

RISK MANAGEMENT



BY DEREK VANDELINDER

Derek Van Delinder.





WELCOME TO THE TRADER SOCIETY RISK MANAGEMENT SHARKFIN COURSE



IN THIS VIDEO YOU ARE GOING TO LEARN
EVERYTHING YOU NEED TO KNOW ABOUT
RISK MANAGEMENT FOR A SHARKFIN



WHAT IS RISK MANAGEMENT?

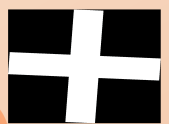
HOW DOES IT APPLY TO MY TRADING?



pause to take notes

- Forex risk management comprises individual actions that allow traders to protect against the downside of a trade. More risk means higher chance of sizeable returns - but also a greater chance of significant losses. Therefore, being able to manage the levels of risk to minimize loss, while maximizing gains, is a key skill for any trader to have. How does a trader do this? Risk management can include establishing the correct position size, setting stop losses, and controlling emotions when entering and exiting positions. Implemented well, these measures can prove to be the difference between profitable trading and losing it all.
- With my strategy I have a very clear risk management system.
- In this video you are going to learn how I manage risk when trading a sharkfin.

NO LESS THAN A 1:2 RISK TO REWARD PER TRADE.



pause to take notes

- When taking a trade I require no less than a 1:2 risk to reward.
- This means that my loss will be half the size of my win. So let's say my take profit (to make it easy) equaled \$2000. So if I win the trade and it hits my full take profit I made \$2000. Now let's say that the trade goes against me and I lose. In that trade my max loss can only be \$1000 because I have to have a 1:2 risk to reward. Meaning my win has to be at least double the size of the loss.
- What this does is allow me to lose 3 out of 6 trades and still remain profitable.
- $2000 + 2000 + 2000 = \$6000$ $-1000 - 1000 - 1000 = \$-3000$
- $\$6000 - \$3000 = \$3000$
- I can lose 4 out of 6 trades and still remain break even.



Japanese Yen, 4h, FXCM



RISK MANAGEMENT

BEARISH SHARKFIN



STOPLOSS EQUALS 67 PIPS

TAKE PROFIT EQUALS 159 PIPS

THIS EQUALS A 1:2.4 RISK TO REWARD
MEANING I WILL WIN 2.4 TIMES THE
AMMOUNT THAN IF I LOSE.

Japanese Yen, 4h, FXCM



RISK MANAGEMENT

BEARISH SHARKFIN



STOPLOSS EQUALS 67 PIPS

TAKE PROFIT EQUALS 159 PIPS

THIS EQUALS A 1:2.4 RISK TO REWARD
MEANING I WILL WIN 2.4 TIMES THE
AMMOUNT THAN IF I LOSE.

HOW TO FIGURE OUT HOW MUCH TO RISK PER TRADE



pause to take notes

- The Max I will risk for a trade is %5 of my account. This would be on a perfect setup.
- I recommend risking %2-%3 per trade that you take.
- Now how do we figure out how much to risk?
- To make this easy lets say I start with a \$100,000 account. If I am going to risk %3 of my account on this trade than that means I am risking \$3000 if I lose. %4 = \$4000. %5 = \$5000
- To be clear if you don't use solid risk management you will fail over time!
- Also remember that if you are risking %2 that your win would be %4 because the lowest risk to reward that you should do is 1:2. 5% loss = %15 gain.



ew Zealand Dollar, 4h, FXCM



RISK MANAGEMENT

BEARISH HIDDEN DIVERGENCE

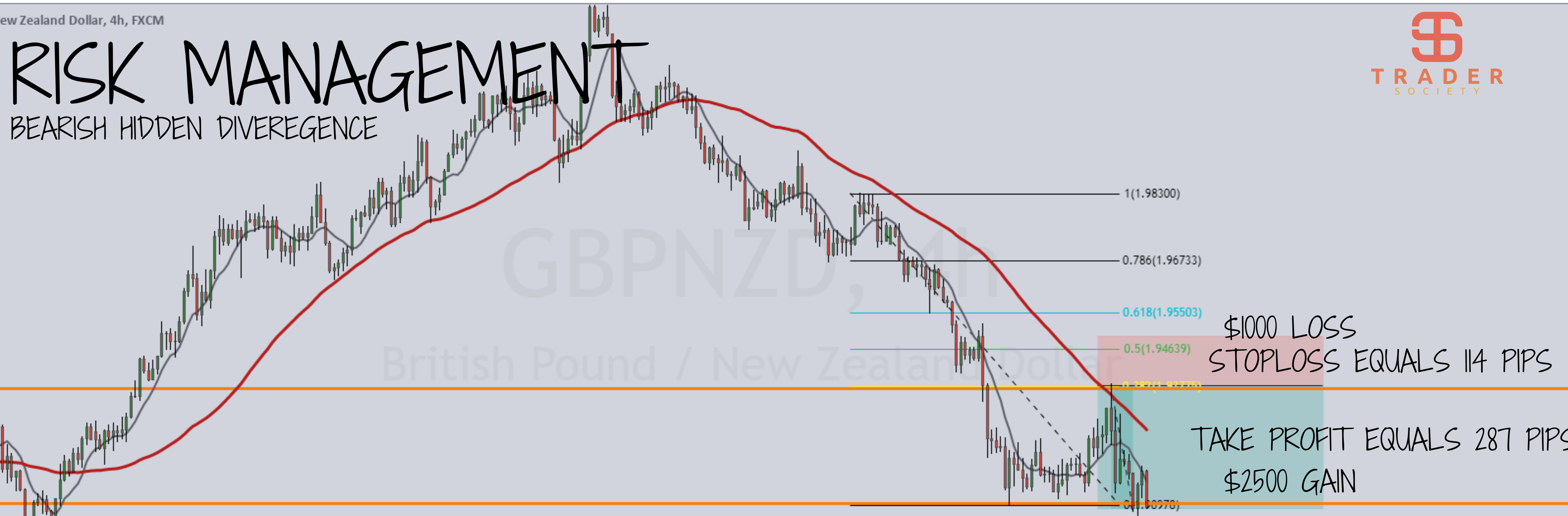


ew Zealand Dollar, 4h, FXCM



RISK MANAGEMENT

BEARISH HIDDEN DIVERGENCE



THIS EQUALS A 1:2.5 RISK TO REWARD
MEANING I WILL WIN 2.5 TIMES THE
AMMOUNT THAN IF I LOSE.



THE LOWER
THE RISK THE
HIGHER THE
REWARD IS
THE BEST.



pause to take notes

- Yes 1:2 risk to reward is good, but My favorite trades are when the risk to reward is a 1:3 or greater.
- This means, my gain would be \$3000 and my loss would be no more than \$1000. (example)
- Using this type of risk management is truly one of the keys to success in this industry.

