

# The Importance of Managing Risk

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# Trading – the reality

## US Retail Traders Profitability Q1 2016



	Q1 2016			Change from Q4 2015		
	Profit %	Loss %	Total Accounts	Profit % Chg	Accounts	Accounts % Chg
Interactive Brokers	44.0%	56.0%	32,371	-1.0%	-585	-1.8%
OANDA	34.5%	65.5%	20,305	-2.8%	2,602	14.7%
Gain Capital	29.0%	71.0%	14,308	-4.0%	1,026	7.7%
IBFX/TradeStation	27.1%	72.9%	1,798	-2.4%	-125	-6.5%
FXCM	28.0%	72.0%	25,234	-2.0%	1,620	6.9%
<b>Total</b>	<b>32.5%</b>		<b>94,016</b>		<b>4,538</b>	<b>5.1%</b>

Average Broker Profitability

**32.5%**

Change from Q4

**-2.5%**

Weighted average profitability

**35.0%**

Change from Q4

**-2.4%**

Total number of accounts in the US

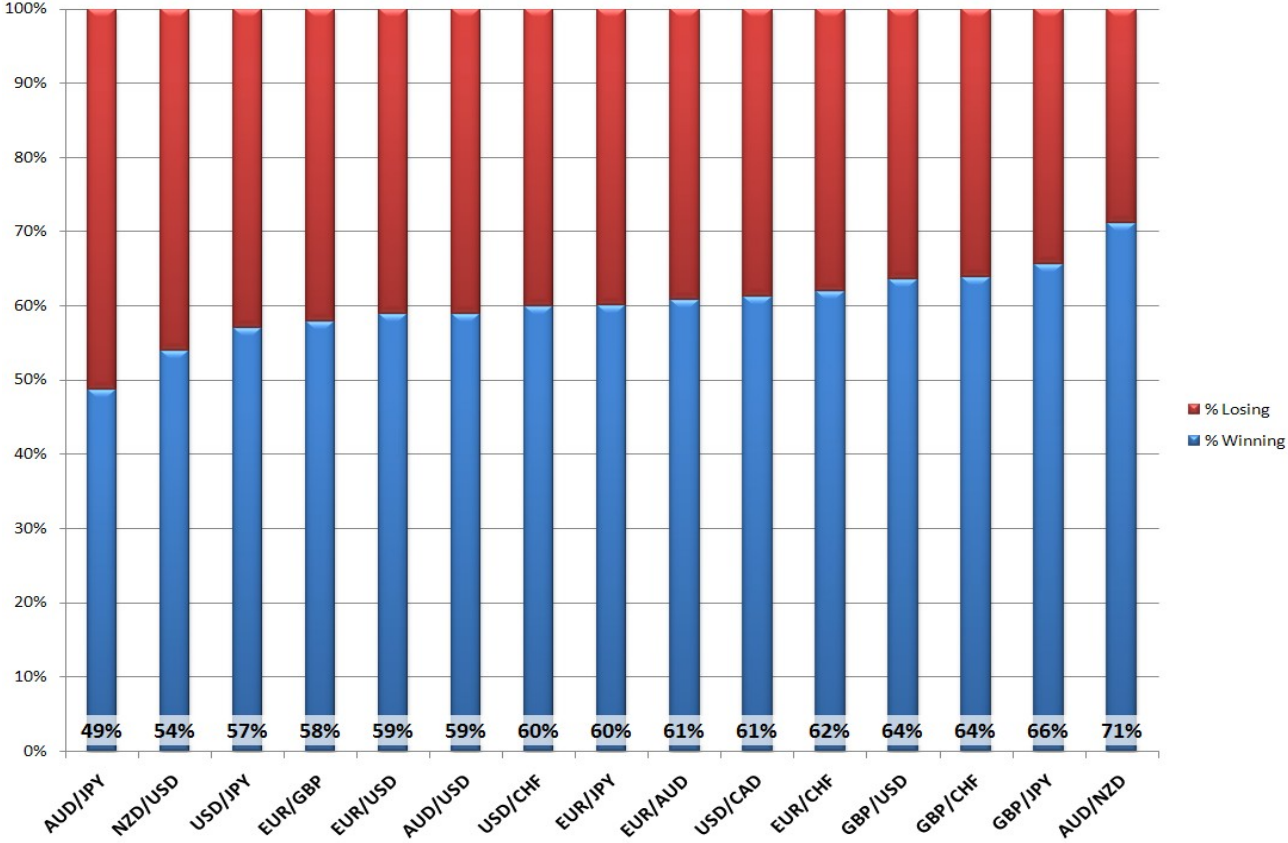
**94,016**

Change from Q4

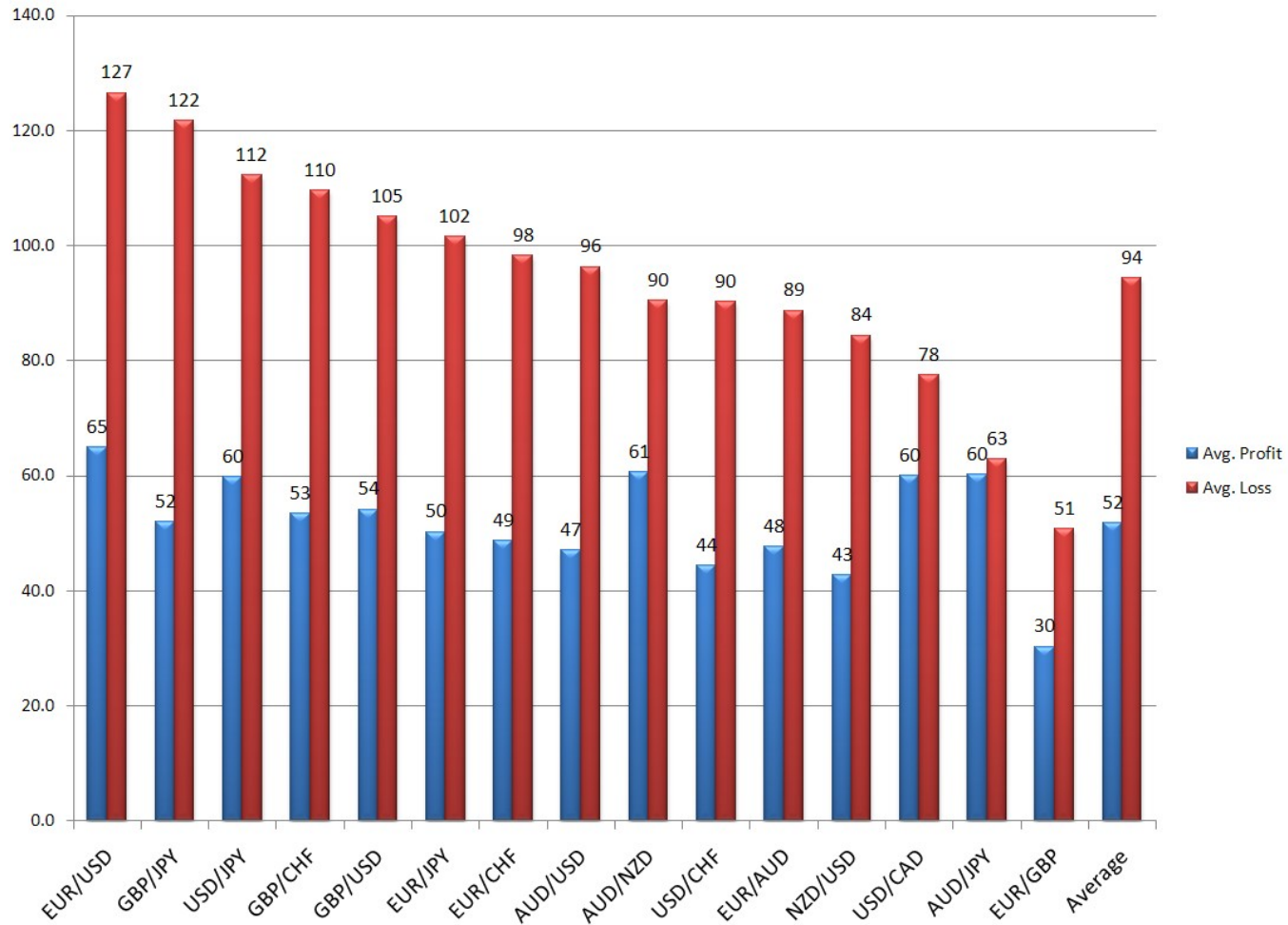
**4,538**

Source: Finance Magnates

# Some stats – first the good news



# But...



# The problem?

- Risk reward is all wrong
- Risking 94 to make 52
- The “hiding to nothing” strategy
- Medium to long term, only one way the account is going to head.

# Charting

- Overcomplicated by too many
- All about investor psychology rather than “magic” systems
- An attempt to stack the odds in our favour
- Not rocket science
- TREND

# Risk Reward Set Ups



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