Twitter Thread by Conservative Trader



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How to get rich trading (without getting lucky)

Complete beginner's guide to wealth of Rs 10 Cr in 10 years

Step 1: start trading live

1/n

Nothing can substitute experience of live trading

No amount of back-test, studies or indicators can substitute training your mind with screen time

As a beginner, In live trading, you will make losses almost everyday

2/n

So here are the conditions which you can't violate in first year
If you can't follow these rules, this document is not for you

Start with trading capital of Rs 1 lakhs

Max loss per trade 0.25%, i.e. 250 Rs

Max loss for the day, 1%, i.e. Rs 1000

Max 6 trades in a day

3/n

I know, these conditions will cripple you in terms of what all you can trade and how

But just like any start up, trading is also about making it through initial gruelling constraints of life

You will also learn, how to turn these adverse rules to your advantage

4/n

Btw, you can sell directional banknifty options, obviously you can buy options, can do cash stock trading and much more under these conditions

Think about it, you will be do all kinds of instruments, just that PNL will not be roller coaster ride or exciting like a casino

5/n

So, you will do 1000 plus trade in next one year.

Do any kind of trade, your mind takes you to, except blind tips from tv of TG

Trend-following, option selling or buying, all kinds.

6/n

Try discretionary and systems or even algo, if you are gifted

But above conditions of capital 1 lakhs, max loss per trade 250 Rs, can't emphasise enough

Its non-negotiable, IRON clad

7/n

All trades have to be documented, not detailed, but reason why you took the trade,

how market behaved, what was new that you learned, you have to write everyday for 1 hr.

Again cant emphasis enough how non-negotiable this is.

8/n

If you don’t write your trading experience, you don’t learn fast enough to survive

You should not blindly trust anyone in your journey, but here I am asking you to take a leap of faith

9/n

Faith Statement:
In one year, you will be ready with one

system/method/algo or discretionary method like price action or indicator, which will be steady,

will suit your temperament and your inner voice will ask you to focus on this one set up

10/n

Just this one thing, you have to trust me.

Everyone who tries 1000 trades with limited loss will discover one good system.

No seminar or software or anything paid needed.

11/n

Just screen time

In your 1 year, 1000 trades, your accuracy will be around 25% and you will almost always be under drawdown

that’s expected from a beginner.

You will get very good psychological conditioning on drawdown

12/n

Assuming 1:2 risk reward of your trades, you will be at a loss of 20-30,000 Rs from your initial capital

You might have winning streak and you might be profitable as well,

but here we are talking about trading with-out extraordinary talent or luck

13/n

Part 2:

Trading Capital:

As 10 yrs, 10 Cr is audacious goal, so you have to give everything you have got

It helps if you have another job. Much needed psychological comfort

If you don’t have another job, you have to have “multiple sources of income”

14/n

Use your weekend and all free time for income generation,

Goal, Rs 10 lakhs of trading capital you have to earn in one year.

Looks difficult, but if you plan and execute, from youtube content to affiliate marketing, so many ways to side business

15/n

I get it, not easy.

But you cant trade with borrowed capital,

so you have to earn your initial kitty

Again, cant emphasise enough,

this entire plan cant work on borrowed capital. Entire psychology changes and plan doesn't work

16/n

Part 3

After one year, you have 1 solid method /system /algo or discretionary method and Rs 10 lakhs of your hard earned money

Now, new rules

You have to stick to this one set up/algo method for next 4 years which you have discovered

17/n

As now, you are experienced trader, so many set-ups will come to you, which will look better than the set up you have chosen.

Now the discipline is to stick to your initial chosen set up for next 4 yrs without trying anything new or exciting

18/n

Other traders will do better than you on other set up, now you cant even try new set up

Reason,

mastering one set up, ironing out all exceptional cases, making super money on easy cases takes lot of experience on single set up.

Focus at this stage is paramount

19/n

Also, in a 5 yr cycle, in any set up,

1-2 yrs are so easy that one makes

unbelievable money, market just favours that set up.

e.g. 2020, it was set up for trend following.

20/n

So while you are mastering your single set up,

in next 4 years, one year, you will make unbelievable money

and that will be the story in your moneycontrol interview

21/n

Here, your risk also has to be 1% per trade, including pyramiding etc, can go upto 5% per day

You have to increase risk to this level, unless you bet big, u don't win big
In this phase, on simple set ups, 100% returns are very common
50-60% returns are average

22/n

Important Rule

As you are on winning streak, you cant take out money from your trading account

That SUV you wanted to buy, has to wait. Higher the capital, better for psychology and compounding

23/n

You cant take out single Rupee from trading account.
That's why I emphasised on many sources of income earlier

Assuming an average returns of 70-80% per years for 4 years, you will grow account from 10 lakhs to 1 Cr in 4 years.

24/n

Honestly I have not factored in luck at all. One set up can give you 100% plus returns on the capital we are talking about so far

25/n

Part 4:

Now you have traded for 5 years total and have a trading capital of 1 Cr.
Actually, path is easier from here.

26/n

You have to diversify into 4-6 different strategies /assets so that your portfolio level drawdown is not sharp

As you are handling this kind of money for the first time, any double digit DD will destabilize you

So non correlated strategies will help

27/n

You should increase the risk per trade to 2% . As your strategies are non-correlated, you will be able to manage

Only thing you have to consciously decide here is, press the risk accelerator to 2%, don’t be intimidated by big PNL swings and no less than 2% on a trade

29/n

You will be able to make 50-60% per annum for next 5 years.
That 50% per annum compounded will take you from 1 Cr to 10 Cr

Now you are free to take out money from your trading account.

30/n

To give you perspective, you will be able to buy that SUV with 2 months interest (at 5% pa) on your trading capital.

What was the colour you had in mind back then? ■

31/n