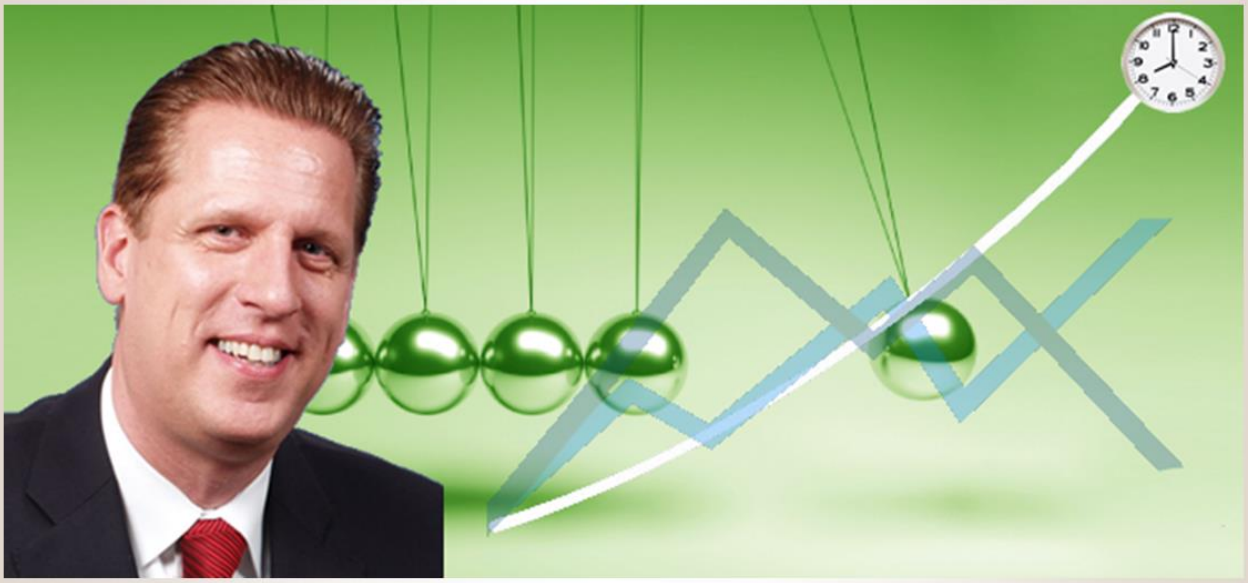
Learn Trading & Investing



By Thomas Barmann

Trading and investing can pave your way to financial freedom. Unfortunately, many who risk their money are not prepared.

Learn in a comprehensive overview of what is needed and crucial for turning yourself into the trader or investor you want to be.

Experience a step-by-step approach you can follow, focusing on all types of accounts, particularly on your wants and needs.

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About the Author

Thomas Barmann´s introduction to trading came when he was 22. Over the decades, he acquired a wealth of knowledge, how private investors can make money in the financial markets. He developed algorithms and software for high probability trading and investing with specifically defined trade situations, entries, exits, and stops.

He trades by taking advantage of spotting and trading along with institutional money moves, minimizing risk, and compounding interest. The crowd follows the leaders. As a private investor, you can do that too. Your edge is that you are faster in and out of investment than institutions can do.

A very small group of people keeps the knowledge of how to trade the financial markets and those who enter unprepared pass their money to those who know. He aims to make the world a better place by sharing knowledge and giving education. To do so, he formed an education company in 2008. The mentorship programs of Nobel Living, LLC are taught one-on-one at your best available days and times.

For more information, please check:

Blog Posts: WordPress-, Blogspot with a daily warmup at https://t.me/neverlosstrading

Join our Facebook Community: https://www.**facebook**.com/TradeWhatYouSee

Thomas is the author of three published books and many other publications:

- Integrated Trading and Investing System
- My Stock Market Income
- Your Trading Career as a Private Investor

Experience a Live Interview at 52 Trades:

https://www.youtube.com/watch?reload=9&v=bloe89B5ZOY

Call: +1 866 455 4520 or contact@NeverLossTrading.com

Good trading,

Thomas Barmann

1. Introduction

Welcome to financial markets: an exciting world of opportunities.

You cannot save your way to financial freedom; however, trading and investing can pave the way to it. To get there, treat trading as a business (structure, focus, repetition, plan).

- Trading has a simple business setup: computer and platform
- Time to market is short
- It can be conducted fulltime, parttime, or in addition to other activities; from the comfort of your home or at any place in the world with internet access
- There is no need to convince clients or compete with others for the same idea
- Education and training are readily available

The financial markets are “the” equal opportunity workplace in the world: age, race, gender, religion, pre-education, political beliefs, civil status… do not matter or make a difference.

Here is what makes a difference:

Criteria	Need	Reality
Capital and its preservation	**Risk limiting** strategies	No odds appraisal and **unbalanced risk** acceptance: gambling
Tested high probability of the concept you go to market with	**65%** or higher likelihood with **mechanical rules**	**Low probability** with broad room for **interpretation**
The productivity of the systematic you apply	A **high number** of opportunities to produce multiple streams of income on numerous time frames	**Singular focus** and **overtrading**
Available time and education budget	Give yourself **3-6 months** to learn and practice for at least two hours per day	Quick follower schemes with **low or no investment**: $297 to financial freedom
Your mindset	Be **open-minded** to learn or forget and re-learn what works and what does not	**Fixed thinking** with no or little room for learning

If trading was easy, nobody would ever go to work! But it is learnable.

Price is not a variable; it is the result of the transactions between supply and demand. Over time, underlying supply and demand changes can be measured, extrapolated, and build a decision-making base for long- or short trading/investing strategies.

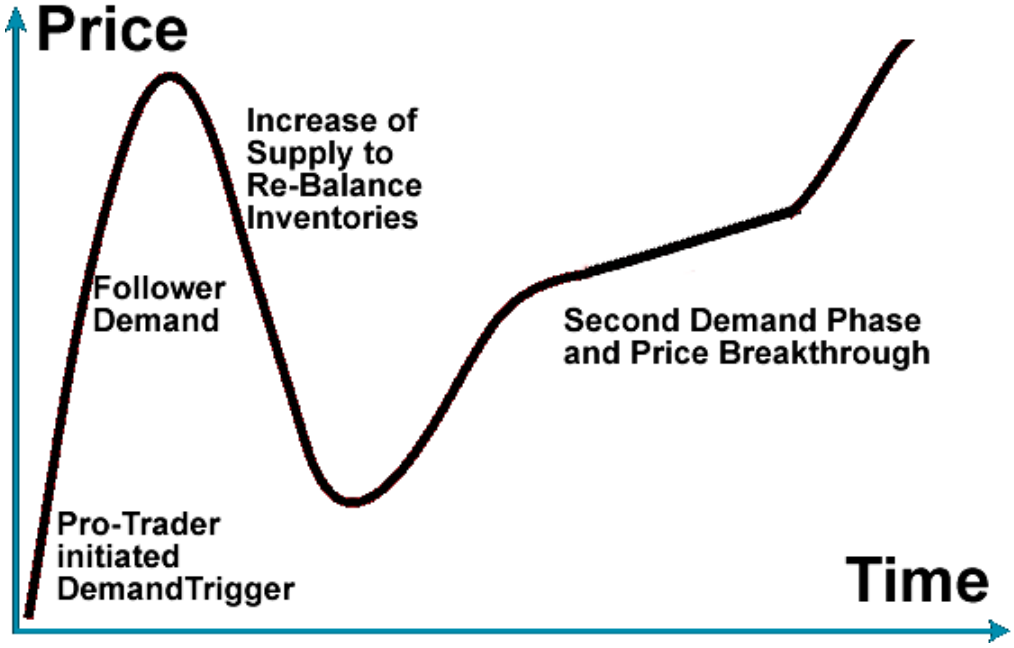
Institutional transactions dominate financial markets, and the crowd follows the leaders.

Those markets are readily available for you too. Your edge: You can be faster in and out of investments by

being able to open and close entire positions at once, while institutions need to scale in and out.

Here is how a typical supply/demand pattern with leaders and followers looks like:

NeverLossTrading Price Following Concept (long)



Careful: Where most systems fall short is assuming a harmonic price pattern; however, price development evolves erratically and needs a detector based on the price action of now instead of the past.

A very small group of people keeps the knowledge of how to trade the financial markets and those who enter unprepared pass their money to those who know.

To share knowledge and give education, I formed an education company in 2008. The mentorship programs of Nobel Living, LLC focus on one-on-one teaching and

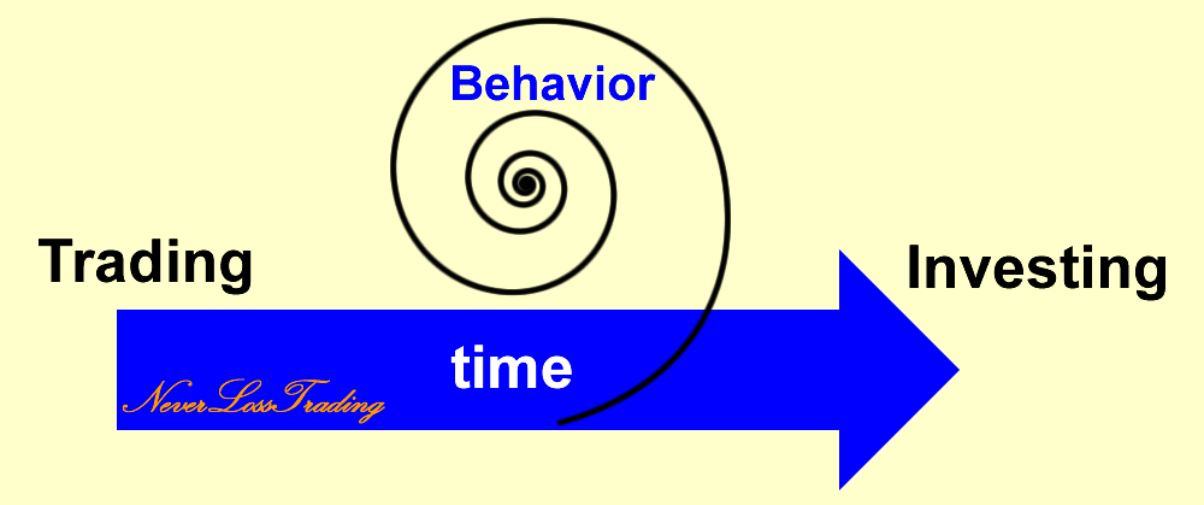
coaching at your specific wants and needs and best available days and times.

Let us now come to the critical variables of trading success and how you can influence them:

2. Risk Limiting Strategies

There are multiple strategies for limiting the risk of trading, and they depend on the length of time you want to stay in a trade or an investment.

The difference between a trader and an investor is only the holding time of a position; the decision-making process is the same.



NeverLossTrading is not a promise to not lose a trade; it is a concept to repair trades instead of taking the stop loss: Never Stop Loss Trading was a bit lengthy.

Where is the money?

Many of us hold investing accounts in multiple forms:

- IRA
- 401(k)
- Cash Accounts
- Margin Accounts

Trading is usually associated with holding positions short-term based on margin accounts; however, the average trader or investor keeps much higher holdings in their IRAs or 401(k) accounts. Hence, we highly recommend operating with risk-limiting strategies for all your accounts and share this in our mentorships.

Day Trading and operating with a stop loss is a reliable tactic to limit your trading risk.

The first struggle day traders face is trading for too small price moves.

Aside from commission, there is a bid/ask spread to consider in your trading, and if you trade for small increments, the odds for making money will stack up against you.

The table's left side shows the expected result when trading for $50 price moves and the right side for $200.

Value Change /ES	$50	Share
Risk	$ 50.0	
Bid/Ask Spread	$ 12.5	
Commission	$ 4.0	
Slippage + Commission	$ 16.5	33.0%

PNL	$50
Wining	$ 33.5
Losing	$ 66.5
55%	-$ 11.50
65%	-$ 1.50

Value Change /ES	$200	Share
Risk	$ 200.0	
Bid/Ask Spread	$ 12.5	
Commission	$ 4.0	
Slippage + Commission	$ 16.5	8.3%

PNL	$200
Wining	$ 183.5
Losing	$ 216.5
55%	-$ 18.15
65%	$ 152.52

The table shows that traders, aiming for a $50 price move, representing a price change of one point of the /ES (E-Mini S&P 500 futures contract), regardless of operating with a 55% or 65% system, will not make money long-term. When aiming for a $200 price change, traders with a 65% system aim for a solid return; those with a 55% system are still losing money.

We can already spell two critical success factors:

A) When trading Futures or FOREX, trade for a minimum value change of $200 to keep commission and slippage below 10% of the price change you trade for. When day trading stocks, focus on price moves >0.5% of the share value and trade for a price change > 99 cents.

B) Operate with a system that gives you a 65% or higher probability of winning. With a lower probability system, success will be random.

Trading is a numbers game, and those who understand the critical actions are up for making money. Those who are not willing to change give to those who know.

By our human nature, if we once commit to a particular behavior or systematic, we like to hold on to it (check on the term: cognitive dissonances). Behavior-change is hard for us. Some of our long-term traders joke that it needs somebody to take the other side of our trades; however, we preferably want an institution to render the money to you by following better principles.

But how do you solve this?

Let your system tell you the price-speed for every instrument and time frame you choose, and then compare if it is above or below the shared $200 threshold.

To get to the price speed, let us share some of the fundamental principles:

When you move to swing trading or longer-term investments, you can be exposed to gaps, and those can produce drawdowns that are not easy to recover from:

- **Swing Trading**: holding positions for multiple days
- **Long-Term Investing**: holding positions for weeks or months

What to do to limit the risk of trading?

You have three choices:

Trade Instruments that Rarely Gap

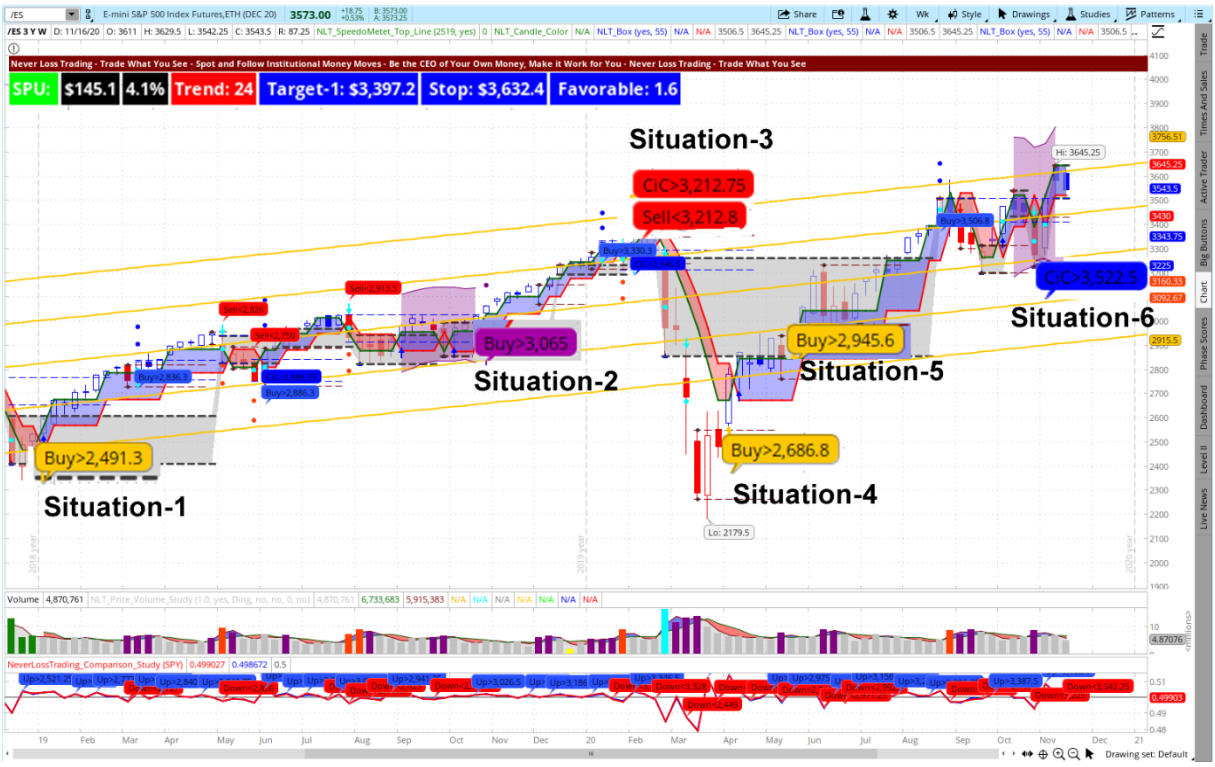
Futures are those types of instruments.

Futures contracts allow an investor to speculate on the direction of a security, commodity, or financial instrument, either long or short, using leverage:

- You only need to bring up 2% to 10% of the value of the underlying contract.
- Futures trade from Sunday 6 p.m. EST to Friday 4:15 p.m. ET.

- Uptick rules and SEC regulations that limit short selling opportunities in stocks are not active for futures trading.
- Most futures cash settle, or your broker settles them for you to prevent physical delivery of the underlying contract base. While as a meaningful investor, you do not hold positions through contract change (a straightforward rule to put into your trading plan).
- To Limit the gap risk, decide from a weekly chart

NLT /ES Weekly Chart



On the chart, we highlighted six critical trade situations and want to explain those in the following table:

Entry Rule	Signal	Trade Target and Stop	Result base on one contract
Situation-1 Buy > $2,491,3	NLT Orange Signal for early price change indication	Target: 2-SPU Increments (200 points), max. 10-Candles. Stop: 20% of 1-SPU below the low of the candle.	Favorable Reward/Risk setup. Target reached.
Situation-2 Buy $3,065	Purple NLT Signal	The NLT Purple Zone signifies a price development stage of ambiguity. The direction is not found, and when this stage ends, we assume a directional price move for 1-SPU might happen.	The price move concluded at target. If you wanted to trail stops, you do it with the red line on the chart.
Situation-3 Sell < $3,562.1	Red NLT Power Tower with CiC (change in command)	Sellers are taking command over buyers, and we trade for a 2-SPU price move to the downside.	The rapid development to the downside produced windfall profits.
Situation-4/5 Buy Signals	The Orange NLT Signal identifies price turning points on the low	Same procedure as in Situation-1.	Reliable trades to the 2-SPU targets
Situation-6 Buy Signal	NLT Power Tower buy signal	NLT Purple Zone, and such an environment with higher volatility and risk.	No Trade because of the higher expected risk.

On this chart, the average risk to accept is 145-/ES-Points or $7,250.

For longer-term investing accounts, a 5% risk tolerance should build a factual basis and such; you need to hold $145,000 in your account to trade the E-Mini S&P 500 futures contract from a weekly chart.

If this is outside your risk perspective, scale down to the /MES (Micro S&P 500 futures contract), which is in a 10% relation to the E-Mini contract and such, your

account holding minimums for trading this contract shall be $14,500 or multiple increments of this.

If you are swing trading futures, you are exposed to a much higher gap risk; however, gaps might also run in your favor. If you are not willing to take such a risk, you might want to change instruments and strategies to trade:

- Stocks, combined with options
- Long Put or Call options

There are multiple rules involved in accepting the trade or not, and this is precisely what you expect from your system: Mechanical setups to follow through with no or very little room for interpretation.

We also apply the same principles to stocks and options trading at multiple time frames. Explaining all details is impossible in this document's structure; however, we do this in the numerous hours of working together in our mentorship programs.

3. System Probability

Most traders work with a low probability system, and such making money is random. Let us demonstrate this in a simple example, where we draw from a bag of marbles and put them back after the draw, and we calculate the likelihood of winning six or more times with a 55% system (11 winners out of 20) and a 65% system (13 winners out of 20).

65% System	55% System
	

To calculate the excepted results after ten draws for winning six or more times, we use the so-called Bernoulli calculator for the probability of each outcome.

Replicating System Performance by Drawing Marbles

Winners	65% System	55% System
6	23.8%	23.8%
7	25.2%	16.6%
8	17.6%	7.6%
9	7.2%	2.1%
10	1.3%	0.3%
Sum	**75.1%**	**50.4%**

You see, your rate of expecting more winners than losers with a 55% system is random: 50.4%. When using a 65% system, you have a 75% chance to cash-in more winners than losers.

Make sure you are not using standard indicators and setup. Check for 100 happenings on mechanical rules if the system performance is at or above 65%.

Unfortunately, mechanical rules are not common practice, and most traders guess entry, exit, and stop.

It is critical for defining mechanical rules, considering statistical volatility or one price unit's speed, which we call SPU (Speed Unit).

Through this measure, you will determine if you are accepting the risk of a trade or not.

Successful traders do not trade to trade; they trade when their system conditions are met.

Trading requires probability thinking to bend the odds in your favor, and we want to share the basis of operating with the right mindset and tools.

When you trade, you have multiple challenges to manage:

- Probability of the Setup
- Risk/Reward Relation
- Rules (entry, exit, stop)

We could add more, but we want to focus on the most critical factors and explain:

Probability of Setups

Do you know the probability of the setup you are acting on?

If you are using standard indicators or your likelihood of estimating the future price direction is between 51% and 55%.

Still, such systems have a slightly positive expectation, so why are about 75% of the retail traders losing money?

They stay too long in the trade and such exit when prices are already starting to retrace or revert, and such, they cut the winners short and get banked by losing higher amounts than they are winning.

Besides, novice traders guess entries, exits, and stops: Leaving things up for interpretation instead of trading with system-defined mechanical rules and strategies.

When leaving mechanical rules aside and operating with a high probability trading system ≥ 65%, you still have no guaranty for making money.

Trade results are in a relationship of risk and reward.

Two easy definitions upfront:

- Reward = Abs(Entry – Target)
- Risk= Abs (Entry – Stop)

When we combine Risk/Reward with system probability and the probability of such relations to occur for a $200 price move, we come to the following overview:

Risk	Reward	Rik to Reward	Probability	Return	Return on Risk	Occurrence	Share of Trade to Take	Stocks, Cash, 3% Return	Stocks, Annual Return, Cash, 3% Return, 5 Days, 200 Days
$ 350	$ 200	1.8:1	65%	$ 8	2%			0.00%	0.1%
$ 300	$ 200	1.5:1	65%	$ 25	8%	40%		0.03%	1.3%
$ 280	$ 200	1.4:1	65%	$ 32	11%			0.05%	2.2%
$ 260	$ 200	1.3:1	65%	$ 39	15%			0.09%	3.5%
$ 240	$ 200	1.2:1	65%	$ 46	19%	50%	83%	0.13%	5.3%
$ 200	$ 200	1:1	65%	$ 60	30%			0.27%	10.8%
$ 180	$ 200	0.9:1	65%	$ 67	37%			0.37%	15.0%
$ 160	$ 200	0.8:1	65%	$ 74	46%	10%	17%	0.51%	20.5%
$ 100	$ 200	0.5:1	65%	$ 95	95%			1.35%	54.2%

You see, even when trading with a high probability, about 40% of the setups are not suitable for risking your money: because they require you to accept too high risk concerning the reward of your trade. You need to sort out those trade setups that are not suitable and never accept a risk higher than 1.2:1 (mainly when we are including commission).

Calculations for a 55% system shows the following:

Risk	Reward	Rik to Reward	Probability	Return	Return on Risk	Occurrence	Share of Trade to Take	Stocks, Cash, 3% Return	Stocks, Annual Return, Cash, 3% Return, 5 Days, 200 Days	Participation Rate
$ 350	$ 200	1.8:1	55%	-$ 48	-14%			0.03%	1.3%	
$ 300	$ 200	1.5:1	55%	-$ 25	-8%			-0.01%	-0.3%	
$ 280	$ 200	1.4:1	55%	-$ 16	-6%	60%		-0.01%	-0.4%	
$ 260	$ 200	1.3:1	55%	-$ 7	-3%			-0.01%	-0.3%	
$ 240	$ 200	1.2:1	55%	$ 2	1%			0.00%	0.1%	
$ 200	$ 200	1:1	55%	$ 20	10%	25%	63%	0.06%	2.4%	
$ 180	$ 200	0.9:1	55%	$ 29	16%			0.11%	4.5%	40 of 100
$ 160	$ 200	0.8:1	55%	$ 38	24%	15%	37%	0.19%	7.7%	
$ 100	$ 200	0.5:1	55%	$ 65	65%			0.73%	29.3%	

Only four out of ten trades are acceptable, and unfortunately, many traders have the urge to trade the trade, risking too much and by this are part of the 75% losing investors.

Comparing the 65% system to the 55% system shows that the higher probability system allows for a 50% higher participation rate. Let us calculate a short productivity comparison of the two systems at two trades per day at a $200 price move.

System Probability	2 Trades per Day	Rate of Participation	Annual Trades (200 days)	Duration: 5 Days per Trade	Productivity Difference
65%	$ 400.00	60%	240	48	50%
55%	$ 400.00	40%	160	32	

We will further detail what trading productivity means to in the next paragraph.

4. Number of Opportunities

A reliable system produces signals on multiple time frames, allowing you to generate multiple income streams from trading and investing.

On a bag of marbles experiment, the number of opportunities you participate in will determine the outcome. In trading or investing, things get a little more complicated:

The instrument and time frame you trade determines the potential risk and return of your decisions.

We generally favor percentage-based position-sizing models. The trading instruments you choose define the number of holdings needed in your portfolio of investments to reach an 80% engagement rate or investment rate.

Why not 100% engagement?

If things go wrong, leave 20% capital for potential trade repairs. Let us puzzle together an example:

- Capital: $50,000
- Maximum of 3% risk per trade: $1,500
- All calculations assume the same risk as reward
- We differentiate six trading styles
    - Day trading stocks
    - Swing trading stocks
    - Longer-term investing in stocks
    - Swing trading options
    - Longer-term investing with options
    - Day trading futures on the example of the /ES

Position Holdings for Different Trading Styles

Trading Strategy	Return to Trade for	Investment per Trade at 80%	Positions at 80% Engagement	Avg. Days in the Trade	Trades per Month	Expected Monthly Return at 65% winning
Day Trading Stocks	1%	$ 40,000	1	1	20	6.0%
Swing Trading Stocks	2%	$ 40,000	1	5	4	2.4%
Longer-Term Investing	5%	$ 20,000	2	20	2	3.0%
Swing Trading Options	50%	$ 1,500	26	5	20	300%
Long-Term Options Trading	50%	$ 1,500	26	5	20	300%
Day Trading Futures (/ES)	8%	$ 7,500	3	1	20	48%

The above table expresses:

- When day trading stocks at $40k investment capital, you can invest your entire money per trade, and you still stay below the maximum risk per trade of $1,500. The table assumes one trade per day at a reward or risk of 1%. In reality, multiple day-trades will be possible. At one trade per day, a monthly return on cash of 6% per month or 72% p.a. By using margin and increasing the number of traders, returns can be leveraged.
- When swing trading stocks at a 2% risk or reward, one position is still below the risk threshold of $1,500, such; the trader just needs to engage in four trades per month, striving for a 2.4% monthly or 29% annual return.
- Investing longer-term in stocks requires at least two positions to stay below $1,500 of risk per trade, with two trades per month and an expected return of 3% per month.

- Options traders are looking at fantastic return opportunities; however, they have a different challenge to manage: Assuming that the entire investment is at risk, then we divide $40,000 of capital by $1.500, which results for the options trader to open and close 26 positions. Dividing 26 by 20 days de-complexes the issue into one to two options trades to open per day, which is undoubtedly doable. The challenge in options trading is multifold by requiring answers to the subsequent decisions you need to make.

5. Available Budget and Time

If you cannot dedicate time and effort to learning, stay away from trading. Making money is not easy, and in particular, trading is not a get rich quick scheme.

If you invest little into learning how to trade the markets, the markets will take your money, and you still will not know how to do it right.

Always consider, the ones accepting your trade are prepared for taking your money, and they have an opposite outlook to your trade. By our statistics, they can bend in 75% of the cases their way.

We recognized early that group learning is inefficient for adults:

- Different in affinity to assets (stocks, options, futures, FOREX)
- Risk tolerance variation (high, low, average)

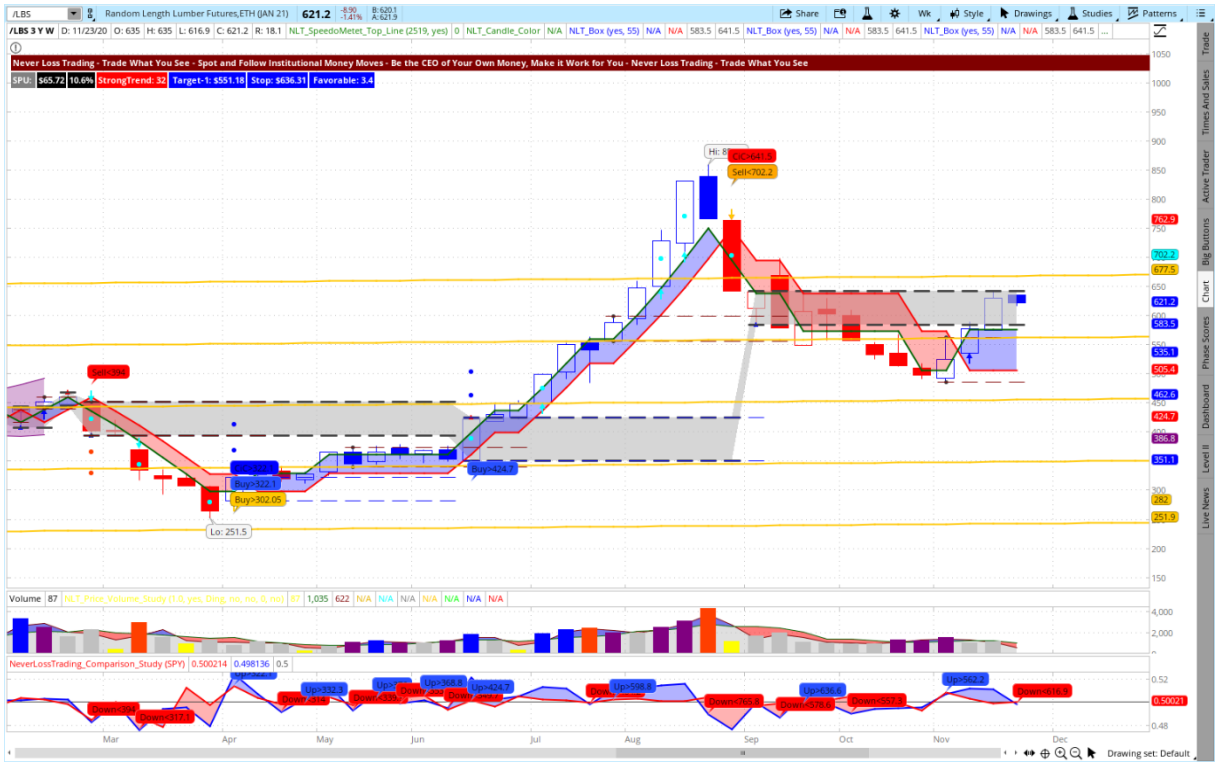
- Available time for trading and learning (parttime, fulltime, sporadic)
- Personal circumstances

Such, we tailor our programs to the specific wants and needs of every client.

A little anecdote: We had an NLT Top-Line client who only wanted to learn how to trade random length lumber futures. He intended to sign an annual contract with Home Depot at a fixed price and, through a hedging account, leverage and balance his risk.

The weekly chart was the chart of choice, and here is an example of how we were able to help.

/LBS (Random Lengths Lumber Futures) on Weekly NLT Top-Line



There is not much to translate; the signals tell when to buy or sell. Easy to see; however, what is the likelihood for any of you to trade this instrument?

Very low, and you do not want to be in a class where something is taught, you cannot use it after.

Our mentorships range between $2,497 and $9,997, and we work between one and three months with you to make sure what we share sticks with you.

The difference in the systems we share lies in:

- Probability of the setups
- Number of opportunities generated
- Hours of teaching
- Months of coaching
- Alerts you can generate or receive

If you like to talk to us about which of our systems and mentorships suits you best and claim your special offer (Code NLT2020), schedule your consulting hour:

+1 866 455 4520 or contact@NeverLossTrading.com

6. Mindset

European brokerages that offer leveraged products like CFDs need to report their clients' success rate. A contract for differences (CFD) is a financial contract that pays the differences in the settlement price between the open and closing trades. CFDs exist for indexes, commodities, currencies, ETFs, stocks, and more. They essentially allow investors to trade the direction of securities over a chosen period, often short-term (day trading). CFDs are cash-settled and allow ample margin trading so that investors only need to put up a small amount of the contract's notional payoff.

In essence, on CFDs, you either bet up or down. This far, CFD trading is not allowed for US traders, and we are not here to propagate it, but it gives us the basis to judge the average win rate of US retail traders.

Comparing directional trading to a coin toss, we could estimate the average success rate would be around 50%.

In reality, though, the success numbers average is about 24%, or 76% of the private investors lose money trading.

Ensuring that we are not talking about a single instance, we ran an analysis for the top-10 CFD brokers that operate in multiple countries and report a substantial client base of traders: IG, for example, was founded in 1974 and reported 273,000 clients in 2020.

Clients Success Rate with CFD Brokers

CFD Broker	Clients Performance	
	Winner*	Loser*
Plus500	24%	76%
etoro	25%	75%
EuropeFX	21%	79%
XTB	18%	82%
IG	24%	76%
finanzen.net	22%	78%
Admiral Markets	21%	79%
markets.com	21%	79%
flatEX	27%	73%
FXflat	22%	78%
LYNX	34%	66%
Average	24%	76%

*win/loss rates published on the website of the CFD-providers

Some of these brokers, like “etoro,” offer copy trading. A client can follow traders' highly successful moves, and still, 75% of the “etoro” clients lose money. Obviously, an exact copy of successful traders' actions does not work: You see the stats and picks of successful traders but not their decision-making

basis. In consequence: replicating statistical success appears to be a challenge.

Who had assumed such a high rate of losing traders?

Why should the US futures stats or speculative directional option/stock trading statistics be different?

We say that they are not: With a robust ASSUMPTION, about **75% or two-thirds of the US traders lose money**, particularly day traders.

On a 75% likelihood of losing, there is a 25% chance of winning, and people dedicate their money to prove that their 25% winning is getting them to where they want to be.

However, we like you and invite you to accept a new way of thinking to turn yourself into the trader or investor you want to be. If you are interested in a personal consultation:

Call **+1 866 455 4520** or contact@NeverLossTrading.com

The charts we shared are based on the NeverLossTrading Top-Line program, our flagship offering, and most sold mentorship. Here we work with you for 20 hours, providing:

- Server-installed software
- Real-time data
- Entry, exit, and stop, right on the chart
- Position-sizing models
- Time-in-a-trade per indication
- Risk-handling
- Business Plan (financial plan and action plan)

There are multiple dimensions of the value we provide to our clients. Let us formulate in a value-based analysis what a mentorship, such as NLT Top-Line, can give you:

Value-Based Analysis

NeverLossTrading Mentorship Program Values	Estimated Value
An easy-to-follow investment concept that spells out: 1. When to enter and exit a trade. 2. How to leverage and protect your assets. 3. A clear concept to pick securities that are ready to invest in: Stocks, ETF's, Mutual Funds, Commodities, Currencies, Options, Futures. 4. How to make money regardless of the market direction: up, down, sideways. Your goals depend on how much time you can dedicate to trading the financial markets.	Goal: Monthly, Weekly, Daily return of 1% to 5%. Minimum 5% above your prior returns.
You take home: 12 or 15 ready-to-be-used, proprietary NeverLossTrading indicators to trade the market direction by a one-time license fee only.	$10,000
Twenty hours of personal training and coaching at the rate of $400/h, with focus on trading/investing system-based in all your accounts: 401(k), IRA, Cash, Margin.	$,8000
Three months of NLT Alerts and help with trade-finding and execution.	$3,000
Knowing how to operate a free trading and charting platform based on our proprietary indicators, with top-notch functionality. A free service comparable to other trading platforms where you would pay $100 a month.	$1,200
The best rates for trading stocks, options, futures in the markets because you belong to NeverLossTrading. Making your expensive broker obsolete.	minimum $1,000
Documented trade summaries to repeatably train skills, setups, situations: 1. Tutorials explaining all indicators and setups 2. Clearly formulated a trading plan 3. Excel-based trading journal with analysis tool A comprehensive overview not to be found in any book store.	minimum $1,000

We are more than 10-years in the trading education business, teaching one-on-one at your best available days and times.

Trading our own account day-by-day and helping clients lets us provide long-term experiences and support.

Customer service and tailored mentorships are our virtue.

Basing your trading and investing decisions by defined rules is learnable, and we are here to support you!

We offer a year-end-special for flagship product:

NeverLossTrading Top-Line

Best suited for the modern trader.

Schedule your personal consulting hour and claim our special offer: Code NLT2020

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