

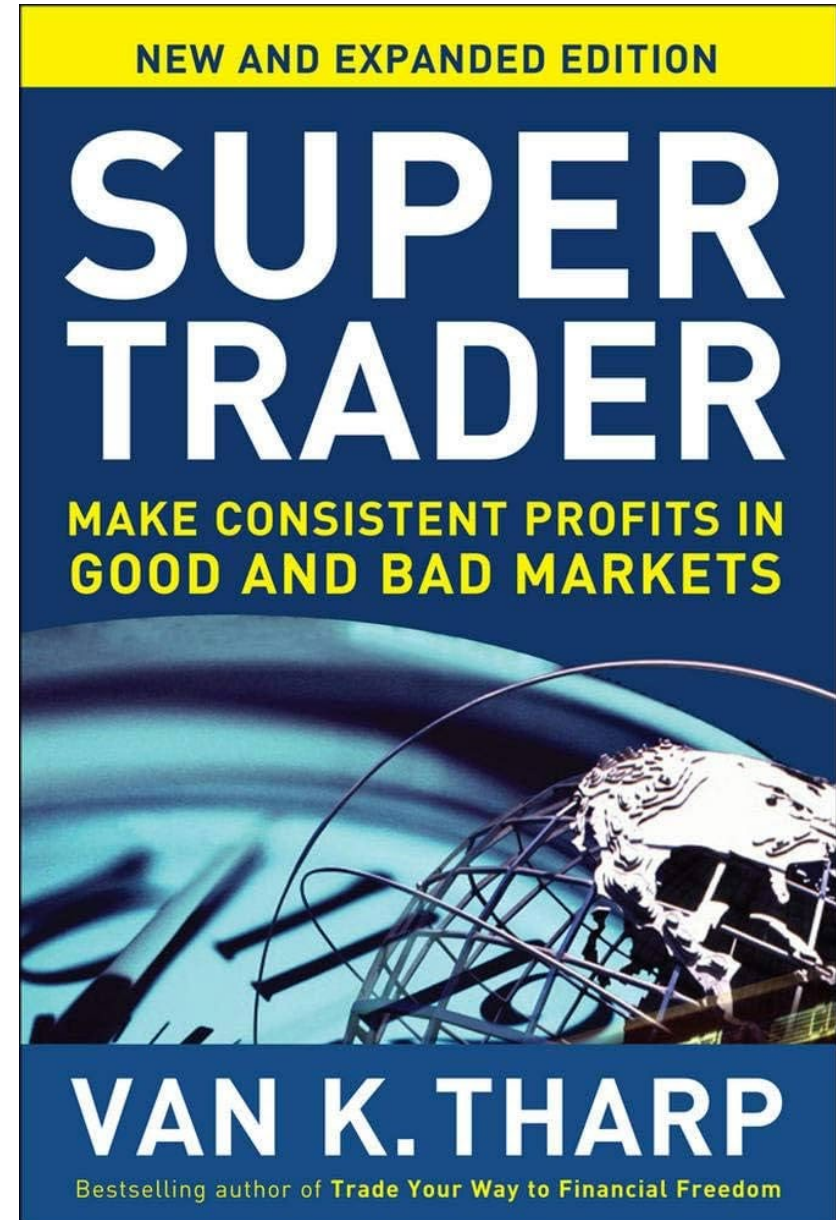
# Create a Trading Business Plan

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# Super Trader

By Van K. Tharp



# Mission statement

- What is the WHY behind your trading?
- What is the main theme of your goals?
- Example: "To build my financial freedom and independence. To fund my life on my terms through being the base of my financial income to later fund other assets to create infinite passive income."

# Objectives

- What are your specific goals to fund that mission statement?
- “You cannot get from A to B easily unless you know where B is.”
- Define the destination.
- Example: “To make on average \$500,000 to \$2,000,000 profit per year within the next 5 to 10 years through rule-based discretionary trading. Assuming I start my account each year at \$500,000, I would like to make between 100-400% per year with no less than a 10% draw down, or \$50,000.”
- Results: over 7+ year career I’ve averaged 222% and roughly \$594,000 /year.

# Beliefs

- “You don’t trade the markets; you trade your beliefs about the markets.”
- What do I believe about the markets?
- What do I believe about trading?
- What trading concepts or risk management principles work?
- Who are some of the best traders and what do they believe that I believe?
- Who gave me these beliefs? What do these beliefs get me into or out of?  
Do these beliefs limit me or is there a more useful belief to have?

# Belief examples

- The market can be inefficient, and I can use those inefficiencies to profit.
- It pays to be patient and wait for the right opportunity than to constantly push for trades.
- Always have a predefined risk before every trade.
- “People get what they want out off the market.” - Ed Seykota
- “If you limit your losses, pursue your strengths, and take concrete steps towards mastery, every single trading day can be a positive experience, even when you’re not making money. You cannot eliminate losing days, but there should never be days that leave you feeling like a loser.” - Dr. Brett N. Steenbarger

# Trading Strategies

- What do your entries and exits look like and what signals/indicators tell you to do so?
- How will you take losses? How will you take profits?
- What does your risk/reward look like?
- Will these strategies work in all market conditions or how will you adapt to changing environments?
- What can you expect out of your strategy? And with what types of position sizing?

# Dealing with your inner challenges

- You vs you
- What am I going to do daily to keep my discipline on track?
- What major emotional issues come up and how will I handle them?
- How will I avoid self-sabotage?
- Daily procedures: Every day I do a debriefing to review my trades and potential mistakes/rules broken. I make a distinct effort to remember the feeling when I trade poorly or when I trade well. I also write down how I can fix the mistakes I made and/or how to continue to do the things that allowed me to trade well.



# Plans

- Education plan: How are you going to continually educate yourself?
- Worse-case contingency plan: What is in place in case of emergency or operational problems?
- Other basics business plan: expenses, equipment, fees, etc.

# Thank you!

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