

Position Sizing Calculator Template

From Lesson 9: Position Sizing - The Only Edge That Actually Matters

Use this template to calculate exact position size for every trade.



Account Information

Total Account Balance: \$_____

Maximum Risk Per Trade: __% (recommended: 1%)

Maximum Risk in Dollars: \$_____ (Account Balance × Risk% = Max Risk)



Trade Setup Information

Asset: __ **Entry Price:** \$ _ **Stop Loss Price:** \$ _



Position Size Calculation

Step 1: Calculate Risk Per Share/Contract

Risk Per Unit = Entry Price - Stop Loss Price

Risk Per Unit: \$ _____ (For shorts: Stop Loss - Entry Price)

Step 2: Calculate Position Size

Position Size = Max Risk in Dollars ÷ Risk Per Unit

Position Size: __ shares/contracts

Step 3: Calculate Total Position Value

Total Position Value = Position Size × Entry Price

Total Position Value: \$_____

Step 4: Verify Risk Percentage

Actual Risk % = (Max Risk ÷ Account Balance) × 100

Actual Risk %: __%

☒ **Check:** Is this ≤1%? ☐ Yes ☐ No (adjust position size if No)



Profit Target Calculations

Target 1 (1.5R)

Target Price: \$__ **Profit Per Unit:** \$_ **Total Profit:** \$__ % **Position to Exit:** 30%

Target 2 (2.5R)

Target Price: \$__ **Profit Per Unit:** \$_ **Total Profit:** \$__ % **Position to Exit:** 40%

Target 3 (Trailing)

Initial Target Price: \$_____ **Trail with:** Pentarch Pilot / ATR / Fixed % % **Position:** 30%



Risk/Reward Analysis

Initial Stop Distance: __ pts

Target 1 Distance: _ pts **Target 1 R:R:** _:1

Target 2 Distance: _ pts **Target 2 R:R:** _:1

Average R:R for Trade: __:1

☒ **Check:** Is average R:R $\geq 2:1$? ☐ Yes ☐ No (skip trade if No)

Advanced Risk Management

Portfolio Heat Check

Current Open Positions:

1. _ : _% risk

2. _ : _% risk

3. _ : _% risk

4. _ : _% risk

Total Portfolio Heat: __%

☒ **Check:** Is total heat $< 4\%$? ☐ Yes ☐ No

If $> 4\%$, wait before taking new trade

Correlation Check

Are open positions correlated? ☐ Yes ☐ No

If Yes, which assets: - _____

Action: ☐ Reduce size on this trade ☐ Wait for exit ☐ Skip

Correlated positions = all lose together. Treat as single risk.

Pre-Trade Checklist

Before entering, verify:

- [] Position size calculated correctly

- [] Risk is exactly 1% of account (or less)
- [] Stop loss is placed beyond the sweep/structure
- [] Profit targets are realistic (minimum 2:1 R:R)
- [] Portfolio heat <4%
- [] No excessive correlation with open positions
- [] Trade setup is A-grade quality



Example Calculation

Account Balance: \$50,000 **Risk Per Trade:** 1% = \$500 **Entry Price:** \$100.00 **Stop Loss:** \$98.50 **Risk Per Share:** \$1.50

Position Size: $\$500 \div \$1.50 = 333 \text{ shares}$

Total Position Value: $333 \times \$100 = \$33,300$

Verification: - Risk: \$500 (1% ☒) - If stopped out: Lose exactly \$500 - If hit 2.5R target: Win \$1,250



Common Position Sizing Mistakes

Mistake #1: Using Fixed Dollar Amounts - ☒ "I always buy \$10,000 worth" - ☒

Calculate based on stop distance (varies per trade)

Mistake #2: Risking Too Much - ☒ "I'll risk 3% on this great setup" - ☒ 1% maximum, always (even on "perfect" setups)

Mistake #3: Ignoring Portfolio Heat - ☒ "I have 6 trades open, all risking 1%" - ☒ Total heat should never exceed 4%

Mistake #4: Not Adjusting for Correlation - ☒ "Long TSLA, NVDA, AAPL (all tech, all fall together)" - ☒ Treat correlated positions as single risk



Position Sizing by Account Size

Small Account (\$5,000-\$10,000)

- 1% risk = \$50-\$100 per trade
- Focus on assets with tight stops
- Consider micros/fractional shares

Medium Account (\$10,000-\$50,000)

- 1% risk = \$100-\$500 per trade
- Can trade most setups comfortably
- Scale profits into larger account

Large Account (\$50,000-\$250,000)

- 1% risk = \$500-\$2,500 per trade
- Can diversify across multiple uncorrelated setups
- Consider position splitting for liquidity

Very Large Account (\$250,000+)

- 1% risk = \$2,500+ per trade
- May need to reduce risk % to avoid liquidity issues
- Consider 0.5% risk for larger positions



The One Rule That Saves Accounts

"No matter how good the setup looks, never risk more than 1%."

Why? - 10 losses in a row = -10% drawdown (recoverable) - 10 losses at 3% each = -30% drawdown (devastating)

The math is brutal: - Lose 50% → Need 100% gain to recover - Lose 30% → Need 43% gain to recover - Lose 10% → Need 11% gain to recover

Protect your capital. Always.

Remember: -  1% risk per trade, always -  Calculate position size BEFORE entry - 
Check portfolio heat before adding positions -  Account for correlation

This is your survival edge.

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