

## Twitter Thread by [Steve Burns](#)



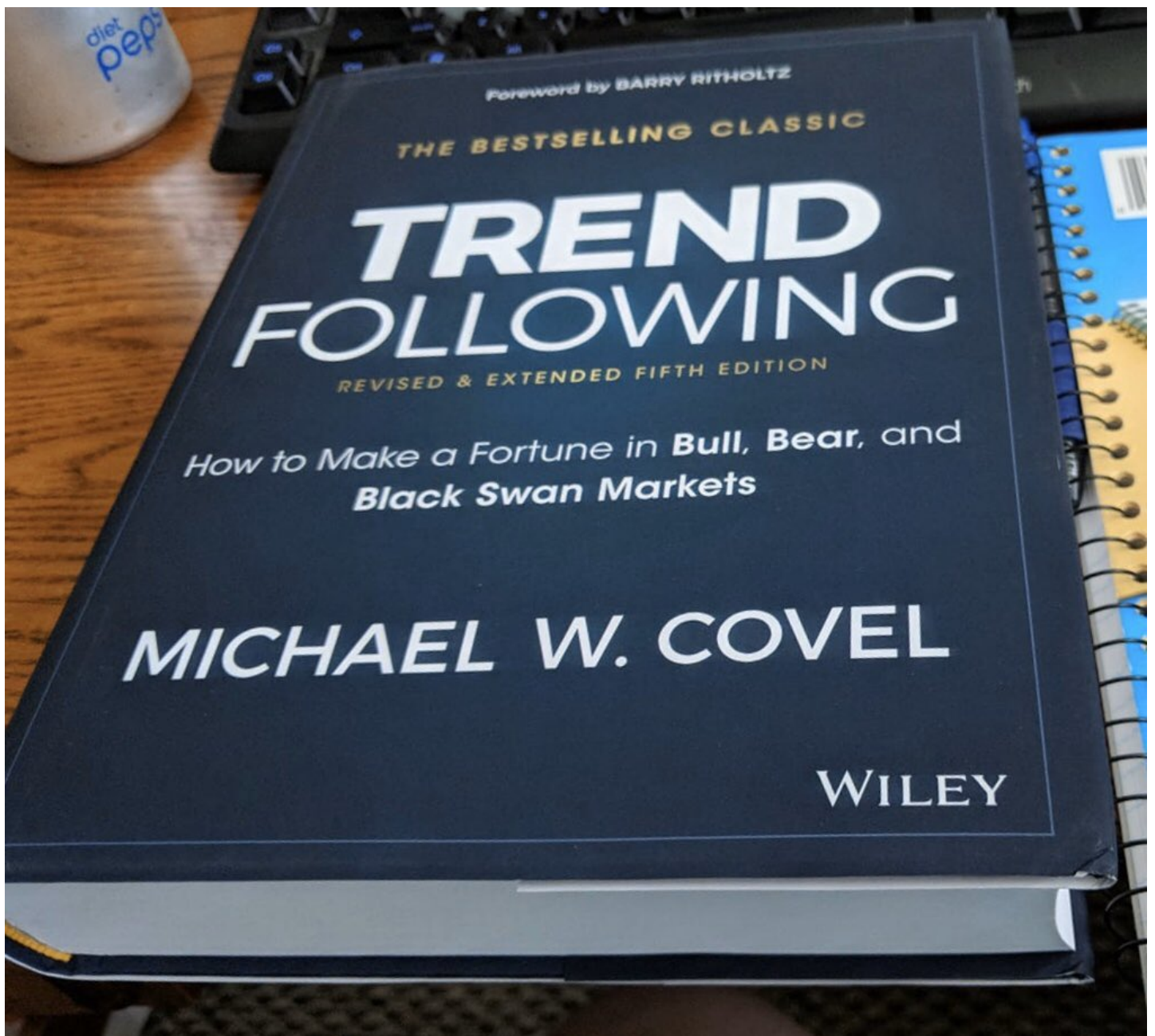
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Ten lessons from the book “Trend Following” by [@Covel](#)

A Thread ■



“There are 4 kinds of bets. There are good bets, bad bets, bets that you win, & bets that you lose. Winning a bad bet can be the most dangerous outcome of all, because a success of that kind can encourage you to take more bad bets in the future, when the odds are against you.”

“We’re trying to exploit people’s reaction, which is embedded in prices and leads to trends.”

“Our best trading days are when we don’t trade.”

(Letting winners run or waiting for the right entry signal).

“Clarify trading and risk management systems until they can translate to computer code.”

“When designing a system, I believe it’s important to construct a set of rules that fit more like a mitten than like a glove.”

“Our job is to systematically sift price data to find trends and act on them and not let the latest news flashes sway our market opinions.”

“Markets may initially trend for fundamental reasons, but prices overshoot by ludicrous amounts. At some point, prices go up today simply because they went up yesterday.” - Michael Platt

“Science is about proving things wrong, it’s not about proving things right. What you’re trying to do is break your strategy.”

(Backtest, forward test, and beware of Black Swan events).

“Trading is a waiting game. You sit, you wait, and you make a lot of money all at once. Profits come in bunches. The trick when going sideways between home runs is not to lose too much in between.”

“Do not let emotions fluctuate with the up and down of your capital.”