Professional Risk Management Policy

■ Core Objective

This framework is designed for capital preservation first, growth second. Every decision — position sizing, trade frequency, drawdown limits — is aligned with institutional practices (hedge funds, prop firms, and global investment standards).

1. Position Sizing (Dynamic Lots)

1. Risk-based position sizing (AutoLot): each trade risks a fixed percentage of account equity (e.g., 0.25%).
2. Lots are adjusted automatically based on stop-loss distance and broker contract size.
3. Broker constraints respected (min/max lot, step size).

2. Risk Aggregation

1. Total open risk capped at 1% of equity.
2. Maximum 3 simultaneous trades to prevent correlation blow-up.

3. Loss Controls (Institutional Guardrails)

1. Daily loss limit: halt trading after 1% drawdown.
2. Weekly loss limit: halt trading after 2% drawdown.

4. Trade Execution Filters

1. Stop-loss mandatory for every trade.
2. Slippage protection with tolerance (e.g., 3 pips).
3. News filter optional: block trades during high-impact events.

5. Performance Metrics (Professional Benchmarking)

1. Target return: 3–5% per month.
2. Maximum drawdown: ≤5% monthly.
3. Sharpe ratio baseline > 1.0, target > 1.5.

6. State-of-the-Art Enhancements

1. Equity-based risk management (not balance-based).
2. Dynamic halt system after daily/weekly loss.
3. Scalable for any account size.
4. Modular structure: compatible with different trading strategies.

7. Professional Mindset

A good money manager behaves like an insurance company: collect small, consistent gains while strictly limiting downside. This system enforces institutional discipline: measured entries, controlled exposure, enforced cooling-off periods, and account longevity prioritized above short-term gains.