**SESSION II**

proximity is glory

**PROBLEM-SOLUTION**

In the market place, 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 point. Being able to spot just the ball park of gold trading ranges can make you rich.

**PHILOSOPHIES**

Most branch 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 proximitiy is need. If you expect to market to be more volitile, and therefore reaching your target price, but it only get close to your target price, but not quite there, you can still cash out prematurely for less profits than expected, but still: PROFITS.

**SOLUTION**

In the classroom, you will be provided tools which 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, we will project price targets based on the determined trend.

**STRATEGY & TACTICS**

Our strategy is to spread out the intended large position to small trades. In doing so, we effectively reduce the risk for each trade. This strategy also allows much wider Loss-Cutting-Threshold (**LCT**) range.

Our tactics to ensure that there’s no multiple trades on the same PricePoint (**PrPt**).

To understand this strategy, let’s use an anology: A king dispatch his army to take a city instead of sending your only heir son. He may lose some of his men before the city is toppled, but he puts no risk to his kingdom. However, if he sends his only heir to take the city without any men - despite the fact that his prince’s life is so valueable, and the prince is very blatant and skillful in battle - should the heir be killed, his kingdom will be eventually transferred to another king. In this analogy, the small trades represent men in the king’s army, and the heir prince is the one large trade.

Should you put in a large trade and being stopped out, our trading account will shrink. However, if you split a big intented trade into smaller trades, you can put the Loss-Cutting Threshold (in substitution for the regular stoploss) very far to the point that it will almost never get touched, then the remaing operation could only mean profits.

**DEFINITIONS**

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

**LCT** is the Loss-cutting threshold, which is the pricepoint where our A.I. trading system automatically exits negative positions incrementally, starting from the most graved losing position.

**CASE STUDY**

The great thing about our TREDING-COST-AVERAGE 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 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, we buy ONE ounce of gold.

Within the same week, gold only get to 1930, only 20 PricePoint (**PrPt**) 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 PricePoints before plummeted more than 100 PricePoints.)*

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

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

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

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Let’s look at the following illustration:A picture containing graphical user interface

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Illustration II

**Formula(s)**:

**rAEPr** = **(aTp** + **rmTPr**) / 2

**rAP** = **aTP - rAEPr**

**P** = **aP** \* **rAP**

Where, in this case, **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 stategy and tactics, and the the practice thereof, you can skip the the RECAP section at the end of this section. 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 the when price only get to 1930 we decided to get out prematurely.

We missed the original **eTP** by 20 PricePoints (**PrPt**), and substitute **eTP** with Adjusted Target Price (**aTP**) yet still make 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 it’s your primary job is to project the general price path of gold. And remember, we don’t have to be exact or precise. General projection is more than needed.

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

However, we have to follow the right trend. That’s how profits are generated.

Let’s touch some math.

We define 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 team meeting. The meeting agenda has only 2 things to cover. One being this week’s **eTP,** and the second being the required account equity before trades operation (**bE**).

As a Fund manager, your primary job is to provide this weekly **eTP** number. We will provide tools to assist you to project this number.

After you came up with this week’s **eTP**, put that number into the Pre-Trade Simulator. Also run it by your Risk manager and check with him to discuss risk issues and make sure you have proper capital (**bE**) before executing that trades operation.

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

Of course, during the week, you may change this number. However, try not 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 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 session many times over and still not quite understand the subject matter, then you gotta come to the onsite training. Here’s the registration link: <https://mcafores.com>

**RECAP**

In the game of estimated projections, proximity is glory. Sometimes, you don’t have to reach your goals to be rich. If you over-projected, insisting on reaching your goal could mean disasterous, or at least, less optimize gains. For example, in the case study above, if you set the eTP to be 1970, then the market would reversed, putting you into the possible lossing positions instead of winning ones. So, adjust your eTP to aTP as needed, but do not mis-use that options.