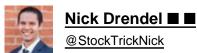
BUZZ CHRONICLES > TRADING Saved by @SeekerHari See On Twitter

Twitter Thread by Nick Drendel



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If I stuck to this one rule the day I started trading I would have...

- Saved \$1,000's of dollars in losses.
- Sped up my learning process.
- Avoided every major account drawdown I've had.

If you're new to trading, make sure you stick to this

The 1% Rule ■

The 1% Rule states that you should risk, at most, 1% of your total account on every individual trade.

This 1% risk is a function of two flexible components:

- Your Position Size: % of your account in the trade
- Your Trade Risk: % between your entry price and your stop loss

Want to take a larger position size? Make your stop tighter.

Trading a volatile stock? Size down on the trade.

| 1% Total Risk | |
|----------------------|-----------|
| Position Size | Stop Loss |
| 5% | 20% |
| 10% | 10% |
| 15% | 7% |
| 20% | 5% |
| 25% | 4% |
| 33% | 3% |
| 50% | 2% |

The most important aspect of trading is risk management.

It's great to make money, but worthless if you don't have a system to keep it.

Over 50% of my trades are losses, but I'm still profitable because of the 1% Rule.

Keep losses small & let winners run!

"Nick, 1% risk isn't enough, my account is small."

New traders are EXACTLY who benefits the most!

By limiting each trade's potential losses to 1% it will take you:

• 29 straight losses to fall 25%

69 straight losses to fall 50%

It's tough to be that consistently bad

You build trading experience with each trade you place. The more "at bats" you get the more you learn.

This doesn't mean overtrade. But it'll be nearly impossible to blow-up your account if you stick to 1% risk per trade.

This is how you speed up your learning process.

You will NEVER take a large loss again if you stick to 1% total risk.

Go through your past trades. How much \$ would you save if you eliminated every large loss.

No bag holding, no averaging down, no emotional attachment.

You INSTANTLY become a better trader.

TL;DR: If I followed "The 1% Rule" since I started trading, I would have saved \$1,000's of dollars.

Risk, at most, 1% of your total portfolio on each trade.

Portfolio Risk = (% Position Size) X (% Trade Risk)

Guarantee a trading career with no large losses!

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