Position Management Essence 1

Thank you all for your long-term trust and love for me
Let me talk to you about "How to control positions and never get trapped". I believe this is also a topic that everyone likes very much.

The reference to "risk" and "caution" means that there must be a set of fund management methods to deal with the market as trader.

You can live without experience skills and good trading strategies but you can never live without a basic position management plan.

Because a position is a trader's life in the market and what risk control needs to solve is how to protect life how to lower.

The issue of market risk and the impact of adverse trading results on funds is a top priority. Ordinary retail investors did not accept.

Professional knowledge training lack of sufficient cognition and thus like to buy in full. This is wrong the stock market is not a casino.

The stock market is a place to invest a career and a belief. Not the kitchen as everyone thinks.

Several main principles and money management in a personal trading system. Its because of the markets initiative.

If it is not in the hands of individuals whether it can survive in the market for a long time depends on whether it can have insight into the market and whether it can take advantage of opportunities.

Closer to home position management mainly focuses on the following aspects: Total position analysis position opening distribution exit distribution and position division.

Risk control
As most individual investors it is impossible to have the strict above-mentioned plans like institutional investors but as a high-risk market.

Participants and individuals must also establish a set of the above plans that suit themselves. Otherwise no matter how much money you have no matter how good you think it is.

Technology will be eliminated by the market sooner or later.

Lets focus on how to implement the distribution of opening a position. Generally speaking a complete transaction includes prediction planning trial trading add positions reduce positions close positions.

When the trend has just begun to rise or when the market has initially moved out of what we think is the appropriate position we can only be a little tentative.

Buy in quantity to prevent major losses caused by errors in judgment. Usually this is not the case for old traders.

But more often than not it is a systemic risk in the market that is suffering from a sharp decline in the market or a sudden negative situation in a certain stock
1,2 lower limits are common. At this time the position is heavy and it may be difficult to recover the capital in half a year or three years.

Now think about it at this time why did you take a heavy position in the first place?

In actual operation we can use these methods to build positions and distribute them

For stable stocks when there is sufficient basis for market judgment invest 10% of the capital at the beginning of the trend and invest 10% in the middle of the trend.

Invest 20% of your capital partially and 10% at the end of the trend. Because most of the stocks that have risen steadily.

For stocks with relatively good fundamentals that the fund likes we can divide the funds into 10 points and manage them according to the position distribution of 1-2-3-2-1.

The initial position the market is unstable is 10% the 3rd wave position if you want to rise sharply you can buy 20%.

So in most cases it is wave 2 and wave 4 which is 20% of the position.

In other words according to such a distribution systematic risks can be controlled congenitally and follow the pace of the market good stocks will.
For profitable stocks gradually add positions to expand profits. For bad stocks and stocks that lose money gradually lighten your positions and reduce losses.If you really do not understand there is a simple way to understand and use it.

To put it simply making a new high is 10% making two new highs is 20% and making three new highs is 10%. As shown in the figure below this method of

building a position restores the original rising pattern of the market to the greatest extent. Distributing positions according to market behavior is also a type of trend trading.

When trading following trends and market structures are all equally important speaking of which everyone should Its time to understand Simple to understand and feasible to operate.This actually contains a comprehensive interpretation of the market structure.

The Essence of Position Management 2

The purpose of position control is to respond to the rise and fall of the market or the stock itself and strive to achieve a higher point than the market when it rises and a point when it falls.

At times there are fewer drops than the broader market.

Over time our accounts will always far outperform the returns of various indexes.

Please remember the few principles I mentioned to rationally allocate your positions.

The first principle is that the total position should be below 80% no matter what! How many investors can't do this and buy 99.99% of it at every turn?

This is incorrect. Let me explain to you, why should we control it at this line? First because all fund closing lines

All are between 0.75-0.85. This position ratio is the lifeline of the institution. When we purchased A shares we used 0.82 which means the maximum does not exceed 82%.

Second because of the rising and falling habits of the stock market when the market is good it likes to rise and fall sharply and when the market is bad it likes to continue to fall. These two market patterns exist alternately. Saving a part of the position means retaining a part of the money-making opportunity. Chance a sharp fall is inevitable

There is a surge! A slow decline will definitely be followed by a sharp decline!

The second principle of position management: the proportion of a single stock should not exceed 40% at most and never cross the line easily!

Why do we say this? The maximum proportion of a single stock exceeds 40% that is if a single stock falls by -25%, the total position will fall -10% the two stocks fell by

-20% as a whole that's a very dangerous thing.

Calculate an account for everyone

If a stock falls by -25% and the overall stock falls by -10% it will have to rise by 11.1% to recover its capital. Two stocks fell -25%

If the overall decline is -20%, then the overall price will have to rise by 25% to recover the capital. This means that as long as one stock falls by more than 20 points retail investors will use all their funds to buy it and doing it once with a full warehouse is gambling.

Recognize your role in the market your position in operating in the market and what you can actually call upon.

How big your funds are how familiar you are with the market's trading rules and whether you can execute your own operation plan.

If you don't recognize it clearly, retail investors will suffer serious losses! !

Therefore it is very necessary to learn position management from today. Friends who want to adjust their position management plan can go to the assistant to sign up. In the future they can supervise and manage your position management plan. This is the first step to making money. It is very important to get rid of some bad habits.

The 20% I told you is used in this way and it is what traders must do! Make good use of it be kind to yourself and protect yourself. Understand?

Regarding position management let me first share these two parts with you. Again if you are willing to make changes and get rid of bad habits I believe everyone will benefit greatly.