used to calculate trade expectancy:

TE = (Probability of Win * Average Win) - (Probability of Loss * Average Loss)

As an example let's say that a trader has a system that produces winning trades 30% of the time. That trader's average winning trade nets 10% while losing trades lose 3%. So if he were trading $10,000 positions his expectancy would be:

(0.3 * $1,000) - (0.7 * $300) = $90

So even though that system produces losing trades 70% of the time the expectancy is still positive and thus the trader can make money over time. You can also see how you could have a system that produces winning trades the majority of the time but would have a negative expectancy if the average loss was larger than the average win:

(0.6 * $400) - (0.4 * $650) = -$20

In fact, you could come up with any number of scenarios that would give you a positive, or negative, expectancy. The interesting thing is that most of us would feel better with a system that produced more winning trades than losers. The vast majority of people would have a lot of trouble with the first system above because of our natural tendency to want to be right all of the time. Yet we can see just by those two examples that the percentage of winning trades is not the most important factor in building a system. Your trade expectancy should always be positive and you should understand what it all means. Everyone is looking for that highly reliable trading system, but expectancy is the key. The key to expectancy is how you get out of the trade not how to get in and it's how to take profits and protect any profits. Trade Expectancy is the profit you're expected to make per trade based on past results. Expectancy, position-sizing and other aspects of Money Management are far more important than trying to discover the Holy Grail of an entry system or indicator(s). Unfortunately entry techniques are where the vast majority of books and talking heads focus their attention. You could have the greatest stock picking system in the world but unless you take this Money Management issue into consideration you may not have any money left to trade the system. Having a system that gives you a positive expectancy should be in the forefront of your mind when putting together a Trading Plan.

Trading Performance Summary

Closed Trades: 7	**Won:** 6 / 86%	**Win Total:** $1782.07	**Average Win:** $297 / 5.6%	**Trade Expectancy:** $227
	Lost: 1 / 14%	**Loss Total:** $-195.35	**Average Loss:** $-195 / -4.1%	**Av. Days Held:** 21.6
Closed LONG Trades: 2	**Won:** 2 / 100%	**Win Total:** $542.43	**Average Win:** $271 / 5.1%	**Trade Expectancy:** $271
	Lost: 0 / 0%	**Loss Total:** $0	**Average Loss:** $0 / 0.0%	**Av. Days Held:** 29.5
Closed SHORT Trades: 5	**Won:** 4 / 80%	**Win Total:** $1239.64	**Average Win:** $310 / 5.8%	**Trade Expectancy:** $209
	Lost: 1 / 20%	**Loss Total:** $-195.35	**Average Loss:** $-195 / -4.1%	**Av. Days Held:** 18.4

Capital Management

Description	Date	Amount
Starting Capital	23/02/2008	25000

Total Brokerage: $1029.30 (closed trades only)

Capital: $27184.42 ▲ $2184.42 / 8.74%

Cash: $6595.58

Summary: 7 Closed Trades with 2 Long Trades with a Trade Expectancy of $271 and a Win/Loss ratio 100% & average $win $271 (5.1%) and $loss 0 for an average trading period of 29.5 days. 5 Short Trades with a Trade Expectancy of $209 with a Win/Loss ratio of 80% win & 20% loss and $310 (5.8%) average win & $195 (4.1%) loss average trading on average 18.4 days.

Began with $25,000 and now have $27,184 with $1,029.30 in brokerage removed + 8.74%
After research I find you can rely on these numbers a little more after 30 – 50 more trades.

N.B. Brokerage can get out of hand quickly, if not monitored correctly

Power Pivot Points

Trade

AQP - AQUARIUS PLATINUM. ORDINARY   EXIT   Trading Capital 59872.19   Cash 44691.70

LONG TRADE ☐ Short   Sector MINING

Symbol AQP   Recommended Buy Quantity 2326   Anticipated Buy Total 8382.107
Buy Date 22/12/2008   Buy Price 3.59   X Quantity 2245   + Brokerage 29.95   = Actual Buy Total 8089.50

Date	Open	High	Low	Close	ATR MA	Stop Loss	% Stop	ATR Stop	Current Stop	Status	Enter Stop	Time	S2	S1	PP	R1	R2
22/12/2008	3.59	4.07	3.41	3.65	0.41	3.166	3.285	3.251	3.285				3.05	3.35	3.71	4.01	4.37
23/12/2008	3.72	3.82	3.41	3.63	0.415	3.166	3.267	2.991	3.285				3.21	3.42	3.62	3.83	4.03
24/12/2008	3.31	3.73	3.31	3.68	0.419	3.166	3.312	2.893	3.312				3.153	3.417	3.573	3.837	3.993
25/12/2008				*"Public Holiday - no price data"*													
26/12/2008																	
29/12/2008	3.68	3.85	3.50	3.60	0.422	3.166	3.24	3.006	3.312				3.30	3.45	3.65	3.80	4.00
30/12/2008	3.70	3.78	3.50	3.66	0.423	3.166	3.294	2.935	3.312				3.367	3.513	3.647	3.793	3.927
31/12/2008	3.60	3.75	3.53	3.75	0.419	3.166	3.375	2.912	3.375				3.457	3.603	3.677	3.823	3.897

Initial Stop Loss % 1.75   Breakeven 3.617   Technical Stop   ☐ for ☐ Stock Split
Maximum Risk 1047.763   Days Held 23   **Trailing Stop** 4.437   Next Trade @ 4.117

▲ $1085.05 13.41%   Nett Profit 4.10   Based on current Stop Loss   Anticipated Sell Total
Sell Date 14/01/2009   Sell Price 3.99   X Quantity 2245   - Brokerage 29.95   = Sell Total 8927.60   ▲ $838.10 10.36%

Notes: 21/12/08 CROSSOVE 10 30 MA

Save Trade   Cancel

Contrary to popular belief, most consistent intra-day traders do not spend their days attempting to predict price action by "picking tops" or "picking bottoms". They spend their days executing a well drafted simple to follow trading plan. This strategy is included so that you may test it and come to your own conclusions. The writer found it may be of interest to both short and long term investors.

Pivot Point Support & Resistance Levels

The day's trading activity can generally be thought of as revolving around and gravitating towards the Daily Pivot Point level. (PP) As price moves away from this zone and approaches either the first level of resistance (R1) or the first level of support (S1), market behaviour becomes increasingly critical. Any rejection of these newly attained levels increases the likelihood of a return to the PP. On the other hand, a breach of either of these levels is regarded as market acceptance and a perceived change in the valuation of the instrument being traded.

Once the market has made a convincing break of a particular support or resistance level, that level is considered to have reversed its support/resistance role, and, subsequently, becomes a test point for further market activity. For example, if the first level of support (S1) is penetrated to the downside, any return to that level is considered a test of that level's integrity. The rejection of any price advance back towards the level of S1 is considered to be a successful test of that breach, and adds to that level's credibility as a renewed valuation point. Furthermore, any additional move away from that level has the potential to force the market through the next level of support or resistance, drawing players of even a longer time-frame into the market, and so on, continually expanding the market's range of activity.

The longer time frame traders will "wake up" or become active as we expand price to and or beyond the inner levels of the Pivot System. As price breaks through the levels of R2 or S2 they will most likely resolve the price action in one of two ways. First, we will see an acceptance of the new found

value resulting in what we refer to as trend days where price seems to move only in one direction with force. Alternatively, if the new found value is not generally accepted by the longer time frame traders, price will attempt to find its way back to the Daily Pivot Point.

An important point to remember about these Pivot Numbers is that they act as potential support and resistance zones throughout the trading day.

Keep in mind, that pivot points are short-term trend indicators, useful for only one day until they need to be recalculated and JBL Risk Manager will do that for you each day.

As a definition, a pivot point is a turning point or condition. It is a level in which the sentiment of the market changes from "bull" to "bear" or vice versa. If the market breaks this level up, then the sentiment is said to be a bull market and it is likely to continue its way up, on the other hand, if the market breaks this level down, then the sentiment is bear, and it is expected to continue its way down. Also at this level, the market is expected to have some kind of support/resistance, and if price can't break the pivot point, a possible bounce from it is plausible.

Why PP work?
They work simply because many individual traders and investors use and trust them, as well as bank and institutional traders. It is known to every trader that the pivot point is an important measure of strength and weakness of any market and will likely result in major price movement.

Click to View 10 minute Power Pivot Point Video http://au.youtube.com/watch?v=g1OTIckBG48

RTC Risk Tolerance Calculator (Settings Page)

4.49	2	10
7.49	2	10
12.49	2	10

Money Management [RTC]

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

RISK TOLERANCE CALCULATOR
(The effect of one loss after another on Trading Capital)

Enter Starting Capital
Enter Brokerage (each way)
Enter both Maximum % Risk for comparison

STARTING CAPITAL

(each way) BROKERAGE

MAX % RISK ◄ DRAWDOWN COMPARISON ► MAX % RISK

LOSING TRADES	LOSS	- Brokerage	TOTAL LOSS	BALANCE	PROGRESSIVE % LEFT	% LOST		LOSING TRADES	LOSS	- Brokerage	TOTAL LOSS	BALANCE	PROGRESSIVE % LEFT	% LOST
1								1						
2								2						
3								3						
4								4						
5								5						
6								6						

1. Enter Starting Capital
2. Enter Brokerage (each way)
3. Enter Both Maximum % Risk values for comparison

You will need Microsoft Excel otherwise download Excel Viewer 200 FREE below:

http://www.microsoft.com/download/en/details.aspx?id=10
(Internet connection is required to download Excel Viewer)

RISK TOLERANCE CALCULATOR
(The effect of one loss after another on Trading Capital)

STARTING $25,000 CAPITAL

After 20 losing trades in a row you have lost $8309.81 OR 33.24%   After 20 losing trades in a row you have lost $16037.36 OR 64.16%

(each way) BROKERAGE $50.00

MAX % RISK 2 ◄ DRAWDOWN COMPARISON ► MAX % RISK 5

LOSING TRADES	LOSS	- Brokerage	TOTAL LOSS	BALANCE	PROGRESSIVE % LEFT	% LOST		LOSING TRADES	LOSS	- Brokerage	TOTAL LOSS	BALANCE	PROGRESSIVE % LEFT	% LOST
	$400.00	$100.00	$500.00	$24,500.00	98.00	2.00		1	$1,150.00	$100.00	$1,250.00	$23,750.00	95.00	5.0
	$390.00	$100.00	$490.00	$24,010.00	96.04	3.96		2	$1,087.50	$100.00	$1,187.50	$22,562.50	90.25	9.7
	$380.20	$100.00	$480.20	$23,529.80	94.12	5.88		3	$1,028.13	$100.00	$1,128.13	$21,434.38	85.74	14.
	$370.60	$100.00	$470.50	$23,059.20	92.24	7.76		4	$971.72	$100.00	$1,071.72	$20,362.66	81.45	18.
	$361.18	$100.00	$461.18	$22,598.02	90.39	9.61		5	$918.13	$100.00	$1,018.13	$19,344.52	77.38	22.
	$351.96	$100.00	$451.96	$22,146.06	88.58	11.42		6	$867.23	$100.00	$967.23	$18,377.30	73.51	26.
	$342.92	$100.00	$442.92	$21,703.14	86.81	13.19		7	$818.86	$100.00	$918.36	$17,458.43	69.83	30.
	$334.06	$100.00	$434.06	$21,269.08	85.08	14.92		8	$772.92	$100.00	$872.92	$16,585.51	66.34	33.
	$325.38	$100.00	$425.38	$20,843.69	83.37	16.63		9	$729.28	$100.00	$829.28	$15,756.24	63.02	36.
	$316.87	$100.00	$416.87	$20,426.82	81.71	18.29		10	$687.81	$100.00	$787.31	$14,968.42	59.87	40.
	$308.54	$100.00	$408.54	$20,018.28	80.07	19.93		11	$648.42	$100.00	$748.42	$14,220.00	56.88	43.
	$300.37	$100.00	$400.37	$19,617.92	78.47	21.53		12	$611.00	$100.00	$711.00	$13,509.00	54.04	45.

The above shows how your Trading Capital can diminish from one loss to another based on your Maximum % Risk. It's irrelevant whether you replace $'s with £'s or € the result remains the same, how much risk are you prepared to accept? Why not also try the Compound Growth Calculator?

JBL Risk Manager Utilities

Print Closed Trades Locate Print button beside Closed Trades to print with Portfolio performance

To Backup Portfolio(s) Locate **PortfoliosV1.ini** in RiskManager folder in Application Data folder. For XP users hit START | Run | %appdata% | RiskManager | Copy PortfoliosV1.ini   If any portfolio(s) gets corrupted delete PortfoliosV1.ini and restore backup or begin re-entry

To Remove Program Hit Start | All Programs | Uninstall JBL Risk Manager |

To Unlock Trial Period When ordering quote your unique Trial Registration Number, displayed in trial window, you will be emailed an unlock key as an attachment. Don't attempt to open it.

Copy & Paste or Save it to your desktop. Open JBL Risk Manager | Install License | Select

RiskManager.key RiskManager Registration Entries 1 KB | Open | hit Try | Close | Re-open JBL Risk Manager

<div align="center">

JBLRM - SUPPORT – support@paconsulting.net.au

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To transfer JBLRM onto another Computer or your existing Computer after C Drive Upgrade or Crash
Hold down (Shift + Ctrl + A) keys and at the same time left click on RiskManager.exe shortcut icon. This will generate an authentication number and completely remove program preventing further execution. Send the authentication number exactly as it appears and the new Trial Registration Number to me after downloading trial at www.paconsulting.net.au/uploads/setup.exe On confirmation I will send a new key to you promptly.

BULL Market – A period in which market prices rise faster than their historical average. Bull markets can happen as a result of an economic recovery, an economic boom, or investor psychology. The longest and most famous bull market is the one that began in the early 1990s in which the U.S. equity markets grew at their fastest pace ever.

BEAR Market – A period in which market prices fall, accompanied by overall pessimism. If the period of falling stock prices is short and immediately follows a period of rising stock prices, it is instead called a **correction**. Bear markets usually occur when the economy is in a recession and unemployment is high, or when inflation is rising quickly. The most famous bear market in U.S. history was the **Great Depression** of the 1930s.

<div align="center">

Static Initial Stop vs. Dynamic Initial Stop

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The ***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 sell) and at what price should my initial Stop Loss be? My preferred option, it avoids Stop Gunning & best optimizes available **CORE** Trading Capital.*

The ***Preferred Initial Stop (Dynamic)*** *option* during new trade set-up tries to 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 sell) if I placed my **Preferred Initial Stop** Loss at price z?"*

R-Multiples - R-Expectancy - System Quality Number

It is with great respect and appreciation from the team at IITM that I can now also include the excellent trading and performance algorithms of Dr. Van K. Tharp.   *Joseph Barrington-Lew*

Dr. Van K. Tharp talks about calculating a System Quality Number(SM) as quoted:
(R-Expectancy / Standard Deviation of R) multiplied by the square root of the No. of trades.

If the number is above 1.65, then your system makes money at greater than a chance level. Greater than 2.0 then it's a really good system & if it's above 2.5 then it's a GREAT system!

- Total R Gain / Loss = Sum of all R-Multiples
- R-Expectancy = Sum of all R-Multiples / Number of Trades
- R-Multiples (Reward to Risk ratio) = Nett Profit / Loss / Maximum Initial $ Risk
- Standard Deviation = Square Root of the (Sum of all the Variances/No. of Trades -1)
- Variance = R-Multiple minus R-Expectancy and the result squared

50 – 100 trades would give you a reasonable indication regarding performance
A minimum of 2 closed trades is necessary before it will display

Closed Trades

Symbol	Trade	INITIAL Order	FINAL Order	Nett Profit / Loss	R - Multiple	Variance
CBA	Long	$41.81 x 137 + $29.95 = $5757.92 on 1/04/2008	$48 x 137 - $29.95 = $6546.05 on 4/06/2008	$788.13 / 13.69% after 64 days	1.30	0.19
OXR	Long	$3.28 x 1668 + $29.95 = $5500.99 on 1/05/2008	$4.05 x 1668 - $29.95 = $6725.45 on 26/05/2008	$1224.46 / 22.26% after 25 days	2.11	1.57
BHP	Long	$42.30 x 122 + $29.95 = $5190.55 on 1/05/2008	$40 x 122 - $29.95 = $4850.05 on 10/06/2008	$-340.50 / -6.56% after 40 days	-0.62	2.20
BHP	Long	$44.67 x 115 + $29.95 = $5167 on 6/05/2008	$52 x 115 - $29.95 = $5950.05 on 29/05/2008	$783.05 / 15.15% after 23 days	1.45	0.35
CDU	Long	$3.70 x 1666 + $29.95 = $6194.15 on 10/06/2008	$3.60 x 1666 - $29.95 = $5967.65 on 19/06/2008	$-226.50 / -3.66% after 9 days	-0.35	1.46
HVN	Short	$4.08 x 1532 + $79.95 = $6330.51 on 19/05/2008	$3.05 x 1532 - $29.95 = $4702.55 on 19/06/2008	$1468.06 / 23.19% after 31 days	2.49	2.64
ABS	Short	$1.34 x 4238 + $79.95 = $5737.68 on 1/05/2008	$1.36 x 4238 - $29.95 = $5793.63 on 15/05/2008	$-215.85 / -3.76% after 14 days	-0.36	1.48

Closed Trades: 7	Won: 4 / 57%	Win Total: $4263.70	Average Win: $1066 / 18.6%	Trade Expectancy: $497
	Lost: 3 / 43%	Loss Total: $-782.85	Average Loss: $-261 / -4.7%	Av. Days Held: 29.4

Closed LONG Trades: 5	Won: 3 / 60%	Win Total: $2795.64	Average Win: $932 / 17.0%	Trade Expectancy: $446
	Lost: 2 / 40%	Loss Total: $-567	Average Loss: $-284 / -5.1%	Av. Days Held: 32.2

Closed SHORT Trades: 2	Won: 1 / 50%	Win Total: $1468.06	Average Win: $1468 / 23.2%	Trade Expectancy: $626
	Lost: 1 / 50%	Loss Total: $-215.85	Average Loss: $-216 / -3.8%	Av. Days Held: 22.5

Capital Management

Description	Date	Amount
Starting Capital	4/04/2008	25000

Total Brokerage: $519.30 (closed trades only)

Capital: $31383.43 ▲ $6383.43 25.53%

Cash: $10928.35

Total Gain/Loss (R): 6.02   Standard Deviation: 1.28
Average Expectancy (R): 0.86   System Quality Number: 1.77

System Quality Number (SQN) is a registered Trademark of The Van Tharp Institute
Further information at www.iitm.com

Sector Risk Dr. Alexander Elder said*, "Take care of your losses and your profits will take care of themselves". What this guru means is control your risk by keeping your losses small & letting your profits run.* Controlling Share, Sector & Market Risk is vital to trading success.

Dr. Elder recommends not losing more than 6% in any one month, if you do stop trading for the remainder of the month. *"Come into my Trading Room" – A Barron's Best Investment Book of 2002*

"*Limit your Total Risk in any one industry sector to 6% of your current Core Trading Capital.*"
Six (6) open positions, if your maximum Risk per Trade for every open position is 1% of your Core Trading Capital.
e.g. Three (3) open positions, if your maximum Risk per Trade is 2% of your Core Trading Capital.

The above example does not mean you are limited to only holding **3 open positions** in any one sector. You may open a **fourth** when you have covered the risk in any one of the other 3 positions (the trailing stop is at or above the breakeven price) displayed as a ▲ in the Trading Summary Page and a **fifth** when you have covered your risk in another share within that sector; and so on.

Open Trades					
Symbol	Trade	Sector	%Risk	SR	INITIAL Order
NAB	Long	Banking	1.75	▼	$22.84 x 370 + $29.95 = $8480.75 on 6/0‹
WBC	Long	Banking	1.75	▼	$20.50 x 417 + $29.95 = $8578.45 on 6/0‹
ANZ	Long	Banking	1.75	▲	$12.71 x 626 + $29.95 = $7986.41 on 3/0:
BHP	Long	Materials	1.75	▲	$27.95 x 288 + $29.95 = $8079.55 on 3/0:
CBA	Long	Banking	1.75	▲	$27.65 x 190 + $29.95 = $5283.45 on 3/0:

Market Risk

You should control your **Market Risk** and optimise your Trading Capital by managing the amount of trades you have open to between 5 and 10 depending on your maximum % Risk / Trade. e.g. Maximum 20% if you are using the 2% rule and 10% if you are using the 1% rule. Adjust this percentage to suit your own risk profile. Determine your own risk tolerance with the Risk Tolerance Calculator supplied with JBL Risk Manager.

		10	
		10	
		10	
ement	RTC		Brokera
Risk / Trade	Trade Size %		Trade Si
	19		0
	14		15000
	9		55000

(Settings page | **RTC**)

SUMMARY

Never Trade with more than 20% of your Trading Capital in any one trade.
e.g. If you have $25,000 in Trading Capital, never trade with more than $5,000 in any one share.

Never Risk any more than 2% of your Trading Capital in any one trade.
e.g. If you have $25,000 in Trading Capital, never risk more than $500 in any one share.
(Always allow for brokerage: if brokerage is $50 each way your maximum risk is now $400)

Never Risk more than 6% in any one industry sector.
e.g. With 3 open positions, if you are using the 2% rule, 4 open positions if using 1.5% and 6 if using the 1% rule

"I wish you all share trading success" Joseph Barrington-Lew

Protecting your Trading Capital