PROFITS
from
COVID

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THE SCIENCE OF HIGH-LEVERAGE TRADING

A BOOK FOR HEDGE FUND TRADERS

BY HOAN DO

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PROFITS from COVID: the science of high-leverage trading

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PROLOGUE

Simplest but not simpler (Einstein)

THE WEALTH

To be rich, all it takes is one decision. The fact that you bought this book is already a precursor to that decision. The next step is to attend our one-week onsite training seminar. However, that's just another major prep step.

The real decision is when you decide to become one of our members of the elite institutional traders, so-called HEDGE FUND MANAGERS/TRADERS.

THE LEGEND

On the Black Wednesday, September 16,1992, George Soros leveraged his few-billion-dollar trading account to short the British Pound. Within a week, he closed his winning positions, took profit, and pocketed one billion US dollars. This is the game you are about to get into!

Despite the fact of being a legendary FOREX trader and also being an author of a great book entitled “ALCHEMY OF FINANCE”, George Soros has no effective ways to communicate his trading philosophy and skills, and pass that down to the readers. That’s why we should take a different approach to this mysterious world of high-leverage trading.

THE TITLE

Why this book is entitled “PROFITS FROM COVID”?

Many people and businesses have lost lots of money from COVID-19, yet COVID offers unprecedented new opportunities. You must be able to spot them. In the next few years, great fortunes will be made, and lost. The key to new fortunes lies in the ability to spot opportunities and act upon them. The issue is: *most of the time, opportunities are being hidden in the disguise of risks*.

After spotting new opportunities, you also need to learn the how-to. We will teach you one how-to so that you can make tremendous profits in this COVID business cycle.

In essence, COVID-19 offers a no-brainer answer to a very difficult question: *WHICH WAY SHOULD THE GOLD PRICE GO?*

This is the general rule: When the FED prints a large amount of money and/or pumps credits into the US financial system, the gold price – in the long-run - has no choice but going up. These COVID relief packages have inflated the USD by a few trillion dollars. We should know – in the long run – which way gold price should go: **UP!**

So, to make money trading gold, all you need to do is to go long on gold. However, it's not that simple. That's why you need to keep reading…

HOW TO MAKE LOTS OF MONEY IN A SHORT TIME

Many of my students asked me how to make a lot of money within a very short time, and my answer would always remain the same:

> *Go and find an arena where people LOSE millions of dollars daily and jump right into it! If you are capable, you will make lots of money. If you're not, you'll lose your shirt.*

Well, ladies and gentlemen, the FOREX market is where retail traders losing millions of dollars daily. So, let's jump right into it!

THE STYLE

This book was written in the cut-to-the-chase style. Our intention is to explain the philosophy and to teach the know-how, using the fewest words. From a different perspective, this book is an extended invitation to readers – whom we expect to be future fund managers - to come to our onsite seminar.

FOR WHOM THIS BOOK IS WRITTEN

This book is not a piece of literary work. It's a technical book. It's a trading training manual. It was written to help you, as future fund managers, to utilize some of your money and mostly others' funds to generate consistent profits over and over, using our proven, simple yet powerful trading philosophy and strategy.

This book is the corner-stone textbook training manual for the onsite training course which was designed to train future hedge fund managers. Each Fund Manager must have a Risk Manager in his team who should have at least a master's degree in mathematics or physics, preferably a doctorate in the fields mentioned. This course is to train both the Fund Manager and the Risk Manager as a team. It was written as a mind-map resource training material, being used to train you as teams, to think and perform in the capacity of fund management teams to reap profits thereof.

This book was written to help fund managers to think effectively. It also helps them to construct their own paradigm-framework mindsets for the high-leverage trading game. Moreover, it helps them to perform daily trading operations systematically so that they can reap consistent results overtime in their long careers as fund managers.

WHY THIS BOOK

Without having some guidelines, it's almost impossible to make consistent profits in the high-leverage trading arena. This book should give fund managers the philosophy, the mindset, the strategy, and tactics to perform just that.

For the first time, the long-kept trading secrets of the successful fund managers are being shared with the public. So, grab your share!

GREED-FEAR GAME

For the most part, the financial market operates by the Greed-Fear(panic) psychological model. Because of greed, most retail traders buy when prices are in short-term uptrends. Out of fear of losing money, they get panic and liquidate their losing positions when prices

pull back. Well, we hedge-fund managers will pretty much do the opposite: When short-term prices drop, we enter long positions. When the prices break the previous high levels, we cash out for profits. Then, we wait for the market to retrace down again so that we can repeat the cycle.

WHERE'S THE BEEF?

This book only serves as an introduction to the science of high-leverage trading. At the end of this book, eager readers will be offered one-week onsite training. At the end of that training, attendants will be offered the membership.

After accepting the membership and getting additional training and mentorship, new trading teams are trained and equipped to be in the league of world-class institutional traders. We will provide our proprietary A.I. Trading Systems to our new teams, and you'll be ready to rock and roll.

TRADING-TEAM MODEL

In the upcoming onsite training seminar, you will be trained as teams. Each team should have at least a Fund Manager and a Risk Manager. Fund Managers' role is to

use some capital to generate profits. Risk Managers' role is to help Fund Managers to minimize the trading risks, therefore, optimizing the profits. Fund Managers' additional - just as important - role is, of course: FUND-RAISING!

TOOLS used in the Seminar

In the training seminar, trading teams will have access to Pre-Trade Simulator (**PTS**). This Simulator is a mathematical model that consists of 25 variables. This book will only skim through a few of those tensors. Now you should know why we require the Risk Managers to have a strong math background.

TOOLS for Members

As Fund Managers, you do not trade manually. All trades are executed via AI Trading System. All risk management and loss mitigation are also performed by Trading Artificial Intelligence. Seminar attendants will have access to our tools. Members will be licensed to limited use of the tools.

CASE STUDIES

Not all case studies in this book are historical scenarios. Some are. Sometimes time-compression is applied within the intra-week timeframe just to make the case studies more graspable.

WHY TRADING GOLD

Gold has been holding its intrinsic value for a very long, long time. Gold has been used as “real” money throughout human history. Thousands of currencies came into existence, then disappeared; yet gold still remains. Trading gold, we have a general assumption that gold’s intrinsic value will out-weight the inflating USD.

OTHER GENERAL ASSUMPTIONS

All fiat currencies inflate. Now, we trade gold against the USD. It’s quite safe to make a second general assumption that: in the long run, as the USD inflates and loses its purchasing power, the gold price will get even higher. Especially now when the FED has been printing dollars and pumping credits (trillions of dollars) into the US economy to combat the COVID-19, in the long-run, when speculators/traders come back to their senses, gold price will most definitely get higher.

In this economic cycle, we are almost certain that in the long run, the gold price will be most likely to rise higher as the USD has been inflating drastically. With that in mind, you should long gold right after every sharp price drop, of course, using Trending-Cost-Average (TCA) mechanism. This strategy, in essence, means that if gold is trending up, no matter how sharp its price drops, you should keep longing gold - using cost-average. The market can only move against you so much, which means, after the market corrects and retraces, it will swing up higher.

If you have proper account equity and the A.I. automated trading system - which we will provide to our members - you have no choice but to come out being a winner almost every time.

THE CONFIDENCE

As a fund manager, once you'd spotted a major trend, be extremely confident when executing collective trade operations without hesitation. Of course, you need to check with your Risk Manager on a regular basis to make sure you don't overlook any mental blind spot. Checking with your Risk Manager will also help you to refine and re-refine better trading ranges to reduce risk and optimize profits.

SUBLIMINAL MESSAGE

After mastering our philosophy and practices, you can sum up your trading skills into two words: MONEY MANAGEMENT.

Yes! Money management is everything. Once you've mastered money management, fund-raising is easy. The extra cash will inadvertently flow to you from every direction. Enjoy the experience.

TRACK TO MASTERY

After reading this book many times, you will probably understand about 10% to 30% of the philosophy, strategy, and tactics covered here. The only way to drill deep into this treasure is to show up in a training class.

You can register here: http://mcaforex.com

DISCLAIMER

Should you want to cut corners, after reading this book, you decide to skip the training seminar and start applying the half-learned philosophy and strategies in this book into your trading, and therefore losing lots of

money from your trading, we should not be held responsible for your immature practices.

WARNING ALERTS ! ! !

Trading a high-leveraged instrument is like working with high voltage power line. Insufficient knowledge, mal-practices, and improper trading operations will eventually take their toll. All it takes is one incident, and you could be eliminated permanently from this trading arena. So, don't take unnecessary risks from ignorance!

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CHAPTER I

only a genius can turn problems into profits

In this chapter, you'll learn how a proper mindset and sound positionings can help you to turn trading risks into tremendous profits, regardless of how the market may seem to move against you (in the short-term).

PROBLEM-SOLUTION

In the high-leverage trading arena, most retail traders lose money. Those who make big money are institutional traders. So, to make good money in this game, you should become one of those institutional traders - starting out with a small fund and grow over time. This book and the training thereof are all about how to make this reality happens for you.

PHILOSOPHY

If life unfolds itself as we projected, chances are we only have little gains from it. Why? Because most human beings do not have the faith to Think BIG. We think small

and expect little. The worst part is that even our little expectations rarely turn out the way we expected. Worn out by shattered dreams, we scale back our imaginations and be content with whatever life happens to offer. We expect little, and so we would get even less than little. There is rule of thumb for losers: they would always get less than they expected.

However, those who have a winning attitude don't expect life to be easy. The winners believe that, unless one can turn problems into fortunes, there's no way a person can get ahead in the game of life.

The winners believe that to be successful in life, one needs to be able to solve many sets of problems. The art of success is all about problem-solving skills. When you can solve difficult problems, the rewards are abundant.

To solve problems, you need to be able to formulate solution-oriented approaches. These approaches need to be conceptualized into possible working models. These models need to be proven philosophically, mathematically, and by real-life implementations, which produce consistent measurable, controllable, and valuable results.

Some intellectual giants like Einstein and many others have argued that imagination is more important than knowledge and hard works, more than degrees and credentials. If that were true, why so many people with

strong imaginations still failed? Why most dreamers still have to wake up amid all these reality strikes of life?

The answer is: ***imagination alone is not enough!*** Most imaginary concepts are rather vague, non-applicable, and unusable.

It would take an intensive disciplinary thinking process to mold vague imaginative ideas into well-defined working models that would lead to success.

Now, having a few general assumptions as a paradigm-framework for trading, what should you do to form these assumptions and principles into a successful working model?

SOLUTION

As an institutional trader, you should be able to choose **what** to trade, **when** to trade, and **how** to trade.

If you don't know **what** to trade, then let us suggest one instrument: Gold. Why? Couple of reasons. First, you are able to project future gold trend. Second, because you can exploit very high financial leverage to make great money. In other words, with a very small fund, you can make good money percentage-wise – I am talking about 3% -15% monthly – consistently.

The first question tackled. Let's move on to the second: "**When** to trade?" The answer is **Now**! But again why? The answer is that after the FED has inflated the USD via COVID-19 relief packages, gold has no choice but goes up in price – in the long run. This is a safe speculation based on a mathematical principle of calculus as follows:

Let's define the gold instrument as GOLD/USD.

So, when USD goes to the limit of positive infinity, GOLD will rise in value, based on the USD denominated pricing, which means which the same amount of dollars we can only buy less gold, or in other words, we can only by the same amount of gold if we have more dollars.

Thirdly, the hardest question to answer is: "**How** do we trade gold?"

This is why you need us because we are here to help you with the know-hows.

Without being properly trained - *both from the philosophical thinking intellectual framework for this specialized field of trading, the strategies, tactics, even down to the mechanics of trading, which all packaged into the system which delivers you a turn-key operation, which will ultimately offer consistent and predictable profits overtimes, with very little and manageable risks* - one simply cannot make consistent profit trading gold.

This little book only offers a surface skim-through introduction to this world of very specialized high-leverage trading. After reading this book for the first time, maybe you'll understand anywhere from 5% to 10% of the subject matter, and therefore not being ready to make money in the real world of trading. To be properly trained as a professional fund manager, you should come to our onsite training seminar. It's a must!

Here the registration: http://mcaforex.com

Even if you attempt to read this book many times over, chances are you'll get confused. However, with all the resources we have in the classroom: the math-modeled Pre-Trade Simulator (**PTS**), an active fund being traded right in front of your eyes, and many other resources, you'll be able to understand the whole picture and the entire game. Nothing is like hands-on experience.

STRATEGY and TACTICS

We long gold because the FED keeps printing USD and pumping credits into the US Dollar system. Therefore, the USD must inflate. In the long run, gold will either disappear or rise in price - no other option. The odds of gold losing all its value is slim to none. Long human history has proved that. The USD inflation is a fact. Moreover, it's very safe to argue that gold would outlive the USD.

Now that we have decided to long gold, but how? What strategies and/or tactics that we should use to reduce the trading risks and optimize the potential gains?

Let say you buy gold now, and if in the short-term timeframe, gold drops its price, then you would lose some money. Using a high-leveraged account, you could lose more, or you could even be wiped out completely if you overtraded. So, what are the safe trading operations that you should deploy to safeguard your trading accounts?

Let's explore the opposite option. Let say you buy gold now. If gold's price will rise immediately after you buy it, then you would make some money.

However, what if as soon as you buy gold, its price drops - which is against your expectation – what should you do next?

Well, you can convert anti-expectations into more profits. So, how exactly can you make more money when the market is against you? What's the logic?

Well, we can tackle both these problems by deploying one philosophical approach and strategy, the TRENDING-COST-AVERAGE (TCA).

So, what exactly is Trending-Cost-Average (TCA) trading strategy?

We build the cost-average trading tactic on top of the assumption that in the long run, gold should be trending upward.

That means when gold drops its price, you spread out your capital and gradually take more long positions, so that when gold price rise again, breaking the previous high level, then you will cash out for profits.

To understand this strategy, let's get into the trading game. Following are the rules of the game.

THE RULES of OUR TRADING TACTICS

You disregard and truncate the decimals in gold's price, and only interested in the full-dollar numbers, which we call the ***price points***. For example, 1901.50 and 1901**.90** are the same, which is price point 1901.

You must define the trading range, by **eTP** and **mTP**.

For each price point within the trading range, you would only buy 1 ounce of gold, NO MULTIPLE TRADES for the same price point.

To make your lives and works easier, you should use the Automated Trading Simulator (**ATS**) – which will be

provided in the onsite seminary - to project the trade operations BEFORE executing your trades.

USING THE CLASSROOM TOOLS (available for onsite training only)

Using these tools, let's simulate the first trading operation scenario.

DEFINITIONS

The trading range is defined by **eTP** and **mTP**. Please refer to the glossary for in-depth formal definitions.

rAP is the real average profit per trade, which has the volume size of one troy ounce of Gold.

aP is the accumulated trade positions, which is the sum volume of the position size of the trade's operation.

P is the profit.

PrPt is the price point, which is the distinct gold price without any decimal. For example, 1901 to 1903 is two price points.

CASE STUDY 1 (simple gain)

Our trading capital is $11,000.

It's Monday morning. Let say the current gold price is 1850.

We expect the intra-week high gold price to be around 1950.

We define the trading range between 1850 ... 1950.

So, we spread out your capitals, and therefore, for each price, we bought 1 ounce of gold.

Within the same week, gold gets to 1950, which is our projected/expected target profit price. we cash out for profits.

The result: we bought 100 oz of gold with an average price of 1900. So, on average, for each ounce of gold, we made $50.

Therefore 100 x $50 = $5,000 profit.

So, a 45% gain on the account within a week is not a bad idea.

Let’s take a look at the following illustration:

Illustration I

Formula:

$$P = aP * rAP$$

Where, in this case, aP is 100, rAP is 50, and P is $5,000.

ELABORATIONS

This book was written in the reversed-pyramid information model, where the most important information is being presented first, then the not-so-essentials, which are presented in the elaboration area. If you feel like you've mastered the philosophies and practices in this book, then go ahead and jump down to the RECAP part at the end of this chapter. However, if you feel the need for more understandings, please continue reading.

Most retail traders have the following issues and accordingly problems:

- Having small accounts
- Unrealistic profit expectations
- Over-leveraged
- Over-trades
- Taking large positions
- Being stopped out at high frequencies
- Accounts being blown up (a few times in their unprofessional career)
- Freak out when the market moves against their open positions
- Operate on the Fear-Greed psychological model
- Enter long positions when the market gets higher

- Cutting losses when the market gets lower against the long positions
- Hoping that the market will move in their expected direction
- Being desperate during margin calls
- Believing that the market will reverse when their accounts are about to be blown up

Well, in this chapter and the following ones, we will tackle all these mindset/situations/problems once and for all.

The first real problem for high-leverage trading is that the trading account is so inadequately funded. That's the reason why it's almost impossible to make consistent profits in the long run. Let say you open a trading account with only $5,000 capital with the leverage of 1:100. Now, you want to double or even triple your account in a very short time, let say in a matter of few weeks, or even just a few days. With this unrealistic profit expectation, you have no choice but taking large positions. With large positions, you have only two mechanisms for risk control. One is to set stop losses very close to your open order prices. The second option is letting your account being blown up if you did not set the stop-losses. Either way, you are most likely to be screwed up. If you set close stop-losses, then your account will be worn out. If you don't set stop-losses, maybe you will be lucky if you can get away a few times. But in the long run, when the odds are being controlled

by the rule of randomness, you will definitely be eliminated from this high-leverage trading game.

In simpler words, if your positions cannot withstand a few hundred *price points* (**PrPt**) when the market moves against your open positions, you cannot become a professional fund manager.

Define: **PrPt** is the price point, which is the distinct gold price interval without any decimal. For example: 1901 to 1902 is one price point.

By nature, high-leverage trading is a game of speculation, and by no means being the so-called "*investing*."

Speculation implies very high risk. By definition: speculation is the forming of a theory or conjecture without firm evidence. It means you are to enter a venture in the hope of high gain but with a proportional high risk of loss. With superior knowledge, skills, and practices, you can reduce this high risk to the level that you can be comfortable with. However, with insufficient knowledge, improper training, immature temperaments, mal-practices, and without a trading system, you are most definitely destined for failures and disasters.

Having said all this, we would strongly suggest you come to our onsite training seminar.

Here's the registration: http://mcaforex.com

RECAP

In this brutal game of high-leverage trading, whales will eat small fish. Don't be a fish. Be a whale. You can start out being a small whale. However, over time, you should eat enough fish to become a bigger whale. Don't set out to be a little fish, for sooner or later you will be swallowed by one of those big whales. A whale doesn't just eat one fish to grow to its full stature, but many. You cannot become wealthy by winning a few trades. You need to win thousands and millions of small trades to make a successful career as a fund manager. So, don't think like a gambler. Think like a vacuum. Just suck in any small gain possible, without exposing yourself to any serious risk. In the long run, after thousands and millions of small winning trades, you will be among the elite institutional traders.

Good luck!

Keep reading...

CHAPTER II

proximity is glory

In this chapter, we'll learn how to take premature profits when the market seems to underperform your original expectation.

PROBLEM-SOLUTION

In the marketplace, no one can consistently predict precisely where the gold price will be in the short future. However, you don't need to know the exact gold price projection. Being able to spot just the ballpark of gold trading ranges can make you rich.

PHILOSOPHY

Most branches of natural sciences require exactness and precision, especially math, physics, chemistry, medicines, aerospace, computer sciences, and so on. These mentioned above allows very small error tolerances.

However, in trading, you don't have to be so exact. In fact, using our trading philosophy, only proximity is needed. If you expect the market to be more volatile, you will set a wider **eTP**. But what if the market only gets close to your target price, but not quite there? In these cases, you can still cash out prematurely for less profit than expected, but still: profits!

SOLUTION

In the classroom, you will be provided tools that will assist you to project short-future price targets. The tools only help you. You still need to be able to determine the trend. With the trend spotted, you need to project price targets based on the determined trend.

STRATEGY & TACTICS

Instead of taking a large position, our strategy is to spread out the capital into many smaller trades. In doing so, you effectively reduce the risk for each trade. This strategy also allows a much wider Loss-Cutting-Threshold (**LCT**).

Our tactic requires that there are no multiple trades on the same price point (**PrPt**).

To understand this strategy, let's use a parable: A king dispatches his army to take a city instead of sending his only heir son. He may lose some of his men before the city is toppled, but he exposes no risk to his kingdom.

However, if he sends his only heir to take the city without any men - despite the fact that the prince is very blatant and skillful in battle - should the only heir prince be killed, his kingdom will be eventually transferred to another king.

In this parable, the **small trades** represent the men in the king's army, and the heir prince is the **one** large trade.

Should you take a large position and being stopped out, your trading account will shrink. However, if you split a big trade into many smaller trades, you can put the Loss-Cutting Threshold (in substitution for the regular stop-loss) very far from the order open price, even to the point that the order will almost never get cut off. It means that the operation could only mean profit.

DEFINITIONS

eTp is the most important number. It's the expected target price where we would take profit in the future. In long positions, **eTp** is higher than the current price. In short positions, **eTp** is lower than the current price. In

simple trading, **eTP** is also the destination end of the trading range. In refined trading, **eTP** differs from **mUB**.

PrPt is the price point, which is the distinct gold price without any decimal. For example, 1901 to 1902 is one price point.

LCT is the Loss-Cutting Threshold, which is the price point where our A.I. trading system automatically exits negative positions incrementally, starting from the most graved losing position.

aTp is the newly adjusted **eTP**. It's the expected target price where we would exit safely to minimize the loss in the event that profits cannot be made, and even the break-even seems not to be possible. The Automated Trading System (**ATS**) provides this built-in tool.

aP is the total size of accumulated outstanding positions.

mAP is the maximum average profit for each trade. After the trading range is defined by **eTp** and **mTp**, the **mAP** is the average of these two numbers. **mAP** is based on the assumption that all the orders within the trading range will be filled. The formula is: **mAP = (eTp + mTp) / 2**.

pAP is the projected Average Profit for each trade. If the orders in the pre-defined trading range are only partially filled, **pAP** is the projected Average Profit should the market converges to the **eTP**.

rAP is the real Average Profit for each trade. If the market moves against your outstanding open positions and forces you to adjust the eTP to aTP, then the rAP will override the mAP or pAP (most likely the mAP).

rAEPr is the second most important number. This is the real Average Entry Price for collective trades.

P is the gross profit. It is calculated as P = mAP * aP.

RmTp is the real max trading range. Before the trade operation, we define mTp as one end of the trading range, which is the max allowed trade at mTp. However, more than likely, the market price may not reach mTp, but prematurely reverse its direction and hit the eTp. In those cases, RmTp is the real mTp, instead of the projected mTp.

CASE STUDY

The great thing about our Trending-Cost-Average (TCA) strategy is that, as a fund manager, you don't have to be precise to make great profits. Proximity is more than enough.

Let's drill in the following case study.

CASE STUDY 2 (partial gain)

Our trading capital is $11,000.

It's Tuesday morning. Let say the current gold price is 1850.

We expect the intra-week high gold price to be around 1950.

We define **eTP** at 1950, **mTP** at 1850, and the **LCT** at 1800.

So, we spread out our capitals, and therefore, for each price point, we bought 1 ounce of gold.

Within the same week, gold only gets to 1930, only 20 price points (**PrPt**) away from the **eTP**, which is very close to our projected/expected target profit price. Out of impatience, we cash out for profits. *(As history revealed, Gold only rise 35 more price points before plummeted more than 100 price points.)*

The result: we bought 80 oz of gold with an average price of 1890. So, on average, for each oz of gold, we would make $40.

Therefore 80 x $40 = $3,200 profit.

So, a 29% capital gain within a week is not a bad idea.

Let's look at the following illustration:

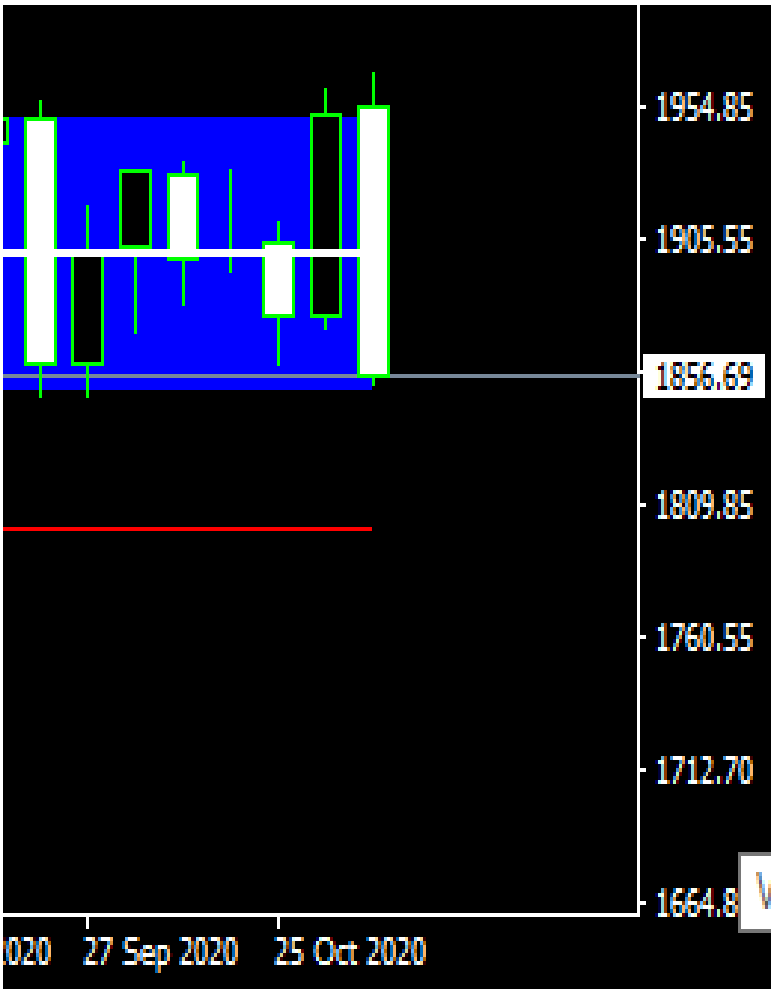

Illustration II

Formula(s):

$$rAEPr = (aTp + RmTP) / 2$$

$$rAP = aTP - rAEPr$$

$$P = aP * rAP$$

Where, in this case, **aTP** is 1930, **RmTP** is 1850, **rAEPr** is 1890, **aP** is 80, **rAP** is 40, and **P** is $3,200.

ELABORATIONS

At this point, if you fully understand the philosophy, the strategy and tactics, and the practice thereof, you can skip this part and jump to the **RECAP** section at the end of this chapter. If you need more explanations, please continue reading...

Now you see, in the example above, we projected the intra-week high to be 1950 but when the price only gets to 1930, where we decided to get out prematurely.

We missed the original **eTP** by 20 Price points (**PrPt**), and substitute **eTP** with Adjusted Target Price (**aTP**) yet still making huge profits.

Applying our philosophy and using our automated trading system, the most important number is the **eTP** or **aTP**.

Gold price always fluctuates, and your primary job is to project the general price path of gold. Remember, you don't have to be exact or precise. Ball-park projection is more than needed.

The core essence of this trading strategy is: ***spreading the small trades across the pre-defined price range***. Therefore, precision is not needed.

However, we need to follow the right trend. That's how profits are generated.

Let's touch on some math.

We define the Expected Target Price as **eTP.** This is the most important fluctuating number.

This is how your trading team should operate. Every Monday morning, you should have a team meeting. The meeting agenda has only 2 things to cover. One is to determine this week's **eTP.** The second agenda is to make sure that the fund has adequate required account equity (**bE**) before the trades operation (**TO**).

As a fund manager your primary job is to provide these weekly **eTP** numbers. We will provide tools to assist you to project these numbers.

After you came up with this week's **eTP**, put that number into the Pre-Trade Simulator (**PTS**).

Also, run it by your Risk Manager and check with him to discuss any potential risk issue and to make sure that you have proper capital (**bE**) before executing that trade operation (**TO**).

Every week's **eTP** is an arbitrary number that you project using your ability to forecast the gold weekly price's moving path. This is the most difficult part of your job as a Fund Manager.

Of course, during the week, you may change this number. However, try not to make it a habit when you keep changing your **eTPs** during the week. In the long run, that habit would make you a lousy Fund Manager – even if the immediate end results are your gains.

The Pre-Trade Simulator (**PTS**) and other tools which assist you to project the weekly **eTp** will be provided at the onsite seminar.

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If you have read this chapter many times over and still don't quite understand the subject matter, then you should come to the onsite training. Here's the registration link: http://mcaforex.com

RECAP

In the game of estimated projections, proximity is glory. Sometimes, you don't have to reach your goals to be rich. Should you over-projected, insisting on reaching your far-fetched goal could mean non-optimal.

*For example, in the case study above, if you set the **eTP** to be 1970 instead of cashing out at 1930, then the market did reverse at 1965 and moving down-ward, putting you into the possible losing positions instead of winning ones. So, adjust your **eTP** to **aTP** as needed, but do not misuse that option.*

CHAPTER III

static is dynamic

In this chapter, we'll learn the principle behind nature's so-called "*dynamic static*", which means when the market seems moving no-where, you still can make huge profits.

PROBLEM-SOLUTION

Sometimes the market did move but you didn't see it. If the market doesn't fluctuate, traders lose their time. For open positions, swap fees can be an important factor. The next to worst thing a trader can lose is his/her patience. However, using our trading philosophy so-called Trending-Cost-Average (TCA), even when the price seems to be static could mean tremendous profits.

PHILOSOPHY

What if gold fluctuations seem going nowhere, could you still make money off it, using the Trending-Cost-Average strategy?

Absolutely!

Just take a look at the following case study.

Being a Fund Manager/Trader, you shouldn't have to stare at the trading monitor all the time. Doing so would be counter productive. Many times, you glimpse at the screen, register the current gold price in your short-term memory, then get off, doing something else.

A few days later, you come back to the computer screen, take a look at the gold price, and it seems like the price remains the same. Actually, the prices did fluctuate, but then came back to the former price which you registered in your memory.

THE SOLUTION

All you have to do in order to make a great profit is doing two things: First, you set the **eTP** a little higher than the current price. Second, you set the Automated Trading Robots (**ATR/ATS**) to enter small trades when gold deviates from the current price. In effect, when gold drops its price, you buy gold at lower prices. The more gold price plunges, the better prices you get. So, when gold gets back to its seem-to-be-static price, it's time to cash out for profits.

STRATEGY & TACTICS

Of course, this whole philosophy is built on the premise that gold is in an uptrend, where if its price drops, it should rise back to the original price that you registered in your short-term memory before continue moving to higher highs.

Our strategy remains the same. We spread our capital out evenly on the trading range, entering a small trade on each price point (**PrPt**). When gold deviates from its initial price that we registered in short-term memory, the Automated Trading Robots (**ATR**) will enter trades. So, when gold comes back to that initial price, we cash out for profits.

Our tactics remain the same. No multiple trades on the same price point (**PrPt**). We also set the Loss-Cutting Threshold (**LCT**) about 50 Price points from the end of the max-allowed trading range (**mTP**).

DEFINITIONS

PrPt is the price point, which is the distinct gold price without any decimal. For example, 1901 to 1902 is one price point.

mTp is the opposite end of the trading range, as opposed to the **eTp**. These two numbers define the trading range.

RmTp is the real max trading range. Before the trade operation, we define **mTp** as one end of the trading range, which is the max allowed trade at **mTp**. However, more than likely, the market price may not reach **mTp**, but reverses its direction and hit the **eTp**. In those cases, **RmTp** is the **real mTp**, instead of the projected allowed **mTp**.

hA is the healthy account, which is when a trading account has sufficient capital to withstand all the negative unrealized losses when the market moves against you down to the Loss-Cutting-Threshold (**LCT**).

rAEPr is *the real Average Entry Price.*

To better understand this theory, let's dive into the following case study:

CASE STUDY 3 (static gain)

Our trading capital is $10,000.

It's Monday morning. Let say the current gold price is 1907.

We expect the intra-week high gold price to be around 1950.

We are willing to long gold in 1850...1950 range.

We define the Loss-Cutting Threshold at 1800.

So, we spread out our capitals, and therefore, for each price, we bought 1 ounce of gold.

This time, gold doesn't rise but keeps dropping. It drops to 1860. Then Friday morning it bounces back to our **original Monday morning price, at 1907** – which is the initial entry price at the top of the price range. **Should we break even?**

No, we would actually make $1,128 - which is an 11% gain, but Why?

Here's the math:

We bought 47 oz of gold with an average price of 1884. So, Friday morning, when gold comes back to its Monday's price which is 1907, on average, each oz of gold we would make $24.

Therefore 47 x $24 = $1,128 profit.

So, an 11% capital gain within a few days - even when the gold price seems to be static - is again, not a bad idea.

The logic:

As long as we can spot the major trend and bet on it, we have no choice but making money. This is especially true when initially the market moves against you at first - when you actually entering incremental trades – then it comes back to the initial price at the preferred end of the trading range, which in this case is the starting price.

The following illustration will help you to better understand this case:

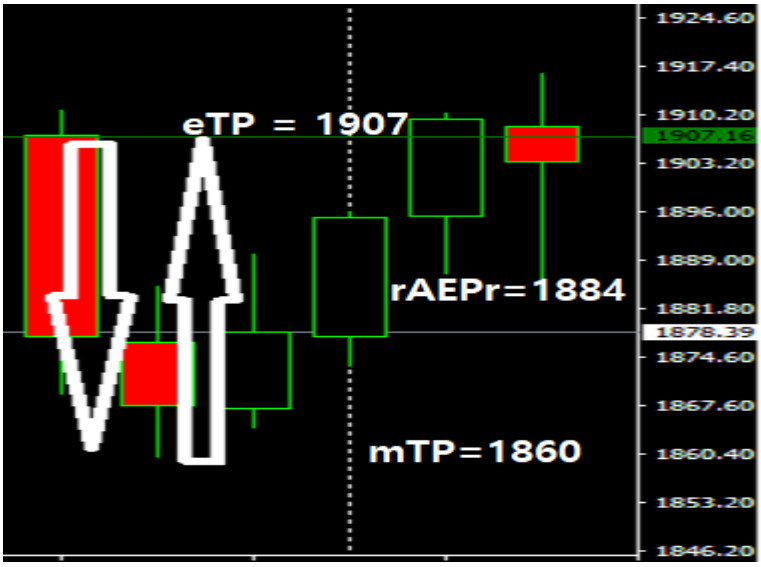


Illustration III

FORMULA(s)

For now, let's drill into the second most important variable of this mathematical model: the AVERAGE ENTRY PRICE (**rAEPr**).

This is the formula:

$$\mathbf{rEAPr} = (\mathbf{eTP} + \mathbf{RmTP}) / 2$$

Where **eTP** is 1907, **RmTP** is the real max Trading Price of the trading range, which in this case is 1860.

ELABORATIONS

At this point, if you are confident that you've understood the subject matter, you can jump to the RECAP section at the end of this chapter. However, if you want to gain more in-depth understandings, please continue reading...

You just saw that even in the event the market moved 47 price points against your expectation, and then came back to where it was, you ended up profited so much.

This case study is a historical data from October 28th to November 3rd of 2020. One may argue that what if when the gold price dropped to 1860, and continue dropping

instead of bouncing back to the initial price 4 days ago on October 28th, which was 1907?

Despite the fact that the data is historical, of course, this case study was still built on the assumption that when gold is on the uptrend, even if its price drops 100 price points, the odds of it bouncing back to the initial price and continue to go higher is extremely high.

However, we still have at least two major caveats to consider:

1. The trading ranges

2. The cut-loss tolerance

The wider the trading range you define, the more capital you need in order to have a healthy account (hA).

In the event when you have entered all the trades all the way down to the end of the trading range (mTP), then the Automated Trading Robot (ATR) will stop taking more positions, allowing no more trades.

Should the market keeps moving against your open positions, you don't cut losses right there and then. You should reserve some cushion before voluntarily cutting losses. There should be a buffer of price points between the mTP and the Loss-Cutting-Threshold (LCT).

In doing so we are willing to take a little more loss should the gold price goes past the LCT but reducing the frequencies of loss. Most of the time, the market won't go that far if we'd spotted a strong trend. Therefore, no loss should be incurred.

SWEPT-OUT TRADES

The most frustrating moments in your trading career are those when the market moves against your trading position to the point of stopping out your loss trades. However, right after touching your stop-losses, the market reverses its direction and moves towards your eTP's.

Well, trading with our system you shouldn't have to worry about that problem. Why? Because instead of being stopped out for a large position, our Automated Trading System (ATS) will proactively cut off small losing positions *INCREMENTALLY*. So, when the market reverses its directions, you are only being cut loss for much smaller magnitude.

For example, should the gold price have dropped down to 1795 – which is 55 price points past the real historical case - the Automated Trading System (ATS) will only cut-loss 5 small positions. However, the elaborated explanations will be discussed in detail in the following chapters.

RECAP

*If the market seems going no-where, it could mean great profit if you apply our Trending-Cost-Average (**TCA**) strategy and trading practice. The condition is that the price has to deviate from your price impression, then come back to the original price that you registered in your short-term memory.*

The more deviation, the more money you make, because the more trades you could enter at better prices (within the trading range).

*However, if the price deviates so much, even beyond the Loss-Cutting Threshold (**LCT**), then you should have some voluntary loss due to the Automated Loss-Cutting Mechanism (**ALCM**) cutting loss incrementally to prevent your account from further losses.*

CHAPTER IV

down then up

In this chapter, we will study the most desirable trading scenario.

PROBLEM-SOLUTION

Most retail traders freak out when as soon as they took a long position, the price dropped. Professional fund managers just couldn't wait for those situations, so they could buy more.

PHILOSOPHY

Now you should know why Warren Buffet has been saying this axiom *"Be greedy when others are fearful; Be fearful when others are greedy!"* Real opportunities appear in the disguise of risks, while risks seem to appear in the disguise of opportunities. With an analytical ability, you should be able to distinguish what is really what.

SOLUTION

If you are convinced that gold price will definitely go up in the long run – as in our case, it will, then by all means - buy gold when its price drops. It's just a matter of time when gold will get back to the top of your trading range (**eTP**) and continue to rise even higher.

STRATEGY & TACTICS

But how should we execute these trades? The answer to this **how** is everything. This is the key to winning in this high-leverage trading game.

You see, in this high-leverage trading game, error-tolerance – which may translate to stop loss – is everything. If you've taken a large position, you should put the stop loss very close to the order open price. It would mean that the market just needs to move very little against your open position, and you will be stopped out for a loss. If you don't have a stop loss, sooner or later, your account will be blown up. It's just a matter of time.

This is our solution and here's the how: SPREAD the trades out across the defined trading range, between **eTP** and **mTP**.

In doing so, you effectively reduce the risk of being stopped out for each smaller trade. That would mean you could put the Loss-Cutting Threshold (LCT) - which is the voluntary risk-control mechanism in substitute for retail traders' stop loss - very far from your open trades. This means that even your small trades will almost never get stopped out. If you don't get stopped out but just hitting profit targets, that would mean tremendous profits.

Having said that, a very small risk still remains. Unless you are being trapped in a major contra-trend that has a magnitude larger than 350 price points, you shouldn't lose any money. But even if the contra-trend has the magnitude greater than 350 price points, you may lose money on some small trades, but that shouldn't be substantial. The frequencies of small trades being cut-off by the Automated Loss-Cutting Mechanism (ALCM) will be rather low and insignificant.

DEFINITIONS

PrPt is the price point, which is the distinct gold price without any decimal. For example, 1901 to 1902 is one price point.

eTp is the most important number. It's the expected target price where we would take profit in the future. In long positions, eTp is higher than the current price. In short positions, eTp is lower than the current price. eTP is also the destination end of the trading range.

mTp is the opposite end of the trading range, as opposed to the **eTp**. These two numbers define the trading range.

ALCM is the Automated Loss-Cutting Mechanism. When the market moves beyond the **LCT**, our **ATS** will commission an Artificial Intelligence (AI) process to eliminate losing trades, beginning with the most gravely negative trades.

mUB is the max upper bound. This is the alternative upper bound of the trading range (other than **eTP**) if you want to fine-tune the trading range to increase profit margin and most importantly reduce the risk of going beyond the **LCT**.

LCT is the Loss-cutting threshold, which is the price point where our **ATS** automatically exits negative positions incrementally, starting from the most graved losing position.

hA is the healthy account, which is when a trading account has sufficient capital to withstand all the negative unrealized losses when the market moves against you down to the Loss-Cutting-Threshold (**LCT**).

CASE STUDY

The best collective trades operation comes long when the market initially moves against you even to the max trading range **mTP**, then reverses its direction, and swings back to your **eTP**.

Let's consider those situations by observing the following case study.

CASE STUDY 4 (BEST-CASE SCENARIO)

Our trading capital is $29,000.

It's Thursday morning. Let say the current gold price is 1906.

We expect the intra-week high gold price to be around 2000.

We define a trading range between 1800 and 2000.

So, we spread out our capitals, and therefore, for each price point, we bought 1 ounce of gold.

This time, gold doesn't rise but keeps dropping. It drops to 1800, which is the **mTP**. Then Friday morning of next week, it bounces back to our expected target (**eTp**), which is 2000.

So, we cash out for profits and make a $20,000 or 69% gain.

Here's the math:

We bought 200 oz of gold with an average price of 1900. So, on average, for each oz of gold, we would make $100.

Therefore 200 x $100 = $20,000 profit.

So, a 69% capital gain within a couple of weeks is absolutely a great win.

To gain an in-depth understanding, let's take a look at the following illustration:

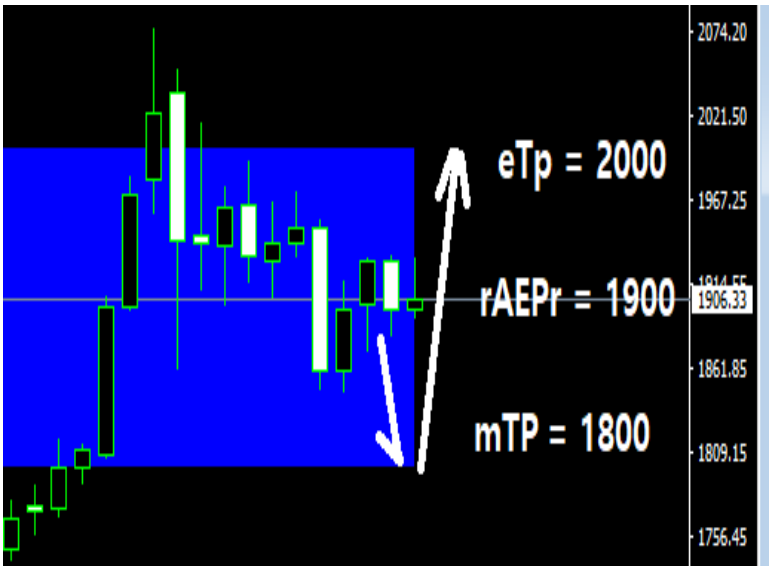


Illustration IV

FORMULA(s)

$$rAEPr = (eTP + mTP) / 2$$

The formula to calculate profit is:

$$P = aL * (eTP - rAEPr)$$

ELABORATIONS

The market rarely swings to the exact 100th price marks for the **mTP**'s, for example, 1700, 1800, etc. The price marks may go over a few price points or being short a few price points. Nevertheless, the price ranges could be close enough that would make this case study a classic case. For the **eTP**'s, given reasonable time, you would most likely hit them most of the time.

With our Trending Cost-Average (**TCA**) trading, the more the price deviates from the **eTP** and getting closer to the **mTP**, the better. It would mean that more positions are taken across the wider trading range, for better prices. The result is more profit when the price gets to the **eTP**.

There's one caveat: if the price moves beyond the Loss-Cutting Threshold (**LCT**), losing trades will be cut out incrementally.

To avoid the risk of getting beyond the Loss-Cutting Threshold (**LCT**), you should only define the trading range right after drastic price drops. In doing so, you give yourself an extra safety cushion, which reduces the risk of having even a few trades being cut-off by the Automated Loss-Cutting Mechanism (**ALCM**).

If you don't want to wait until after the price drop had happened before defining the trading range, you can just discount the current price by – let say 100 price points – and then define the Max Upper Bound (**mUB**).

RECAP

One of the corner-stone philosophy for this Trending-Cost-Average strategy is: **"Do not put all your eggs into one basket."**

Placing large-volume lot size trade is like putting lots of eggs into one basket. Don't!

Spread them out into many smaller baskets. In doing so, you can manage the risk much more effectively.

*Have a healthy account (**hA**). Make sure you are not involuntarily forced out of a position just because you do not have an adequate fund to withstand the market when it moves against you. Know that the **ALCM** will cut out a few losses when the market moves pass beyond the **LCT**.*

*Don't just jump into the market. **Wait!***

If you want to buy, wait until the market corrects itself for at least 50 price points before you begin to define the trading ranges. These price points are the extra cushion that you give yourself, which allows you to have a wider error-tolerance.

Know when you've spotted the right uptrend and act with confidence!

*Do not flinch when the market moves against you. That's how you make more money. The **LCT** is there already to prevent you from un-manageable loss, but most of the time you shouldn't have to be beyond the **LCT**.*

Have fun making money.

CHAPTER V

half is break-even

In this chapter, we'll learn the second important concept: the **break-even** price point. Before entering trades, you have to know where the break-even point is. In trading, there are generally only three plans. Plan A is to make profit. Plan B is to break even, and Plan C is to minimize the potential loss. In this chapter, we cover plan B.

PROBLEM-SOLUTION

Sometimes traders focus too much on profit that they forget the safety measures. In high-leverage trading, profit is not the most important goal, but "**DON'T LOSE YOUR MONEY**" is.

Before getting into trades, a fund manager must know his break-even price point. If he's not sure if he can even reach that break-even price point, then don't even bother to enter any trade.

Our Automated Trading System (**ATS**) provides you tools to project this break-even point (**rAEPr**).

PHILOSOPHY

To be successful as a fund manager, playing safe is the corner-stone philosophy of high-leverage trading. Play to win is just as important. Without the intention to gain, we shouldn't trade at all.

Combining these two philosophies, we came up with a synthetic one: **safe winning** philosophy. We play to win but aren't willing to expose ourselves to unnecessary risk. With that in mind, we should consider the break-even price point as the relative worst-case exit point (**aTP**).

SOLUTION

In strategic planning, the goal is to achieve some target. If the target can be taken without any loss, that's perfect. However, if some loss is inevitable then loss mitigation is extremely important. We want to achieve our goal, but only willing to accept minimal loss – if none is impossible. Well, at least we should cut the loss down to the minimum.

After setting the **eTP** which is the price target, the second number you should set is the Break-Even – or projected average entry price (**pAEPr**).

After these two numbers are set, the **mTP** is the derived number.

Having these three numbers, all you have to do as the fund manager is to plug these numbers into the Automated Trading System (**ATS**), then go to the beach, enjoying margaritas, while waiting for the profits to be realized.

Remember, you can only have access to the Pre-Trade Simulator (**PTS**) and the **ATS** in the classroom.

You can register here: http://mcaforex.com

STRATEGY & TACTICS

Your plan is to achieve the profit without any loss. Should the market move against you so bad that's it's almost impossible to achieve the original plan A, then you should execute plan B, which is breaking even.

Our Automated Trading System (**ATS**) provides fund manager a mechanism to adjust the original **eTP** to the new aTP, which is called Adjusted Target Price (**aTP**). To achieve break-even, the **aTP** should be the same as the **rAEPr**. Synchronizing these two numbers will effectively constitute liquidation of all accumulative open positions for a break-even – no gain no loss – financial result.

DEFINITIONS

eTp is the most important number. It's the expected target price where we would take profit in the future. In long positions, eTp is higher than the current price. In short positions, eTp is lower than the current price. eTP is also the destination end of the trading range.

rAEPr is the second most important number. This is the real Average Entry Price for collective trades. The formula to calculate profit is **aL * (eTP – rAEPr).**

pAEPr is the projected Average Entry Price, which is the projected/simulated variable for the **rAEPr** when trades were executed. After trades were executed, **rAEPr** will override this **pAEPr**.

RmTp is the real max trading range. Before the trade operation, we define **mTp** as one end of the trading range, which is the max allowed trade at **mTp**. However, more than likely, the market price may not reach **mTp**, but reverse its direction and hit the **eTp**. In those cases, **RmTp** is the **real mTp**, instead of the projected **mTp**.

CASE STUDY

So far, in the previous chapters, we only studied the winning scenarios. What about a break-even scenario?

The real break-even scenario happens when the market moves against you initially, but then only bounces back 50% of the traded range of the collectively open trades.

Let's study that scenario using the following case study:

CASE STUDY 5 (a break-even scenario)

Our trading capital is $29,000.

It was September 7, 2020. The current gold price is 1980.

We expect the intra-week high gold price to be around 2000.

We define the trading range price between 1800... 2000.

So, we spread out our capitals, and therefore, for each price, we bought 1 ounce of gold.

This time, against our expectation, gold doesn't rise but keeps dropping. It drops to 1850. Then Friday morning it bounces back to 1915.

We decide to liquidate all positions. What is the outcome?

We bought 130 oz of gold with an average price of 1865. So, after gold drops down to 1850 then bounce back to 1865 on Friday morning, we liquidate all positions and break even.

For a 130-Dollar price drop situation, then 50% bounce back retracement, we still break even. This is not a bad idea.

We define the upper bound for the trading range as the **eTP** of our long positions. In these collective trades, we expect the gold price to go up, but it didn't. Instead, it dropped 130 price points then bounced upward 65 price points. When the current price equals - or is in the neighborhood of - **rAEPr,** if you feel like you were trapped in a contrarian (down) trend, at this price, which is 1915, you'd have an option to get out with no loss (just swap fees only).

For better understanding, let's look at the following Illustration:

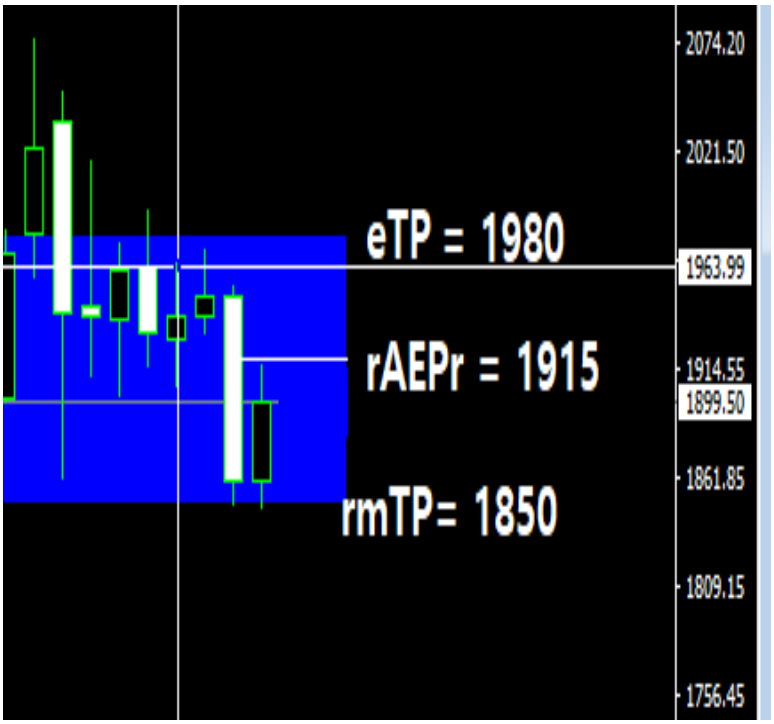


Illustration V

FORMULA(s):

$$rAEPr = (eTP + RmTP) / 2$$

ELABORATIONS

Play to win! However, you got to play safe. If not, you may lose your capital. Therefore, you ought to **Play Safe to Win** - which is a very rare combination.

Without a trading system and all the toolset in place, it's very difficult to pre-plan and to project different plans, options, and safe exit points before executing **TO**.

Our brains are rather foggy and vague. It can only process information only if they are clear and concrete. If you don't establish variables and assign values to them, our brain is just sitting where, don't know where to go, or how to process unset variables and unclear information.

You need to train your brain to form your mind into a safe-winning mindset. This is the foundation and framework for any future trading operations (**TO**).

Invest in your specialized knowledge. To make consistent profits in the high-leverage speculative trading arena, you do not need a large source of fund as capital. What you need the most is a profound knowledge. You will win consistently because of your superior specialized knowledge and a proven Automated Trading System (**ATS**). That's the reason why you should come to the class.

You can register here: http://mcaforex.com

RECAP

If you cannot achieve the original plan A's goal – which is making profits - at least you got to find a way to exit without any loss. This is the plan B.

As long as you can preserve your capital, opportunities are plenty. Do not insist on making money when the market turns against your original plan. Find a quick exit instead!

The market can move against you, but when it retraces 50% of your traded range, then the current price should equal your ***rAEPr****, which is the Break-Even price point.*

If you feel it's almost impossible to achieve the original plan's goal, then right there, you have an option to exit without any loss. Using our ***ATS****, you can preset that policy, so you don't have to sit in front of the trading terminal, waiting for the price to converge.*

SESSION VI

sometimes you just have to settle

There are two mechanisms for risk control. In this session, we'll learn the first one: how to proactively handle a losing scenario by adjusting the **eTP** to **aTP**. This tactic, by essence, is the plan C – which is loss mitigation.

PROBLEM-SOLUTION

Sometimes life doesn't turn out the way we wanted. Initially, we set out to make a profit, but then we realized that we jumped into the market at the wrong place and at the wrong time. The market seems to move against us, and there's no sign it will reverse its direction any time soon. We consider plan B, which is the break-even option, but even that is impossible. Well, in those situations, we just have to settle for a minor loss – which is plan C.

PHILOSOPHY

The expectation is a concrete post-form of motivation. Without expectation for a certain goal, achievement, gain, or profit, we are not motivated to do anything. We act because we are being motivated by the expectation of some quantitative/qualitative gain in the future. However, sometimes our expectations turn out to be unrealistic. In those situations, in order to prevent further losses, we need to adjust our expectations.

THE SOLUTION

Our Automated Trading System (**ATS**) has the pre-built tool for fund managers to adjust their expectations from **Expected** Target Price (**eTP**) to **Adjusted** Target Price (**aTP**).

If the **aTP** equals the **rAEPr**, it means that you settle to break-even.

In long positions, if the **aTP** is slightly less than **rAEPr**, it effectively means that you are willing to settle for some minor loss.

STRATEGY & TACTICS

This is the strategy: you spread out your capital into small trades within the pre-defined trading range with the **eTP** at the higher end of the trading range (when you are longing gold) and the **mTP** at the lower end of the trading range.

However, after re-assessing the situation and you realized that profits cannot be made, and even the break-even is not an option, the **ATS** allows you to execute an adjustment tactic to change the **eTP** to **aTP**, which effectively becomes a new exit point that should minimize the loss that will we incurred to a bad trading operation (**TO**).

DEFINITIONS

curPr as the current price.

ATS is the Automated Trading System. Its synonyms are **ATR** (Automated Trading Robots), or **AITS** (Artificial Intelligence Trading System).

TO is the Trades Operation is a set of accumulative small trades within the defined range of price points.

eTp is the most important number. It's the expected target price where we would take profit in the future. In

long positions, **eTp** is higher than the current price. In short positions, **eTp** is lower than the current price. **eTP** is also the destination end of the trading range.

aTp is the newly adjusted **eTP**. It's the expected target price where we would exit safely to minimize the loss in the event that profits cannot be made, and even the break-even seems not to be possible. The Automated Trading System (**ATS**) provides this built-in tool.

CASE STUDY 6

So far, we only discuss the winning and break-even scenarios. What about a losing scenario?

CASE STUDY 6 (a losing scenario)

Our trading capital is $29,000

It's Monday afternoon. Let say the current gold price is 2011

We expect the intra-week high gold price to be around 2050

We define the trading range for longing gold to be between 1800 to 2050.

So, we spread out your capitals, and therefore, for each price, we bough 1 ounce of gold.

This time, totally against our expectation, gold doesn't rise but keeps dropping. It drops to 1850. Then Friday morning it only bounces back to 38% of our traded range, which is 1915.

For different analytical reasonings, we are concerned that the price may not be able to retrace back to 50% in a short time-period, let say within a month. We then decide to liquidate all positions. What would be the outcome?

We bought 160 oz of gold with an average price of 1930. So, after gold drops down to 1850 then bounce back to 1915 on Friday morning, we liquidate all positions and only lose $2,400.

*Math: 160 * (1915 – 1930) = -2,400*

For a 160-Dollar price drop situation, then 38% bounce back, we only lose $2,400, which is only 8%, which is NOT a very bad idea.

Following is the Illustration for the above case study:

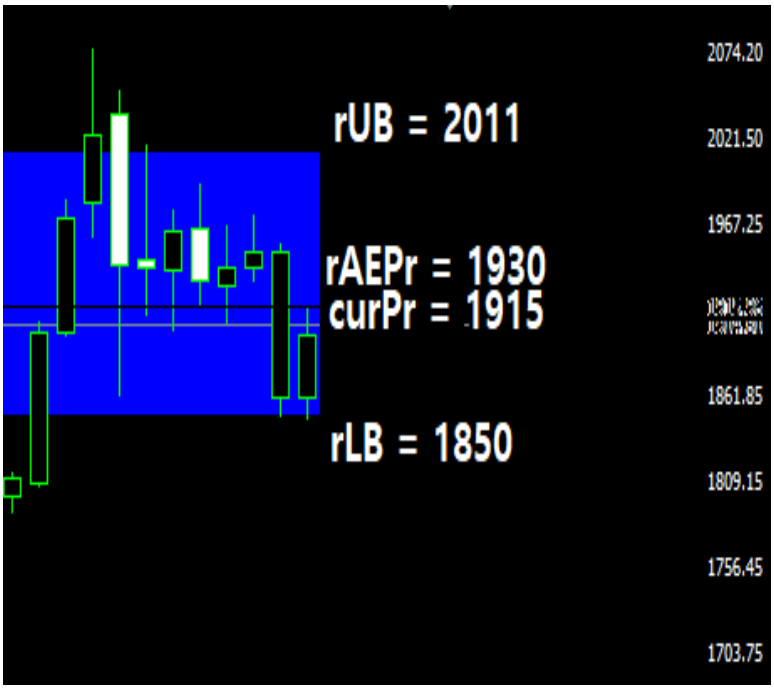


Illustration VI

FORMULA(s)

$$L = aL * (aTP - rAEPr)$$

Where **L** is the loss and **aTP** is the newly adjusted **eTP**.

ELABORATION

Do not panic when you get into bad trading situations. Even in times like that, you can still be on top of the ball. No need to freak out. You can proactively adjust your expectation, willing to settle for minor loss, and move on. Our Automated Trading System (**ATS**) will provide a mechanism for fund managers to adjust **eTP's** to **aTP's.**

Having a sound trading philosophy will help you to maintain a confident mindset. After having a philosophy as your foundation, the next step is learning how to use the Automated Trading System (**ATS)**. Everything you need to be successful as a fund manager is available. All you need is to be trained.

A good fund manager is the one who can handle any trading situation with confidence and ease. He should not panic under any circumstances. He's a good planner. A good fund manager is the one not only being able to make tremendous amounts of money but also being able to exit all positions, preferably, by Friday noon of each week.

As a fund manager your most important job is to determine the intra-week exit points. After enough Trade Operations (**TO**), it's not so much about making money anymore, but more about making money *with respect to the time-period*. This profit/time (profit with respect to time) relationship is what he considers. He has two

choices: either making some money in the short term or making more money in a longer time-period.

Train your thought process for consistent-profit oriented. Do not think like retail traders. So, how fund managers should think? Well, the following are a few tips:

- Take profits at new highs
- Take advantage of error tolerances
- Small wins are better than a BIG loss
- Proper funding for your trading account

First, you need to realize that the market does not move in a linear-regression straight line. It moves in a series of slanted crest and trough cycles. That slanted slope is called the trend. With that in mind, we should enter long positions when the market is in the trough cycles before reverses its direction, heading toward the new major crest. When the market is in the neighborhood of a new high, take profit! In order words, your **eTP's** should be at the new highs.

The real beauty of our trading philosophy is that the very Error Tolerance will make us rich. Error tolerance kills retail traders but profits institutional traders. Why?

To explain this philosophy, we need an example:

Let say the current gold price $2,000 and we set **eTP** at $2,010. If the market moves straightly to our **eTP**, we could have only taken an accumulatively 10-oz position with the average profit of $5 per oz, therefore we only make $50 of profit.

However, if the gold price drops all the way down to $1,800 before bounces back to our **eTP** at $2,010, then we would have taken accumulatively 210 oz of gold at the average $1,905. In this case, we would have profited 210 * (2010 – 1905) = $**22,050**.

Now, compare $50 profit with $22,050, which option is better?

You see, in the first scenario, the market just moves in your anticipated direction, yet you only make $50.

In the second situation, the market totally moves against your **eTP**, then reverses its direction, heading toward your **eTP**, but in the end, you make $22,050.

Compared to retail traders, no retail trader can afford 2,000 PIPS (or 200 **PrPt**s) stop-loss, therefore they get stopped out right of the bat.

There are two caveats though.

First, in the second scenario, you need more capital in your trading account. Your trading account should have around $50,000 in equity, whereas the first scenario would require much less capital. The Pre-Trade Simulator (PTS) will tell you exactly how much minimum required capital you need to trade for certain price ranges. So, show up in the class!

The wider the trading range, the more capital we need. To trade a 200-dollar price range (or 2,000 PIPS), you need at least 50,000 USD in the trading account, with 1:200 leverage.

The second caveat for the second scenario is that: if the market moves below $1,750, you will begin to lose some money via ALCM – an automated process that prevents further losses.

You make much more money when the market moves against your expected target price (eTP) and not passing beyond the Loss-Cutting Threshold (LCT). The closer to the mTP, the better entry prices you could get. The further the market deviates from the eTP, the more wealth you can achieve.

Being a fund manager, you are not supposed to lose money. Ad-hoc trading is the surest way to lose money. That's why you need a system to generate consistent profits.

RECAP

Aim for the gain. Have a plan B for breaking even. Should both plan A and plan B cannot be achieved, then settle for a minor loss, which is plan C.

Once you've mastered the art of money management, the word PANIC will disappear from your book. The rest of your vocabulary would be: ***expectations, projections, profit price targets, optimal exit points, minimized loss, well-balanced account, automated profit generations****, etc.*

Welcome to our league of Hedge Fund Traders.

CHAPTER VII

great gain is measured by small casualty

In this chapter, we'll learn the concept of automated (incremental) loss cutting mechanism (**ALCM**), which is the second mechanism for risk control. This is an alternative substitute for retail traders' stop losses - *other than the **aTP** discussed in the previous chapter*.

PROBLEM-SOLUTION

So far, we've been discussing winning scenarios, a break-even, and one losing scenario using the Adjusted Target Price (**aTP**) mechanism. What about a winning-with-casualty scenario (some losing trades but more winning trades)?

Here, you will learn an alternative new approach to risk management so-called Automated Loss Cutting Mechanism (**ALCM**). **ALCM** is the automated process that would cut those trades that go beyond the Loss-Cutting Threshold (**LCT**), which in effect, prevents the further losses.

PHILOSOPHY

The nature of our trading practice is to spread a large trading position into many smaller trades. It's like sending an army division into the field to take a particular target. Sometimes the casualty is none and the mission is accomplished. Other times, the general needs to execute plan B to adjust his target. Still other times, he may lose a few of his men in order to achieve the target. This training chapter is about the latest of the three – i.e., winning the **eTP** with some trades being cut out by the Automated Loss-Cutting Mechanism (**ALCM**).

SOLUTION

Sometimes the market is not being too merciful to vigorous traders. You can still achieve your **eTP**. However, some casualty may be incurred. In those cases, minimizing the losing trades while keeping the majority winning trades is an art in itself.

This art relies on two crafts:

1. To choose a good entry point (**rUB**)
2. To project and define a sound volatility range

STRATEGY & TACTICS

Spreading our account capital into smaller trades will reduce the risk of being cut out by the **ALCM**. However, that itself is not enough.

A good initial entry point which is being defined by the **ieTP** will give you more cushion when the market moves against you even beyond the **LCT**. So, as a good fund manager, don't just define your **eTP**.

Wait! Wait until the market retraces down for about 100 price points, then define your **eTP**. This will help you to stay out of trouble and reducing the number of possible losing trades.

Well, actually you don't have to wait. You can just discount the current price and chose a different Maximum Upper Bound (**mUB**) of the trading range and separate it from the **eTP**.

DEFINITIONS

LCT is the Loss-cutting threshold, which is the price point where our **ATS** automatically exits negative positions incrementally, starting from the most graved losing position.

ATS is the Automated Trading System. Its synonyms are **ATR** (Automated Trading Robots), or **AITS** (Artificial Intelligence Trading System).

ALCM is the Automated Loss-Cutting Mechanism. When the market moves beyond the **LCT**, our **ATS** will commission an Artificial Intelligence (AI) process/robot to eliminate losing trades, beginning with the most gravely negative trades.

ieTP is the initial **eTP**. It improves the **TO** by reducing the risk of the market volatility moving beyond the **LCT**.

aLoss is the price point distance from the **LCT** to the **Bottom** of the **TO** when longing gold.

mUB is the max upper bound. This is the alternative upper bound of the trading range (other than **eTP**) if you want to fine-tune the trading range to increase profit margin and most importantly reduce the risk of going beyond the **LCT**.

CASE STUDY 7

(Lose some/Win more scenario)

Our trading capital is $50,000.

It's Tuesday noon. Let say the current gold price is 1950.

We expect gold price goes up 50 price points, so we set the profit target price to be 2000.

We are only willing to buy gold down to 1800 max lower bound, which means we define the trading range from 1800 to 2000.

If gold ever gets below 1750, which is the **LCT**, the **ALCM** incrementally exit losing positions, starting from the most gravely losing ones.

So, we spread out your capital, and therefore, for each price point, we bought 1 ounce of gold.

However, instead of getting straight to 2000, gold price drops 250 dollars to 1700 BEFORE bouncing up the next Friday morning to 2000.

What the outcome should look like?

Well, we will lose money on 50 trades, and gain on 200 other trades.

When gold drops below 1750, the **ATS** incrementally closing the losing positions (via **ALCM**), from most losing first. Therefore, when gold drops to 1700, fifty (50) losing positions were closed with $200 loss each, which totaled $10,000.

However, when gold bounces up to 2000 and we cash out for profits, we will gain 200 oz at (1800...2000) an average of $100 per oz. Therefore, our gain is $20,000.

Offsetting the gains and losses, we still profit ($20,000 - $10,000) ten thousand dollars ($10,000).

For a 250-dollar price drop situation, then bounce back to the projected target price (**eTP**), we still make $10,000, which is 20%, in the matter of weeks, which is not a very bad profit for a drastic trading situation.

FORMULA(s):

$$aLoss = (LCT - Bottom)$$

$$Loss = aLoss * (LCT – ieTP)$$

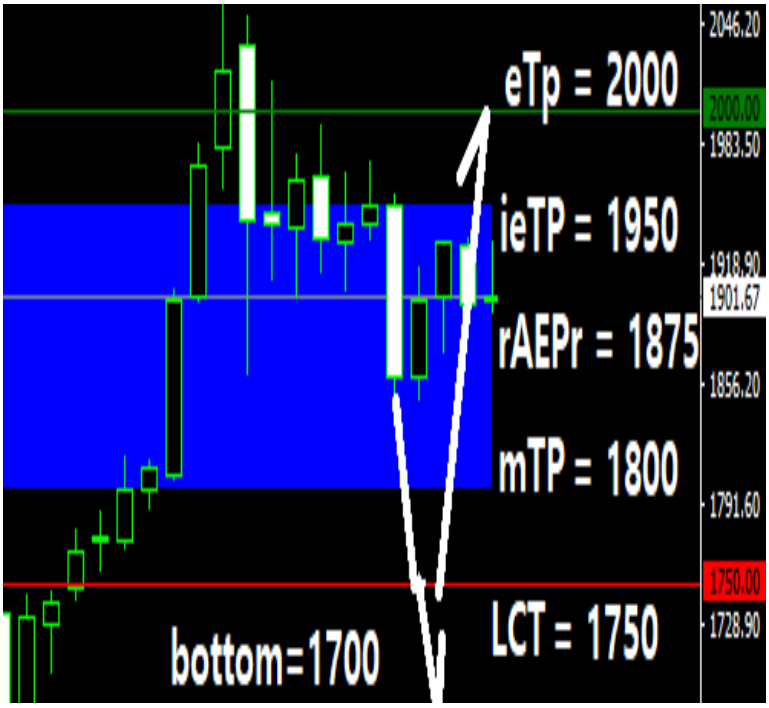


Illustration VII

ELABORATIONS

Think thoroughly before you execute your Trades Operation (**TO**). Use the Pre-Trade Simulator (**PTS**) to help you to envision the trading plan that you are about to get into.

Keep refining your ieTP until you feel that you have a good trading range with lowest risk. Work with your Risk Manager. Exploit him. It's much easier to consult him before getting into your TO than to seek advises from him when you got stuck in bad trading situations where you may lose a few trades. Even losing only a few trades is evitable.

Our general trading strategy is called *"trending cost-average trading"* or TCA trading. So, what it really means? Well, it means spreading out trades across a pre-defined trading range which is based on an assumption that gold price will follow a certain trend – going up!

Let's break down this theory in details.

Trending means that the price moves in a sloped direction. In our post-COVID business cycle we believe that gold price will go up for at least another ten years. So, our policy is longing gold.

Cost average means that you do not enter large positions. Rather, you spread out the capital and take smaller positions within a certain trading range. In doing so, you effective reduce the risk for each trade. Also, you can enjoy a greater error-tolerance, which in effect, removes all the panics and freak-outs if the market moves against your positions.

Error tolerance eliminates retail traders out of this high-leverage trading game. Retail traders have small fund. They overtrade. They take large positions, therefore willing to set very close stop losses. Their trades are being stopped out at high frequencies. They end up losing most, - if not all – their money.

On the other hand, hedge fund traders love error tolerance because it makes them rich. The more error tolerance allowed, the wider the trading range. The wider trading range means more trades taken at better prices, which effectively means more profits. Fund traders have more adequately funded accounts. They don't need to overtrade. Their trades are rarely being stopped out. They end up making lots of money, devouring all the losses from retail traders.

Potential loss is a very insignificant factor for fund traders. The reason being that the LCT's being place too far from the defined trading ranges that if the Countertrend is less than a few hundred price points, the odds of the losing trades being cut of by ALCM is very slim.

The ALCM is there, but you should plan your TO in such a way that you would never have to use it. If you ever need it, well, need it very rarely. Do not rely on the ALCM, because it will reduce your profits. Do not use it if you don't have to. Keep refining your ieTP before you execute your TO.

However, if we have to lose a few trades in order to take profits on many other trades, by all means, do it! The net result is a huge accumulated profit. Nevertheless, in most cases, we shouldn't have to cash loss on any trades. But if we do, it's just part of the game.

RECAP

As a general sending his men to take a certain target, he can get his target, but sometimes he may lose a few of his men. A good general will lose just a few men. A great one loses none.

Planning is a very important part of the operation. Proper execution of the plan is also important.

As a fund manager, exploit your Risk Manager's skills to help you with the planning when you come up with the numbers for your ***ieTP****'s. If you have good plans, then the* ***ALCM*** *has very little work to do, which is extremely beneficial to your profit line. We need the* ***ALCM****, but hopefully, we would never have to use it.*

SESSION VIII

for FOREX veterans

for all problems, only one solution

In this session, you'll learn how to solve most problems that retail traders have.

PROBLEM-SOLUTION

- Having small trading accounts
- Unrealistic profit expectations
- Over-leverage
- Over-trade
- Taking large positions
- Being stopped out at high frequencies
- Accounts being blown up (a few times in their unprofessional career)
- Freaking out when the market moves against their open positions

- Operating on the Fear-Greed psychological model
- Taking long positions when the market gets higher
- Cutting losses when the market gets lower against the long positions
- Hoping the market will move in their expected direction
- Being desperate during margin calls
- Believing that the market will reverse its direction when their accounts are about to be blown up

All the above problems need only ONE solution: The Trending-Cost-Average (TCA) strategy.

PHILOSOPHY

Do not put all your eggs into one basket. Do not put all your capital into a large trade with a close stop-loss. Spread them out! In doing so you can afford very far stop losses – about a few hundred price points (PrPt).

THE SOLUTION

For all the above issues, we offer only one solution: The Trending-Cost-Average (**TCA**) trading strategy, and the Incremental-Loss-Cutting (**ILC**) tactic.

STRATEGY & TACTICS

We can sum up our Trending-Cost-Average (**TCA**) trading into these three sentences:

1. Spread large trade into smaller trades across the trading range.

2. Have a plan B to adjust the target price – from **eTP** to **aTP**.

3. Have a plan C to eliminate some losing positions incrementally.

DEFINITIONS

TCA (Trending-Cost-Average) is the philosophy and practice of spreading account capital into many small trades across the pre-defined trading range instead of taking a large trade. This strategy is built on the assumption that a certain trading instrument (like gold or XAUUSD) has a pre-conceived clear trend.

ILC (Incremental-Loss-Cutting) is the practice of eliminating losing positions incrementally when the market moves again your open positions even passing beyond the Loss-Cutting-Threshold (LCT).

LCT is the Loss-cutting threshold, which is the price point where our ATS automatically exits negative losing positions, beginning with the most gravely negative positions first.

C is the cushion, which is the price point from the mTP to the Loss-Cutting-Threshold (LCT).

cE is the Cushion equity, which is the extra capital in the trading account to add extra cushion from the end of the trading range (mTp) to the LCT.

hA is the healthy account, which is when a trading account has sufficient capital to withstand all the negative unrealized losses when the market moves against you down to the Loss-Cutting-Threshold (LCT).

M is the margin for opened positions. Margin can be thought of as a good faith deposit/collateral for outstanding positions. It is a “good faith” assurance that you can afford to hold the trade until it is closed. It’s not a fee or a transaction cost. It is simply a *portion* of your funds that your broker sets aside from your account balance to keep your trades open and to ensure that you can cover the potential loss of the trade.

S is the estimated swap fees. Swap fees are charges for overnight open positions.

A is the bare minimum account equity before trades are entered in order to keep a healthy account. Its formula is: 2M + emP + S

ATS is the Automated Trading System. Its synonyms are ATR (Automated Trading Robots), or AITS (Artificial Intelligence Trading System).

SOTs are the Swept-out Trades. These are the trades in which you place stop losses in the neighborhood of temporary tops and bottoms, right at the reversal or the inflection points. In effect, right after your trades are being stopped out, the market reverses its direction.

FORMULA(s)

$$A = 2M + emP + S$$

$$hA = A + cE$$

ISSUES & FIXES

SMALL TRADING ACCOUNTS

Having an insufficiently funded trading account is the root of all problems. With scarce resources, you want to grow your account quickly - in the hundreds of percent. You will surely have the need to double-, triple-, even quadruple-fold your account in a very short time. Yes, you may be able to do that, but in the end, the odds of having your account blown up is almost a guarantee.

Why? Because how you make money is how you may eventually lose your money. But guess what. All the gains in the hundreds of percent will mean nothing when you lose 100% of your trading account.

To have a healthy trading account (**hA**) to trade a 200-**PrPt** trading range, with 50 **PrPt** cushion, and allow 50 **PrPt** beyond the **LCT**, you need to have around $56,000 in your trading account.

To understand why we suggest this number, you got to come to the class.

Here's the registration: http://mcaforex.com

UNREALISTIC PROFIT EXPECTATIONS

If your goals are way out of reach, chances are you never reach them. Have realistic price target goals that you can achieve on weekly basis. Don't expect to be wealthy after just a few trades. You'll become wealthy after thousands and millions of small winning trades. Learn the habits of winning small trades consistently. Collectively over the times, you'll be more successful than you could ever imagine.

OVER-LEVERAGED

Leveraging is the most-effective mechanism to make great money percentagewise, using very little capital. However, it requires sophisticated money-management skills. Untrained "professionals" who misuse leverage through mal-practice trading will eventually eliminate themselves out of the high-leverage trading arena.

Leverage can be hemorrhage. It can bleed you to death or shrinks your trading account. To be a professional fund manager, you need to master the art of exploiting leverage without misusing it.

The reason we invite you to the class is so that we can train you to exploit leverages professionally for tremendous gains without hurting yourselves and causing damages to your trading capital.

You can register here: http://mcaforex.com

OVER-TRADING by TAKING LARGE POSITIONS

Over-leverage and Over-trading are of two related problems. When you take a large position, you don't have enough cushion for errors. Error-tolerance won't be too tolerating. This would equate to only two options. One is that you will be stopped out due to a very close stop-loss. The second is that your account may be blown up had you not placed a stop-loss.

A strong healthy fund means you have enough money to withstand the market when it moves against you for even up to a few hundred price points (**PrPt**).

STOP LOSS & BEING STOPPED OUT

Trading under our Trending-Cost-Average (**TCA**) strategy, you shouldn't have to worry about stop losses and/or being stopped out. Instead, for risk management, we substitute retail traders' stop-loss mechanism by two mechanisms: **aTP** or **ALCM**.

For the first option (**aTP**), in the situation when the market is totally against us, and we have considered that there is no way we can break even, then we just have to

settle for a minor loss. This mechanism is used in Chapter VI.

We execute this tactic by adjusting the original **eTp** to a new eTP, which is now called **aTP**.

In effect, this is a new exit point, at which, instead of making profits as we originally projected, we settle for some mitigated loss.

For the second option (**ALCM**), which is an alternative to **aTP**, a fund manager just has to commission the **ALCM** to handle the possible loss.

SWEPT-OUT TRADES

The most frustrating moments in your trading career are those when the market moves against your trading positions to the point of stopping you out. However, right after touching your stop-loss, the market reverses its direction and moves towards your **eTP**.

Well, trading with our **TCA** system, you shouldn't have to worry about that problem. Why? Because instead of being stopped out for a large position, our AI Trading System will proactively cut off small losing positions *incrementally*. So, when the market reverses its directions, you are only being cut loss for much smaller magnitude.

BEING STOPPED OUT AT HIGH FREQUENCIES

If you run into regular Swept-Out Trades (SOTs), then you are doomed to fail. Your trading account will shrink, and eventually, it will come very close to zero.

The essential trick in trading using our TCA strategy is that you are rarely having to face the loss-cutting mechanism. And even if some of your small trades happen to be in those situations, the small losses are only being applied incrementally, which mean you would never have to deal with SOTs for large positions.

As result: you have more winning trades than losing ones.

ACCOUNT(s) BEING BLOWN UP

Have you ever run into a situation when you actively watching your account being blown up? That's the worst nightmare in your trading career – if you ever had that experience.

How about this: you were going to sleep, thinking that by the time you wake up, all your trades should already hit their take-profits, only to realize that your trading account has been blown up when you were sleeping. To

your total denial and disbelieve, this experience is no better than the previous one.

Well, with our TCA trading strategy, these nightmares would never happen. The reason being: at worst, your losing trades are cut incrementally, which effectively reduces your trading profits, but not at the great magnitude.

If you happen to be in a situation where the market even gets beyond the LCT, then it would mean that you had misconceived the real trend to begin with, or that you did not allot enough safety cushion – i.e., the mUB or ieTP.

Therefore, a Fund Manager must have a Risk Manager in his team. The role of the Risk Manager is to help the Fund Manager rarely having his small trades getting beyond the LCT zone. If total avoidance of having a few trades being cut loss is not possible, then at least the Risk Manager should help the Fund Manager to keep the frequency down to the lowest.

PSYCHOLOGICAL ISSUES

Don't operate on the Greed-Fear model. Don't freak out when the market moves against you. Real professional

fund managers couldn't wait for short-term contra-trends so that they can enter more trades.

BAD PRACTICES

Don't buy when the price is rising unless you already have winning open positions. Don't cut your long positions for losses when prices fall back.

Pre-define your trading ranges instead, and let the **ATS** handle the rest, including all the trading mechanics.

As a Fund Manager, your only job is to determine the trading range, of which **eTP** is the most important number. You should adjust this number weekly. Your Risk Manager should help you with 2 things:

1. Your trading range is sound and soaring
2. Setting the **LCT**

HOPE, DESPAIR, and FALSE BELIEVES

Don't put yourself into bad trades, then hoping for the market to move in the direction which favors you. Hope is not a strategy!

Don’t allow your account to get any margin call situations just because you over-leveraged and took large positions. Over-trading is the best way to shrink your account. Despair is not a healthy psychological state of mind in trading.

Do not deceive yourself thinking that somehow the market will reverse its direction right before your account is being blown up. Miraculous moments like this may happen once in a lifetime. Do not rely on that luck. Don’t expect miracles. They rarely occur. Do not beg mercy from the market. Other traders want your money! They couldn’t be happier than when you lose your money.

DON’T HEDGE

Don’t ever hedge your losing positions. In doing so you effectively realize your losses. Our trading strategy is based on a major trend. If you cannot spot a major trend, **don’t** trade. At any given time, we only trade one direction.

FEW MORE POINTS

The potential profits in FOREX and Futures are enormous, for it’s a high-leverage trading game.

However, traders have to deal with only two issues. The first being the stop losses. Second, being the account blowups. If we don't deal with the first, sometimes the second is inevitable. If you can handle these two issues effectively, then profit is a must.

If your stop losses being hit with high frequencies, your trading account will surely be thinned out. So, the art of trading is all about avoiding stop losses without leading up to the account blow up.

Trading with TCA strategy, we eliminate the mechanism of stop-loss. Instead, we substitute that mechanism with aTp or ALCM.

In adjusting from eTP to aTP, we are willing to settle for less profit, break-even, or even mitigated voluntary loss. We have much more control using aTP than regular industry-practice stop-loss mechanism.

Off course, one other alternative risk-control mechanism is ALCM.

HOW ABOUT SHORTING GOLD?

So far, all we did was discussing about longing gold. What about shorting gold? We will discuss that topic in the

advanced fund management course. At this point, we do not recommend shorting gold.

BEING TRAPPED IN SIDEWAYS

Even our great trading strategy has one minor flaw. The issue is that when you are being trapped in a sideway market.

So far, we've covered pretty much every category of price-oriented scenarios. The only major uncovered scenario is the time-oriented scenario. What if the gold price doesn't go against you that much, but instead keeps lingering in the trading range and keeps going sideways? In those situations, the swap fees may wear your account out substantially.

If you can find a broker that does not levy swap fees, by all means, choose that broker, even if the spread is higher. No-Swap broker is perfect for our trading strategy.

RECAP

*In a high-leverage trading game, problems and issues seem to be many, but the solution is only one and simple: Trending-Cost-Average (**TCA**).*

*Once you've mastered the philosophy and the art of the simple **TCA** trading strategy, profit is a must. After you've reached that state of mind, and accustomed to the habit of consistently winning small trades, then trading is not your primary concern anymore, but FUNDRAISING!*

When your fund grows to the level of billions of dollars in capital, then the profits from your trading will also be in the magnitude of billions of dollars annually.

So: come to the class and enlist yourself with the elite institutional traders!

You can register here: http://mcaforex.com.

CHAPTER IX

Following is a snapshot of the math-modeled Pre-Trade Simulator (as of December 3rd, 2020)

aTp	ADJUSTED target price	**2,000**
eTp	expect target price	2,000
cP	current price	**1,877**
mTp	max trading price	**1,800**
RmTp	real max trading price	**1,860**
rAEPr	real average entry price	1,930
pAEPr	projected average entry price	1,900
pAP	projected average profit	70
rAP	real average profit	70
mAP	max average Profit	100
mL	Minimum Lot Size	0.01
aP	accumulative positions	200
mPR	max price range	200
emP	expected max profit	**20,000**

eP	expected profit	**14,000**
P	gross profit	**14,000**
L	leverage	200
M	margin	1,900
S	forecasted swaps	2,318
A	minimal Account equity	**26,118**
C	cushion	**50**
LTC	loss-cutting-threshold	**150**
cE	cushion equity	**30,000**
hA	healthy account	**56,118**
aE	Equity After trades operation	70,118

GLOSSARY

(Non-alphabetical, but in order of meaning dependency and relevancy)

TCA (Trending-Cost-Average) is the philosophy and practice of spreading account capital into many small trades across the pre-defined trading range instead of taking a large trade. This strategy is built on the assumption that a certain trading instrument (like gold or XAUUSD) has a pre-conceived clear trend.

ATS is the Automated Trading System. Its synonyms are **ATR** (Automated Trading Robots), or **AITS** (Artificial Intelligence Trading System).

ILC (Incremental-Loss-Cutting) is the practice of eliminating losing positions incrementally when the market moves again your open positions even passing beyond the Loss-Cutting-Threshold (**LCT**). It's synonymous with **ALCM**.

LCT is the Loss-cutting threshold, which is the price point where our **ATS** automatically exits negative positions incrementally, starting from the most graved losing position.

ALCM is the Automated Loss-Cutting Mechanism. When the market moves beyond the **LCT**, our **ATS** will

commission an Artificial Intelligence (AI) process/robot to eliminate losing trades, beginning with the most gravely negative trades.

PrPt is the price point, which is the distinct gold price without any decimal. For example: 1901 to 1902 is one price point.

eTp is the most important number. It's the expected target price where we would take profit in the future. In long positions, eTp is higher than the current price. In short positions, eTp is lower than the current price. eTP is also the destination end of the trading range.

ieTP is the initial **eTP**. It improves the **TO** by reducing the risk of the market volatility moving beyond the **LCT**.

mTp is the opposite end of the trading range, as opposed to the **eTp**. These two numbers define the trading range.

rUB is real upper bound. Sometimes this is used interchangeably with **eTP**.

cP is the current Bid price of a ticker/symbol – which in our case is GOLD or XAUUSD.

RmTp is the real max trading range. Before the trade operation, we define **mTp** as one end of the trading range, which is the max allowed trade at **mTp**. However, more than likely, the market price may not reach **mTp**, but reverse its direction and hit the **eTp**. In those

cases, **RmTp** is the **real mTp**, instead of the projected **mTp**.

aP is the total size of accumulated outstanding positions.

rAEPr is the second most important number. This is the real Average Entry Price for collective trades.

pAEPr is the projected Average Entry Price, which is the projected/simulated variable for the **rAEPr** when trades were executed. After trades were executed, **rAEPr** will overrides this **pAEPr**.

mAP is the maximum average profit for each trade. After the trading range is defined by **eTp** and **mTp**, the **mAP** is the average of these two numbers. **mAP** is based on the assumption that all the orders within the trading range will be filled. The formula is: **mAP = (eTp + mTp) / 2**.

pAP is the projected Average Profit for each trade. If the orders in the pre-defined trading range are only partially filled, **pAP** is the projected Average Profit should the market converges to the **eTP**.

rAP is the real Average Profit for each trade. If the market moves against your outstanding opened position and forces you to adjust the **eTP** to **aTP**, then the **rAP** will override the **mAP** or **pAP** (most likely the **mAP**).

mL is the minimum Lot size. Trading GOLD options or futures, the standard lot size (1) means 1 contract, which

is 100 troy ounces of gold. You should choose a broker that offers **mL** as low as 0.01, which is 1% of a standard Lot/Contract. In effect, trading 0.01 means you trade once ounce of gold.

mPR is the price range. This is the number of total accumulated small trades if all the orders in the trading range should be filled.

emP is the expected max profit. If **mPR** and the market converge to **eTp**, then **emP** should happen.

eP is the expected profit. Its formula is: **eP** = **rAP * aP**.

P is the real gross profit. It is calculated as **P** = **mAP** * **aP**.

L is the **leverage ratio** which shows how much the trade size is magnified as a result of the margin held by the broker. For example: 100:1 means ($100,000 / $1,000), which means you can trade $100,000 position for just $1,000 margin requirement.

M is the margin for opened positions. Margin can be thought of as a good faith **deposit/collateral** for outstanding positions. It is a “good faith” assurance that you can afford to hold the trade until it is closed. It’s not a fee or a transaction cost. It is simply a *portion* of your funds that your broker sets aside from your account balance to keep your trades open and to ensure that you can cover the potential loss of the trade.

S is the estimated swap fees. Swap fees are charges for overnight opened positions.

A is the bare minimum account equity before trades are entered in order to keep a healthy account. Its formula is: 2M + emP + S

C is the cushion, which is the price point from the mTP to the Loss-Cutting-Threshold (LCT).

cE is the Cushion equity, which is the extra capital in the trading account to add extra cushion from the end of the trading range (mTp) to the LCT.

hA is the healthy account, which is when a trading account has sufficient capital to withstand all the negative unrealized losses when the market moves against you down to the Loss-Cutting-Threshold (LCT).

TO is the Trades Operation is a set of accumulative small trades within the defined range of price points.

aTp is the newly adjusted eTP. It's the expected target price where we would exit safely to minimize the loss in the event that profits cannot be made, and even the break-even seems not to be possible. The Automated Trading System (ATS) provides this built-in tool.

aE is the after equity, which is the account equity after a successful trade operation.

SOTs are the Swept-out Trades. These are the trades in which you place stop losses in the neighborhood of temporary tops and bottoms, right the reversal or inflection points. In effect, right after your trades are being stopped out, the market reverses its direction.

aLoss is the price point distance from the **LCT** to the **Bottom** of the **TO** when longing gold.

mUB is the max upper bound. This is the alternative upper bound of the trading range (other than **eTP**) if you want to fine-tune the trading range to increase profit margin and most importantly reduce the risk of going beyond the **LCT**. For simple trading, the **eTP** and the **mUB** is the same.

Countertrend is a short-term retracement trend that is being opposite of the stronger major trend.

IT'S ALL ABOUT YOU

specialized knowledge makes you rich

Dear Reader,

Congrats to you for being here and getting this far. After covering previous chapters, you've just skimmed through our trading concept and strategy. The road ahead is still long, and so much money could be made.

Half-learned knowledge and skillset are total disasters. The general mass of the population only possesses general knowledge. Only intensive applications of specialized knowledge can set you apart and enroll you in the league of real elites.

To advance further, you need to attend our onsite training. The training is **free**! We'll cover all the costs, including hotels and food. At the end of the training seminar, you'll have a choice of becoming a member.

The registration is here: http://mcaforex.com

After you'd registered, we will pre-qualify you. After the qualification, we will provide you the airport code and the next available seminar schedule. Remember, you don't have to worry about expenses other than your plane

ticket. Just show up at the designated airport and we will pick you up. You'll be our guest for the entire training. All your expenses will be on the house – on us. No strings attached! Of course, you have to pay for your entertainment and leisure. We hang out almost every night. You got to learn how to spend money because you'll make lots of money should you decide to be a member of our winning team. Why should you join our team? Just take a look at the following benefits:

BENEFITS for MEMBERS

1. Annual license to access to the Artificial Intelligence Trading System (AITS)

2. Annual license to access to the Automated Loss-Cutting Mechanism (ALCM) robot to reduce loss

3. Annual license to access to the Pre-Trade Simulator (PTS)

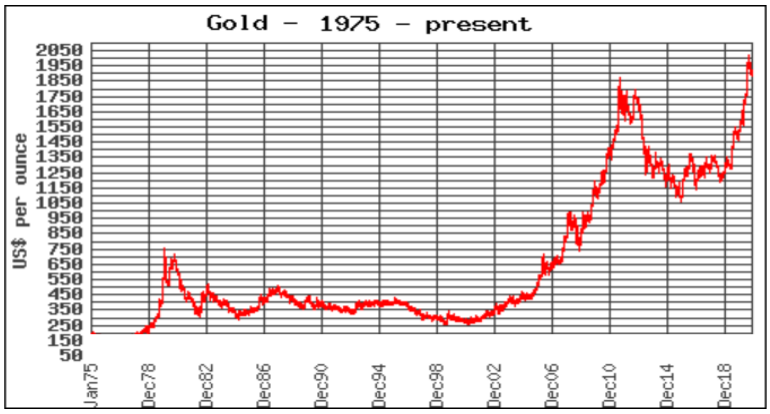
4. Annual license to access to the Break-Even-Analysis (BEA) tool

5. Annual license to access to the Profit Re-projection (PR) robot to adjust your price target

6. Setting up Hedge Fund Legal Structure and Entity (Optional)

7. Assistance to fundraisings to help you to grow your fund's capital (Optional)

In closing, we want to give you this simple yet powerful message: **To be rich in this post-COVID financial cycle, all you need to do is trading ONE instrument: GOLD!**



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http://mcaforex.com

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