


Trading in practise
**Risk management,
initial stop loss,
optimum position size**

Hands-on Workshop
ATAA Melbourne, October 2018

 **Robert Brain**

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This presentation...

This presentation was presented as a workshop session to the Melbourne ATAA meeting in October 2018 (an updated version of an earlier one).

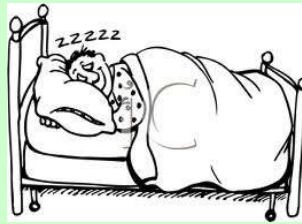
It is a hands-on workshop session looking at a price chart over time, and working on the assumption that we are buying the stock, we look at the considerations of things like: Position Size and Initial Stop Loss, as well as the Reward to Risk Ratio, and the amount of capital to put “at risk” (using the Two Percent Rule).

Subscribing members of Brainy’s Share Market Toolbox have access to a version of these slides with these Speaker Notes throughout.

When investing/trading shares:-

How to:

- Minimise our risk?
(so we can sleep at night)
- Set the **Stop Loss** price level?
or an *Exit Strategy* of some sort
- Estimate our **Price Target**?
- “Optimise” the **Position Size**?



So, how can we do all this?

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Session Introduction

When an investor or trader is buying shares in the stock market, how can we do the things listed on the slide? Remember that we want to be able to sleep at night.

Session purpose

- (a) To consider a real-life trading example using historical price data.
- (b) We will consider:
 - Initial stop loss
 - Position size calculation
 - Reward / Risk Ratio
 - We might look at trailing stop loss.

Session Purpose

This slide starts to describe the purpose of this “workshop” session.

The purpose is continued on the next slide.

Session purpose...

- (c) To **share ideas and experiences.**
- (d) To **compare opinions**, and understand how **other people do it.**
- (e) To give you some **food for thought.**

So, please feel free to contribute to the discussion with your own experiences and opinions!



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Session Purpose (cont)

This extended purpose of this “workshop” session is to encourage discussion and audience participation for the mutual benefit of all audience members.

My challenge

- Some audience members:
 - will be experienced traders
 - will be novices
- There will be a variety of opinions about “best practise” — these are opinions.
- There will be several correct answers.

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Challenge for the presenter

There are some challenges for the presenter, as listed.

In addition, this set of workshop slides really needs in excess of one hour (maybe 90 minutes) in order to properly cover the topic and accommodate a reasonable amount of audience discussion.