



Liquid Capital Assets

Distilled Trading Wisdom

By

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1. **YOU ALWAYS CUT YOUR LOSSES FAST:** Jesse Livermore would always ask as soon as he entered a trade '*Is the price acting right?*' (is price doing what you expected it to do?). If it is not, you are wrong, so get out immediately as you were on the wrong tracks and didn't see things correctly! If you don't cut your losses fast, you'll end up with all your money tied up in an investment that's going down or doing nothing, and now you can't use that money to make more money – you're stuck for years possibly! Cut your losses to stay agile so you can stay in the big winner trade when it comes. You only need a couple of good 'catching the trend' trades a year to cover loads of loses and make you a fortune! Your state/mood when you are locked up in a losing trade takes attention units from present time. Trading is a business and cutting your losses (lots of losing trades) is part of it, like buying sweets if you own a sweet shop, it's a necessary business expense.
2. **TRADE WITH THE TREND:** only buy into markets that are *already* going up, only sell into markets that are *already* going down. If you buy into an upward trend at any random point, statistically it is more likely to continue upwards. Attempting to jump into trends before they've even begun is little more than guess work! Trend trading (bigger picture trading) is the only trading that works and is far less effort! If you buy when it's already going up, you know it's a good trade as you will be making money straight away! But buying in a long-term downward trend, chances are it will carry on going down!
3. **THE TREND IS YOUR FRIEND TILL THE BEND AT THE END:** you have to get out of an uptrend when it turns into a downtrend, or you will ride all your profits down passed zero! Price breaking the parabolic infinity curve, plus it not making a new high = get out! Parabolic moves always revert back to the mean – mean reversion.
4. **DAY TRADING DOES NOT WORK:** It's the spread that kills day traders – any competitive trading edge they may have will be outweighed by these costs! You do 100 trades a day at £1 spread, that's £36,000 down the swanny a year before you even start! Then you have HFT (high frequency trading) bots, who have high speed connections that see everything a second before you, and can place 1,000's of trades a second! You'll never beat them by short term trading! This will also make you go crazy as the longer you stare at the screen the more emotionally caught up you will get = lowered mental ability.
5. **HODLing LARGE AMOUNTS IS DANGEROUS:** as a new crypto can come out and take market share (Netscape Navigator had 90% of the market, then a decade later 1% as Internet Explorer took it all, then Google Chrome took all of that!). Only HODL a small amount.
6. **THE MARKET CYCLE:** it tends to take quite a while to shake out all the weak hands (those who are holding for a recovery), but eventually most of them give up and sell – that's when price has hit rock bottom, and only then can the market begin to recover, based on a rock-bed

of strong hands. Amazon's share price fell by an astonishing 94%, but behind the scenes they were beaver away!

7. **A HUMAN BEING CANNOT MAKE LOGICAL DECISIONS WHILE EMOTIONAL:** never take any action when emotional (fear, greed, euphoria, attachment, hope)! The market (the crowd) get very emotional at certain times, and it's only at those certain times that you trade, as the price is no longer being efficient (correct perfect balanced price), fear or greed will over shoot the market and give you an incredible opportunity to either get something ridiculously cheap, or sell something at a ridiculously high price!
8. **WAIT FOR THOSE FEW TIMES WHEN THERE IS A PERFECT TRADE:** like a professional poker player, you fold and stay out of the game most of the time, waiting for the really good occasional hand! Price fluctuates *randomly* and is efficient (price reflects fair value) most of the time, the professional trades when the markets are less random/in-efficient. Your 'crazy friend' the market, is very emotional/illogical (panic stricken, delusionally euphoric etc) and is offering an amazingly cheap price or ridiculously expensive price to sell into at certain times! You pick your moments in life. No position is a position. Money moves from the impatient to the patient!
9. **NEVER LISTEN TO OR WATCH THE NEWS:** reporters have to constantly say something, give a reason for a price move, any reason will do! Professional traders enforce a blackout in their offices! When a trader loses their access to news, they suddenly start to read the charts better. Read the charts in your ivory tower.
10. **EVERYTHING YOU NEED TO KNOW IS IN THE PRICE:** you can see insider trading, insiders getting in or out before big events etc. Volume bumps and little spikes as insiders load up under the radar etc. You need nothing else but the chart.
11. **ONLY BUY ON FUNDAMENTALS IF THE CHART IS RISING TOO:** the chart has to look promising too!
12. **THERE IS ALWAYS ANOTHER TRADE:** never ever get hung up or emotional over 'missing' a trade, there are always and forever going to be more trade set-ups.
13. **RIDE YOUR PROFITS:** let your winning trades run, use a trailing stop, so you have to get stopped out to close the trade.
14. **YOU ALWAYS BUY LOW:** you make your money when you buy, buy at an absolute bargain only! Wait till price reaches down to your buying target or don't get involved!
15. **KNOW YOUR COMPLETE PLAN BEFORE YOU OPEN A POSITION:** you write out your: entry, exit, stop, trailing stop, point of view to hold all the way through the trade, why you got in, and you never change the plan or execution once the position is entered! This keeps all emotion (illogical whims and impulses) out of the equation. At the start if you would be happy to make a certain amount, and you do exactly that, perfect, forget any 'what if's' as they are not real.
16. **IF YOU DO NOT KNOW, YOU DO NOT TRADE:** simple! Go do something else till you do see a trade.
17. **YOU LET THE CHART TELL YOU WHAT TO DO:** forget your opinions, feelings, and anything else, you just look at the chart 'as new' and with no preconceptions, biases, beliefs, assumptions, hopes etc, you have to look at the chart being completely clear of all thought, utterly impartial, just looking at what is now! And whatever the chart is telling you, you trade!
18. **YOU ARE ONLY LOOKING FOR LOW RISK HIGH REWARD SCENARIOS:** you can have many small (tight stop) losses and then hit the big reward! You are giving yourself many chances to make it, rather than risking it all on one chance!
19. **INVESTING & TRADING IS ALL AND ONLY ABOUT RISK MANAGEMENT:** betting big is the quickest way to lose money (if you bet big once, you'll do it again and again, even if you 'win' initially, as some point you'll give it all back). If you leave the door open to a potential big loss, at some point it will happen! Use stops, always reduce your risk! Novices bet big; professionals bet small going for residual income. There are old traders, and there are bold traders, but there are no old bold traders!

- 20. ALWAYS LOOK AT THE BIGGER PICTURE:** what are the weekly and monthly charts telling you, to help you trade the daily? You stay out of the emotional froth by only focusing on long-term charts.
- 21. YOU ALWAYS BUY AT SUPPORT AND SELL AT RESISTANCE:** gives you entries and exits automatically.
- 22. YOU BUY PANIC AND SELL EUPHORIA:** when everyone is thinking something is absolutely going to happen, complacency has set in, things go in cycles, at extremes things turn, 95% of traders are wrong, look to go the other way.
- 23. NOTHING IS CERTAIN, NOTHING IS DEFINITELY GOING TO HAPPEN:** there are no certainties, just probabilities. Never be all out on something!
- 24. CAST IRON DISCIPLINE, UTTER CONTROL & DAILY ROUTINE ARE MORE IMPORTANT THAN ANYTHING ELSE:** if you ever drop these qualities, you are lost! If you do not keep these in constantly, everything else will fail! Structure has integrity: create a structure that does not allow you to behave in a detrimental manor.
- 25. BUILD DIFFERENT INVESTMENTS THAT PAY YOU MONTHLY REVENUES:** you only live off the money from your cash flowing assets! Non cash flowing assets are not assets, they just sit there doing nothing with your capital tied up! How many revenue streams do you have??
- 26. HUMAN EMOTIONS DO NOT CHANGE:** people react the same way for 100's of years to fear, greed, hope, boredom etc. Price is just a picture of human emotion, the crowd's emotion, hence the old trading books are the best, they are what works and are simple, nothing's changed since then.
- 27. NEVER PLAY WITH SCARED MONEY:** if you feel fear when putting on a particular trade, you are doing something wrong! A scared person has reduced mental ability and awareness. You are betting too big! You are not sticking to your plan or have no plan! Pressure reduces natural ability.
- 28. STATISTICAL EDGES ONLY BECOME VALID OVER LARGE SAMPLE SIZES:** you have to trade with an edge, that will get you 51% or more in your favour over time. Work on your edge and increase the percentage in your favour.
- 29. THE BEST TRADERS IN THE WORLD MAKE 20% A YEAR:** to do that is phenomenal, if you can consistently do that year after year you are a genius. The compound effect will kick in hugely and make you very rich!
- 30. INSIDERS (SMART MONEY) MAKE THEIR MONEY FROM RETAIL (DUMB MONEY):** the Rothschilds, Soros, Institutions, Banks, all make their money by getting the public (through owning the media) to go the wrong way, where else do you think their money comes from! They are buying when the media is spreading total panic, and selling what they bought when the media is creating euphoric price mania!
- 31. ALWAYS BE AWARE OF CONFLICT OF INTEREST:** what is the other person's agenda, what are their vested interests, who is going to make the big money from this?
- 32. YOU HAVE TO BE A VISIONARY:** to be an investor, you have to envision what the future will look like far out, and hold that vision.
- 33. NEVER TELL PEOPLE THE TRADE YOU ARE IN OR YOUR WINNINGS:** doing this puts pressure on you, don't give tips as they will come back complaining when it goes wrong, just enjoy the internal bliss of knowing.
- 34. WHAT YOU MEASURE GROWS:** keep a net worth graph, savings graph, expenses graph, use the Condition Formulas.
- 35. EVERYTHING GOES IN CYCLES:** the start of the opposite is in the extreme of its opposite – Yin Yang. Traders are always trading; hence you always get wave curves and no straight lines up.
- 36. THE MOST IMPORTANT TRADABLE PATTERNS:** Ascending Triangle, Descending Triangle, Head & Shoulders, Inverted Head & Shoulders, Descending Wedge, Ascending Wedge, Triangles, Major Horizontal Support & Resistance, Flag (horizontal continuation pattern flag), Breakout on Volume, Broken Infinity Curve + Failed to Make 2nd Higher High. A sharp rise is often followed by a sharp fall: over emotional. Reversal candle.

- 37. GETTING OUT OF A TRADE:** as soon as you've doubled your money take out your original stake and enter the next perfect trade, continue ad infinitum. Scale out and into positions for safer guaranteed results.
- 38. TRAILING STOPS TO LOCK IN PROFITS:** raise your stop to be in a free trade as soon as possible. Then raise it again at vital supports in the chart to guarantee more profit.
- 39. GAMBLERS DON'T TREAT WON 'HOUSE MONEY' IN THE SAME WAY THEY TREAT EARNED MONEY:** thus, a gambler will be far more reckless with recently won 'house money' than with money they worked hard for! All won 'house money' is real money, not gambling chips! Always treat house money as earned money!
- 40. THE DESPERATION TO BREAK EVEN:** a person will take excessive risk, double up on his bet size to make up for a loss etc just to break even! Never chase losses ever – you are in completely the wrong mood, emotional thus reduced rational ability. Just trade your normal way out of losses as you would to make money.
- 41. INSIDERS: WHOLESALE ACCUMULATION, THEN WHOLESALE DISTRIBUTION:** the insiders will be buying into the selling climaxes (while pushing negative media) till they've loaded up their 'warehouse' with stock, accumulated, then they'll ride the trend all the way up (while pushing positive media) and sell/distribute into the buying climax – ad infinitum!
- 42. CHART SETUPS I LIKE TO TRADE TAKE WEEKS TO FORM:** add a crypto to your watchlist once you see a possible setup taking place, and add a price alert to TradingView so you don't miss the breakout – or set a Limit Order at the price you want.
- 43. WATCH YOUR BIASES!** investing and trading is about making money, not falling in 'love' with a particular coin or project. Confirmation Bias: finding/listening only to information that confirms your investment. Recency Bias: placing too much weight on recent events. Caught Bias: placing too much undue weight on one particular piece of information. Not Working Bias: excellent decisions are just as likely to meet with bad results in the short term, you can get lucky doing the wrong thing in the short term, don't fall for the illusion of something not working due to looking at the short-term random play of events!
- 44. STRUCTURE HAS INTEGRITY:** put in structure that makes it almost impossible to make a crazy impulsive snap decision.
- 45. MONITOR YOUR EMOTIONAL STATE & REDUCE ALL RISK WHEN YOU ARE NOT AT OPTIMUM LEVEL!** Cut yourself off from things when non-optimum, as emotion creates stress that imbalances the chemical levels in your brain, resulting in poor decision making!
- 46. STATE & WRITE DOWN: THEN HOLD THAT POINT OF VIEW & FULLY ACCEPT THE RISK:** once you have written down your point of view for a particular trade, hold it non-stop till the trade either hits your take-profit point, or your stop-loss – and fully accept and be happy with either outcome in advance (accepting the risk) – do nothing else!

