



*presents*

## **Trading the 20/20 System**

May 31<sup>st</sup>, 2007

17:02:21 [[xlinveztor](#)] I will save the transcript and get it in a file for those who can't be here

17:02:42 [[xlinveztor](#)] then it will be available for download

17:03:16 [[xlinveztor](#)] I trust you all read the PDF and looked at the xls File as well

17:03:29 [[Ray](#)] yes

17:03:30 [[annie](#)] yup

17:03:33 [[routerman8](#)] yes

17:03:36 [[MC](#)] yes

User *Pip Pirette* has logged out.

17:04:11 [[xlinveztor](#)] What we are going to do is a very simple plan that I developed and used to train new traders at the firm I worked with

17:04:39 [[xlinveztor](#)] the plan was designed to accomplish several things

17:05:04 [[xlinveztor](#)] first and foremost it was to develop discipline

17:05:38 [[xlinveztor](#)] if a newbie could not pass this first test then they would be reassigned to a different department

17:06:08 [[xlinveztor](#)] those who did made themselves a better trader and made some money as well

17:06:36 [[xlinveztor](#)] one reason we did this with their own money was to see how they would react when trading

17:07:11 [[xlinveztor](#)] the other reason was to develop a mindset

17:07:48 [[xlinveztor](#)] that was to make them realize that what seemed difficult or impossible

17:08:01 [[xlinveztor](#)] quite achievable

17:09:02 [[xlinveztor](#)] there for we took a 30day period and went thru the plan and had a great time doing it

17:09:06 [[xlinveztor](#)] so

17:09:48 [[xlinveztor](#)] if you are going to do this you need to begin to have a new mindset n to have a new mindset

17:10:22 [[xlinveztor](#)] and that is where we will work on everyday to get your thinking in line with the big boys

17:10:30 [[xlinveztor](#)] sound like a plan?

7:11:40 [[MC](#)] yes, I need a new mind set

17:11:46 [[xlinveztor](#)] You must first believe that it is possible to take 200 and turn it into 8000

17:12:17 [xlinveztor] I'm sure you believe it is possible but you probably think that it happens to someone else  
17:12:27 [nuc] true  
17:12:27 [annie] sounds right  
17:12:38 [xlinveztor] well it is going to happen to you  
17:13:03 [annie] great  
17:13:14 [xlinveztor] here is my philosophy  
17:13:31 [xlinveztor] whatever you want out of life you must first give it  
7:11:40 [MC] yes, I need a new mind set  
17:11:46 [xlinveztor] You must first believe that it is possible to take 200 and turn it into 8000  
17:12:17 [xlinveztor] I'm sure you believe it is possible but you probably think that it happens to someone else  
17:12:27 [nuc] true  
17:12:27 [annie] sounds right  
17:12:38 [xlinveztor] well it is going to happen to you  
17:13:03 [annie] great  
17:13:14 [xlinveztor] here is my philosophy  
17:13:31 [xlinveztor] whatever you want out of life you must first give it  
17:14:13 [xlinveztor] if you want something you must first give it  
17:14:33 [xlinveztor] so there is not a service for me to sell or a fee for me to charge  
17:14:52 [xlinveztor] what I would like from all of you that participate is just one thing  
17:15:53 [xlinveztor] I would ask that at the end of the 20/20 you would donate 10% of your profits to something special  
17:16:04 [annie] of course  
17:16:18 [Lucas02] definitely  
User *Pip Pirette* has entered this room.  
17:16:30 [routerman8] that will not be a problem  
17:16:47 [MC] for me either, already doing it  
17:16:48 [deon] yes ill do that  
17:17:36 [xlinveztor] I know of a special situation of a couple people in this room that need some help with medical bills  
17:18:11 [xlinveztor] they loved one is sick with cancer and they need some help  
17:18:24 [annie] I am happy to contribute  
17:18:48 [xlinveztor] all I ask from each one is to contribute a small portion of what you earn  
17:18:49 [routerman8] let us know where to contribute  
17:18:57 [xlinveztor] and it is not me by the way  
contribute  
17:18:57 [xlinveztor] and it is not me by the way  
17:19:30 [xlinveztor] so with that out of the way let's focus on the money management for a moment  
17:19:51 [xlinveztor] as I wrote this is not typical money management  
17:20:04 [xlinveztor] this is extreme money leverage  
17:20:47 [xlinveztor] the concept is simple take your profits and use them on the next successive trade to make more money

17:20:51 [xlinveztor] nothing new  
17:21:01 [xlinveztor] but here is the trick  
7:21:01 [xlinveztor] but here is the trick  
17:21:52 [xlinveztor] once you get to a profit level you will be challenged  
17:22:41 [xlinveztor] your mind will tell you that your risk is now much greater  
ser Ray has entered this room.  
17:23:36 [Phoenix AI] Hi everyone. hope I'm not late  
17:23:42 [xlinveztor] there is nothing further from the truth  
17:24:21 [xlinveztor] the risk in trade 1 is equal to the risk in trade  
17:24:23 [xlinveztor] 2  
17:24:34 [xlinveztor] thru trade 20  
7:25:56 [arkz] but because the stakes are higher it seems more scary bcoz if u make a loss  
that double ur previous work  
17:25:58 [arkz] work  
17:26:24 [xlinveztor] yes but it is not your money  
17:26:35 [arkz] what do u mean?  
17:26:36 [xlinveztor] you see the 200.00 is your money  
17:26:48 [annie] yes true  
17:26:57 [xlinveztor] once you get a profit it is all house money  
17:27:22 [xlinveztor] this is a huge mindset issue  
17:27:30 [xlinveztor] on that will derail some of you  
17:27:44 [arkz] yes but if u take 1 loser ur screwed  
17:27:57 [xlinveztor] no you just take a step back  
back  
17:28:21 [xlinveztor] lets look at trade 15 for a moment on the spreadsheet  
17:29:16 [xlinveztor] I will use the mini's to avoid confusion  
17:29:28 [xlinveztor] you are trading 258 mini lots  
17:29:55 [xlinveztor] equivalent to 2580.00 dollars USD  
17:30:13 [xlinveztor] what is your loss if you get stopped out a 20 pips  
17:30:16 [arkz] it will be very risky  
17:31:06 [xlinveztor] what is your loss it you are stopped at 20 pips  
17:31:07 [MC] 516  
17:31:09 [xlinveztor] yes  
User *gojjuice1* has entered this room.  
17:31:22 [xlinveztor] so let's go to trade 1  
17:31:44 [xlinveztor] what is your loss if you are stopped at trade 1 stop loss of 20 pips  
17:31:56 [MC] 40  
17:32:16 [xlinveztor] right  
17:32:32 [xlinveztor] so what are the risk % in each of those trades  
7:32:50 [nuc] per size of account they are the same  
17:32:53 [xlinveztor] which trade has the greater loss potential  
17:32:59 [annie] same  
17:33:03 [nuc] % wise they are the same'  
17:33:08 [xlinveztor] yes  
17:33:09 [xlinveztor] but  
17:33:19 [xlinveztor] the 1st trade is your principle

17:33:26 [xlinveztor] the 15th trade is house money  
17:33:29 [MC] 20%  
17:33:36 [xlinveztor] yes  
17:33:42 [annie] so you rather lose trade 15  
17:33:49 [nuc] by the 3rd trade the loss will be house \$  
17:33:56 [xlinveztor] in theory yes  
17:34:26 [xlinveztor] you see the mind tells you that the numbers are greater so the risk and loss are  
17:34:31 [xlinveztor] but they are not  
17:34:37 [annie] mmm clever  
17:34:56 [xlinveztor] this is where we separated the traders from the annalists  
7:35:26 [xlinveztor] you have to see this differently to get your mind to accept the challenge  
17:36:04 [xlinveztor] the risk for the trades are greater at the beginning than the end  
17:36:23 [xlinveztor] because you have principle at stake to begin with  
17:37:15 [xlinveztor] so  
17:37:16 [MC] principle at what "stake"  
17:37:27 [xlinveztor] your 200 dollars  
17:37:32 [xlinveztor] in this case  
17:38:29 [xlinveztor] so the difficulty is not in the trading  
17:38:42 [xlinveztor] it is fighting you mind  
17:38:56 [xlinveztor] we will find trades and some will work and some won't  
17:38:57 [arkz] what about choosing the winning trade?  
17:39:09 [xlinveztor] what about it  
17:39:23 [xlinveztor] I have trade signals to use on this  
17:39:26 [Phoenix AI] it's not the issue...  
17:39:36 [arkz] oh ok  
17:39:46 [xlinveztor] and we will take trades as they come  
17:39:46 [arkz] I would say its timing  
17:39:49 [Lucas02] mindset comes before picking trades  
17:39:54 [xlinveztor] some good some bad  
0:09 [xlinveztor] exactly lucas  
17:40:28 [xlinveztor] let me say something that you all need to think about  
17:40:46 [xlinveztor] you will see the trades as your mind lets you see them  
17:41:05 [xlinveztor] you can fear the risk and reap the reward  
17:41:07 [xlinveztor] or  
17:41:22 [xlinveztor] you can embrace the risk and reap the reward  
17:41:32 [xlinveztor] \*risk  
17:41:51 [xlinveztor] you choose fear or embrace  
17:41:51 [xlinveztor] both have a price  
17:42:00 [xlinveztor] and both have a reward  
51 [xlinveztor] both have a price  
17:42:00 [xlinveztor] and both have a reward  
17:42:13 [annie] whats the price for embrace  
17:42:34 [MC] your focus of attention  
17:42:39 [xlinveztor] the price is opportunity

17:42:48 [xlinveztor] the reward is 200 to 8000  
17:42:59 [annie] whats the price for fear  
17:43:16 [xlinveztor] price for fear is missed opportunity  
17:43:43 [xlinveztor] the reward is equal to the risk  
17:44:09 [xlinveztor] I know what some of you are thinking  
17:44:12 [xlinveztor]  
17:44:20 [annie] spooky  
17:44:24 [Lucas02] im excited  
17:44:42 [xlinveztor] I went thru this with newly minted MBAs who thought they knew all about the markets  
17:45:13 [xlinveztor] when they came on board the first thing we told them was what they learned in school  
17:45:17 [xlinveztor] throw it out  
17:46:01 [xlinveztor] what they learned at the firm was how to embrace opportunities  
17:46:12 [arkz] interesting  
17:46:39 [annie] very. I can't wait to see if I can cut it  
17:47:00 [xlinveztor] so we move forward and we will see what opportunities we can embrace  
17:47:27 [xlinveztor] a few more things then you can ask whatever you would like  
17:47:56 [xlinveztor] I and other traders will post here the trades we have on radar  
17:48:27 [xlinveztor] I will also post a risk factor with the radar and with the trade  
17:50:37 [xlinveztor] for instance if a trade is against the current trend it will have a high risk facto  
17:50:38 [Jeff] Will you post why you see the trade (indicators) or just the trade?  
17:50:41 [xlinveztor] factor  
17:51:08 [xlinveztor] I can give a brief description of why  
17:51:56 [Jeff] ok  
17:52:18 [xlinveztor] like right now on the radar is the AUD/USD  
17:52:41 [nuc] what time frames?  
17:52:49 [xlinveztor] it may cross in my system which would be a short at this point  
17:53:04 [xlinveztor] it is a high risk factor due to the strong trend  
17:53:08 [xlinveztor] long  
17:53:26 [xlinveztor] I would look to get 10-20 pips and exit  
17:53:53 [Jeff] The trend is based on a longer time period?  
17:53:55 [xlinveztor] and possibly enter a short on the exit since it would have crossed again  
17:54:17 [xlinveztor] the trend is based on 4 hour trend strength  
17:54:24 [xlinveztor] strength  
17:55:19 [annie] xlin - do you still have to 'train' your mindset or does it come naturally to you now?  
17:55:39 [nuc] to gauge the trend you would use ma's, trend line, stoch's, etc...?  
17:55:43 [xlinveztor] another thing we will do is when we enter a trade and achieve our 20 pips we can decide as a group weather to stay in the trade for more pips or exit  
17:55:58 [xlinveztor] I still have to exercise my mindset  
17:56:23 [xlinveztor] because we are not wired that way naturally  
17:56:36 [xlinveztor] so you have to exercise it

17:56:37 [annie] ok thanks  
17:56:40 [Jeff] I am looking at candlesticks on the 4 hour, it definitely is bullish?  
17:56:47 [xlinveztor] indeed  
17:57:39 [xlinveztor] so if we get a short call on the AUD/USD the risk will be high and we will look to exit when we have our objective profit and possibly reverse our position  
17:58:27 [nuc] and would you exit the trade with a loss of 20 pips or do you look for something else to exit if a loss?  
17:58:52 [xlinveztor] we either exit with the stop loss or a cross on our 5 minute chart  
17:58:59 [nuc] ok  
18:00:17 [nuc] if a cross happens in the dir. of the 4 hour trend, that would be considered a lower risk trade and would that also be held for 10-20 pips or for at least 20?  
18:01:37 [xlinveztor] yes I would indicate that it is a trade with the current direction and we would then decide to bank or set a secure profit stop when we get to our target  
18:01:55 [xlinveztor] or keep it open  
18:02:10 [nuc] thks.  
18:02:10 [nuc] thks.  
18:02:50 [xlinveztor] this may be perfect timing because we may see an entry into A/U very soon  
User *Ancient Brit* has entered this room.  
18:03:22 [gojjuice1] entrance is always off of 4 hr. chart?  
User *pabloami* has entered this room.  
User *Lucas02* has entered this room.  
18:04:37 [xlinveztor] n  
18:04:40 [xlinveztor] no  
18:04:52 [gojjuice1] ok  
18:05:23 [Andes AI] Have we had any trades, Xlin, I've just got online  
18:05:30 [Andes AI] Overslept  
18:05:50 [Ray] Pls, let xlin go on- Q&a at the end plse  
18:05:56 [MC] thinking of one now andes  
18:05:59 [xlinveztor] ok  
18:06:05 [Andes AI] Thanks.  
18:06:14 [xlinveztor] andes we have transcript  
06:46 [xlinveztor] so also we can decide to exit a trade at anytime not just at targets or SL  
18:07:17 [xlinveztor] I rambled now for an hour so any questions  
18:07:55 [MC] how many different pairs will we be looking at, can you specify which ones we should focus on  
18:08:00 [Ray] ok, who is entitled to post calls  
18:08:14 [Pip Pirette] Hi everyone - I am so sorry that I wont be here all day today, but I will try to get back here ASAP - on behalf of BK, Xlin & myself...hope you enjoy as we make our 20 pips each trade, and watch our little accounts grow up into bigger ones:)  
Thanks also to Marcela & Andes for all the help!!!  
18:08:17 [xlinveztor] right now it is I and BK  
18:09:33 [xlinveztor] and we will have others as well  
18:10:03 [xlinveztor] andes and others who are willing  
18:10:11 [annie] will we start at euro open, or London open.

*In association with*

