

It's All About Risk versus Reward

[00:00:00] I got one thing to say, hope is not a strategy. So why am I saying such an obvious thing? A cliché that we've heard probably many times already. And if you haven't heard that well, sit back and just think about it. Hope is not a strategy. Hope is a loser's way, losers think. Now don't get all religious on me and tell me that.

[00:00:25] We all must have hope, or faith, maybe hope, no hope is only what you do after you have realized that all is lost given up. Don't try anymore. So, the reason why I'm talking about it, some members had asked me what's the exit strategy or any on today's trade. The position that we're in right now, As the trade stands right now is that we're up about 70 to a hundred percent, depending on where you got your position in.

[00:01:01] And by all accounts, that is a fantastic return. But it's still from our point of view is well below our average, which is generally above 150%, sometimes as much as 1500%. If you have just one contract or one position, a minimal size position, then your strategy is very different from somebody who has say 50 positions, right?

[00:01:29] Obviously you have different size accounts as well, but the person with a lot of positions has many more. Options under their belt. But even if they have five positions, again way more options than the person with one. So, if you're not going to go into this with hope, then you should have a strategy, a real strategy.

[00:01:49] If there's just one position, can you risk sitting there or do you want to risk, can you risk is another subjective thing. Do you want to risk sitting there and possibly lose that 70 or 80% return for the chance of making 150%? And that might be a very real strategy and a good choice or bad choice only because of the way our trades are asymmetric in nature, where we have very small risk to potentially very large reward.

[00:02:20] So it may be an okay choice. But it's probably a more prudent choice for the person with few positions to take what they've got and then move on and then wait for the next time. And maybe the next time will pin a trade, and you make a thousand percent.

[00:02:36] Now the person with a lot of positions, they have many more options, they could do something like maybe take two thirds of the positions or even four fifths of the positions off right now that would leave the remainder positions such that even, if they went to a full loss, you would still have a winning day.

[00:02:58] And let them ride, let them take a free ride for glory. And then there is a possibility that we might end up pinning the trade today with those two and they could do marvelously. So, with more positions, you obviously have more options and there's no hope involved here. No hope at all.

[00:03:16] It's all strategy. There's a little bit in this. I should say there's a lot, a bit of discretion. And much of it comes down to your personal capacity for risk and your tolerance for risk. Your capacity is the objective amount of stuff that you can take risk with, right? The tolerance is your gut, what you can stomach.

[00:03:43] So those are two very different things. And you must come to grips with, where you are on that scale, and then make your decisions accordingly. Now in our strategy. Unlike other strategies in the 0-dte.com. The dash is important because the other strategy without the dash would be. Probably have gotten out of their trade already because they would have been running into risk or potential risk.

[00:04:11] And they would have made about the same on a single position as we had made here today. Let's say it's oh, I dunno. 75 bucks right on, on a. The difference is they would have put up 12 times more risk capital to make that same amount of money and throughout their entire trade, because they were threatening a max loss.

[00:04:36] They would have been sweating bullets the entire time. Where we are just sitting back saying, oh, I wonder what I'm going to do tonight. I think I'll go sit by the pool or, should we take profit now or wait till later and see if it comes in and we pin the trade and make another thousand bucks on our \$75 bet or if we lose no big deal, we'll come back [00:05:00] and get him another time with a realization that this is a very difficult time trade because volatility has been dropping.

[00:05:05] So we have our first comment from the peanut gallery, Ken says without the dash hope is a guess with the dash hope is a confident expectation. That's exactly right. So, remember that's 0-dte.com. The best ODTE strategy. I would venture to say that it is the best trading strategy. On the internet on the, into lubes, on the Interwebs, on the YouTubes, anywhere else that you want to talk about, I don't care what service it is.

[00:05:40] I will challenge anybody on a head-to-head with our risk to reward our average risk, to reward on anybody else's strategy, challenge, challenges down. I guarantee there's no guarantees in life, but I'm. confident that we would beat you handily. It wouldn't even be close a completely different paradigm. So, while we're sitting here averaging better than 150% return on our trades, there are other people that are trying to eke out these menial returns.

[00:06:18] Small four or 5% returns and they sweat in the entire way. We're all kind of glum and dejected that we only can make 75 or 80% because it's just not up to our standards. Do you see the difference? Do you see the difference? Would you rather be eh, a little dejected and glum and make 80 a hundred, 200%, or would you rather be nervous as hell anxiety ridden, biting your nails off sweating bullets to make 4% or 5%?

[00:06:48] Obviously a rhetorical question. It's just no content. No contest at all. All right, let's see. Where is this trade at now? By the way, I haven't looked, let's look to see if it's dropped down again. So now we're at about a 30% return. It is it's getting a little, little long in the tooth.

[00:07:10] This might be one of those times though, where we're building up a base and then just as the close comes, we have one of those. Trades that it just shoots way up. And then, you make gobs of money. Could you shoot right down? Of course, if you only, we have a small amount of risk capital at risk, you can easily take that chance.

[00:07:29] If your plan is to make money consistently, then you probably just want to take the profit and then move on to the next trade. We've got three of these opportunities every week. Now this week has been slow. Monday was a good winner. A surprise winner. Wednesday was just a max loss, or a loss, but no big deal today makes up for yesterday's loss easily.

[00:07:55] That is a few already got out and it could potentially be another pin trade. We don't. We don't know, but Monday's trade made up for the next, I don't know, two weeks of straight losses, if that's what would have happened or more, of course, next week we're bound to make another pin trade or a good trade or two or three good trades.

[00:08:17] So that's not going to happen. But what I'm saying is. 30% or 10 to 30% of the time we make trades that would easily cover us four straight losses for the next several weeks. Imagine having that kind of confidence behind you now, I'm not saying that's, what's going to happen. I'm just saying that's the hypothetical that our trades and our returns are so strong versus the risk that we don't have to sweat the losses.

[00:08:51] As a matter of fact, the losses are nothing comparatively. In fact, we don't even talk about the losses. That's how far it goes. Most people are talking about managing the risk. Our risk is managed inherently in the strategy. So, there is nothing active that we have to do to manage our risk. Our biggest task is managing our profit.

[00:09:18] Trying to figure out how we can maximize the profit. I would get to make 50%, 80%, 150%, 300 there's freedom in several different ways. One is that we've used less risk capital. We can use smaller accounts to make the same kind of return to make healthy returns. We can use the freed-up capital on other high probability trades, maybe invest in something that has a little bit of surety in these uncertain times, perhaps invest in, I dunno, a hard asset like gold or silver or investment housing, anything.

[00:09:56] And then just use this strategy. To slowly build up your capital slowly, build up your I guess this would be it really depends. Now there's a whole other choice that you can make, you can say, okay, I'm gonna use this trading to build up my free cash so that I can have cash to invest, or I can have cash to buy things or I, or cash to pay bills, something like that.

[00:10:23] And then use all your other free cash for those things like the investments. That might be a great strategy. I think that's probably the best way to go where people in the other strategies, where they are risk Laden, where they are constantly trying to eke out small amounts of profit, they are focusing everything, all their energy on that small return it's wasted energy.

[00:10:50] And they get frustrated, and they succumb to fears like fear of missing out and greed and other things, because maybe they get on a little winning streak and they figure, okay, now here's my opportunity. I'm on this winning streak. Let's keep it going. I'll think I'll up the ante and then invariably, they lose it all.

[00:11:09] So the spending all this bad energy on something that provides no return, we spend quality, energy, quality time to make a healthy return so that we can focus on the

things that are really important in our lives. This strategy is not only a strong trading strategy, but it is a life altering strategy.

[00:11:35] It allows you to live your life. And I don't want to be compared to those charlatans that are out there that will show you their McMansion behind them. And their Lambo is in the garage because I don't have any of those. Although I live a very nice lifestyle, but I never show it. The only thing I show is, the sort of industrial look back here,

[00:11:54] I could get all those things if I wanted them, but I don't need them. I don't need them to make me happy. And quite frankly, those people aren't showing you them because they only want to give you the illusion of being happy because they are such losers in every way. So they lie to you.

[00:12:11] They lie. I will tell you the truth right to your face. And I won't hold anything back, but while it's tough, it is also caring. It is tough. Love. I do it because I care about my members, the members in our group, I care that they find a better way to behave, to act, to trade a better mindset. More relaxed mindset, where they can spend quality time thinking about the things that are important.

[00:12:46] That's what we do here.,

[00:12:48] Paul says, I agree. That's why I'm putting in all nighters, three times a week in Australia. Yeah. It's really a bummer that, being on the other side of the world, you have to alternate or have an alternate lifestyle. I've done that too. I have customers virtually in every time zone around the world and for me, because this service is customer oriented. I, this service is all about treating everybody with respect, dignity, and tough love to make sure that they become winners. And I afford everybody the same kind of attention. In fact, I literally give my personal mobile number to every member, even the trial members and they can call me.

[00:13:33] And set up some time and talk over issues. Once you're a full member, you can schedule time with me.

[00:13:41]. I don't look at this as an alert service. I look at this as, an educational service where I provide coaching and mentoring, and then the alerts are a manifestation of that strategy and that mentoring, they are an example. They are demonstration.

[00:13:59] And of course you can trade those alerts because they are gold. But yeah, that's basically the difference. I really do treat this service as a way to help people, as opposed to trying to do what I guess other services are doing, where they tried to create a facade of doing something that is not real.

[00:14:24] Everything here is. Now what it is, what Israel too is this trade is really having a hard time getting some giddy up and go. Of course, most of the traders have already gotten out with their 75 to 80% to a 100% return on this really very poor day from our standards.

[00:14:46] So I've already made my profit I'm profitable for the day. Now I have a free ride with a few contracts, a few positions, and we'll see how that goes.

[00:14:55] That's my strategy for managing profits. I take the profit. I got it. I've locked it in. And now I'm just waiting with my free ride, my free ticket to the show and see what it does. Will it pay off? Will it not? Sometimes it doesn't. And when it does pay off, the payoff is spectacular.

[00:15:18] Like I said, imagine putting down \$75 and then coming out of the day with a \$1000 winner, that's what happens on a regular basis, by the way it seems. But yeah, that's where we're at.

[00:15:35] Paul, you gotta make sure that you don't show your wife these comments that you're making here going for hoes and Lambos. What kind of guy are you just kidding? I'm locked down now. So, it's a good opportunity to do this. In Australia, you're all locked down. Yeah.

[00:15:53] Yeah. So, in Australia you can totally alter your lifestyle. What difference does it make? You're not going anywhere. So you might as well, be a night owl and trade the 0-dte.com strategy.

[00:16:07] But I feel we're getting there too here in the states. There are some states and in our illustrious president is talking about lockdowns and mandated masks and vaccinations. Yeah, it is big brother, times 10. It's unbelievable.

[00:16:25] In any event got to get into a better place. A better mindset.

[00:16:31] That's about it for today. It's Friday. I hope everybody has a great week. I certainly have great things planned for this weekend, but right after this, after I get off, I think I'm going to go shoot a little pool.

[00:16:44] And then I take a nice trail walk with the dogs and the wife and then let's see, maybe go to the beach, visit some friends while you still can.

[00:16:56] And then what, oh, then Sunday comes around and Sunday evening, this all starts over again. We start looking at our next trade. We could be taking a trade Sunday evening because we trade the futures. We don't trade the SPX. We trade options on the futures and that's where it's at.

[00:17:14] David just asked. How about NQ the futures on the NASDAQ and it is definitely an option. They also do three expiries per week. I guess for most people, it's not really that strong of an option because the margin requirements on it are much, much higher. than the ES much lower liquidity, , but this strategy would work just as well there.

[00:17:41] And I think there's a lot more volatility there as well. But for the sake of sanity, we don't do the NQ here, but perhaps we will do some of those trades on the, from a demonstration purpose and do that as well, because, with that. Bigger margins, the bigger trades in that higher volatility, there's a chance of making a lot more money, but there's also a chance of losing more too.

[00:18:06] And I think for most people, when you get the minimum sized trade on the E-mini S&P that's really a good comfort level for a lot of people with smaller accounts, the five or

\$10,000 account with the NQ, you need your minimum size account is probably more like 25, \$50,000. So, It might be great for some people. And so, we could always explore that. But that's really the problem. And it doesn't matter what the multiplier is. The fact is that the minimum position is still very expensive, much more expensive than the E-mini S&P

[00:18:45] All right. So, we'll definitely look at that, Ken, but for now, let's say that's it. And I hope everybody has a great weekend and peace to all of you. I hope you have nothing but peace in your life. Tranquility family, friends. Good times a good dog.

[00:19:04] My dog at my feet, one of my dogs. All right, take care. Where's that frigging off button. There you are. See ya.