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Steps in Constructing : TRADER'S NOTEBOOK

1. Define your own character: Gambler, Speculator, Investor…

    Time horizon, return goals, risk profile

2. Choose the markets congenial to your character—e.g.

    Volatile markets for shooters, Averages for investors

3. Specify a method or system to deal with the instruments chosen

    e.g.: Moving averages for Averages, Momentum system for scalper

    Trend identification or overbought/oversold, or momentum exhaustion

4. State any other systems considerations or models

    e.g. as Teresa Joyce's presentation

    or, e.g., breaking 6 month trendline suspends trend strategy

5. State Portfolio Composition Procedures

    e.g. long and short per MEI, or Pragmatic Portfolio Theory

6. State Risk Management Procedures

    % capital risked per trade, etc

    how initial stops are computed and raised to follow market

7. State Portfolio Analysis Procedures

    Risk/return ratios

    Computation of risk

8. System Evaluation Procedures

    Maximum Drawdown—in %, in time etc

9. Summarize testing done on system

    e.g.—as Faris Hitti's presentation