



# **Closing the Performance Gap:** *Aligning Strategy and Psychology in Trading*

PRESENTED BY:

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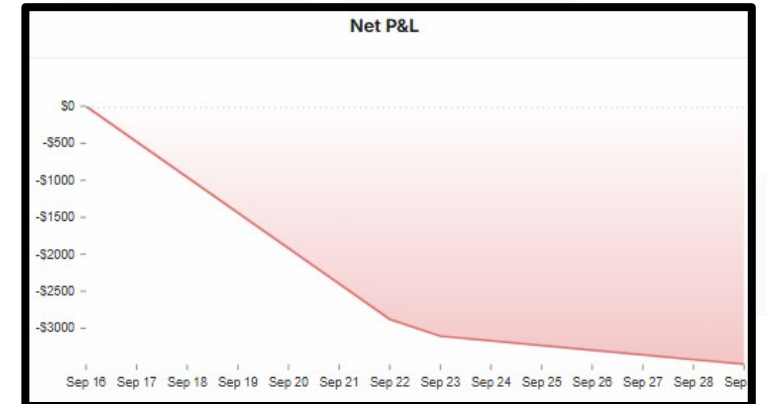
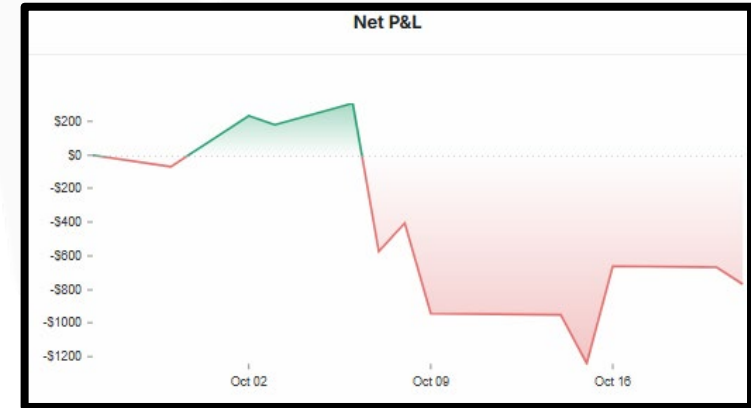
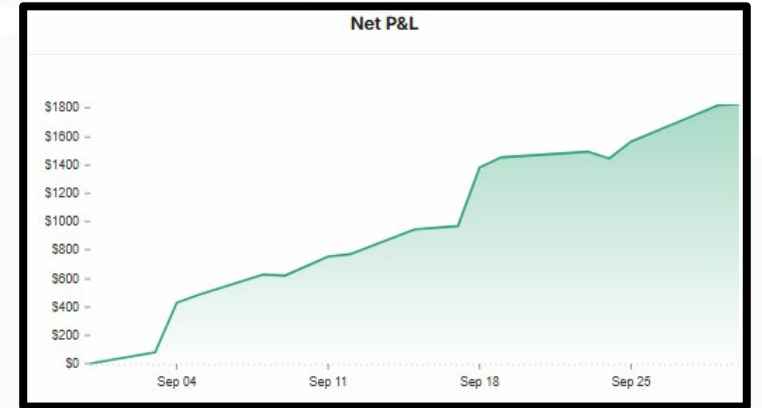
# Overview

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- Important Trading Statistics
- Strategy vs. Psychology
- Trading Plan
- Performance Gap
- Identifying the Performance Gap
- Addressing Psychology Issues



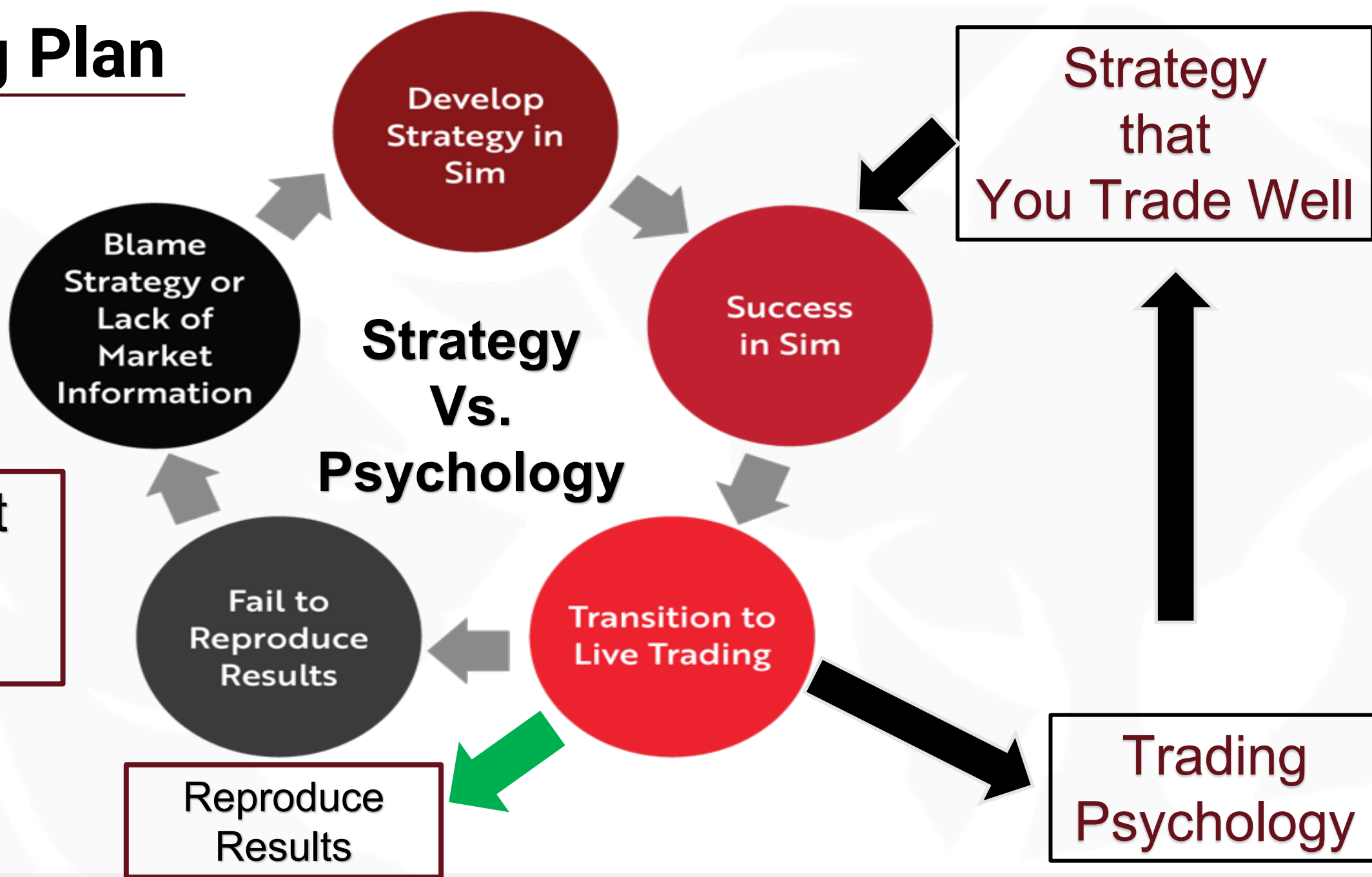
# Important Trading Statistics



# Strategy vs. Psychology

**Strategy  
vs.  
Psychology**

# Trading Plan



# Trading Plan

- Correct Process = I executed properly up to entry
- Correct Performance = I executed entry and trade management



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### Break High of Day with Scanners

Enter a position when there is a buyer who is willing to pay more for the stock than anyone else in the world during the intra-day session if it has rising volume into the break

Time: Any time between 9:40am - 10:30am ET

Indicators:

- The Stock has smooth Volume (Consistent Volume Bars)
- The HOD is near a significant level (PMH, PCL, ATH, R3, R4, or Daily)
- The stock is pulling back from the HOD (minimum of 2 red candles to a support level)
- Level 2 is stacking above the HOD at .50 intervals
- RVOL is greater than 90%

Confirmations:

- Begins to "punch" towards the HOD (has an indecision or engulfing candle after the pullback)
- Does not consolidate at the HOD (No more than 1 red candle after the punch going into the break)
- Has rising volume into the break of the HOD with Time & Sales running more green than red.

Entry Signal:

- Stock print's .01 cent above the HOD on the BID Side

Stop Loss:

- Bottom of the wick of the previous candle before the entry candle. Stop is moved to the bottom wick of the next 1-minute candle after entry if a partial is not taken before it closes.

Target:

- A new 1-minute low

Rules:

- Once a partial is taken, the trade should always be exited at break-even
- Exit the trade after 5-min if you do not have your first partial
- Exit the trade if the first three 1-min candles after entry have lower lows and lower highs
- This is not a trade where it is "success or a -1R loss", It is perfectly fine to take a -0.5R loss, use your judgment and watch SPY

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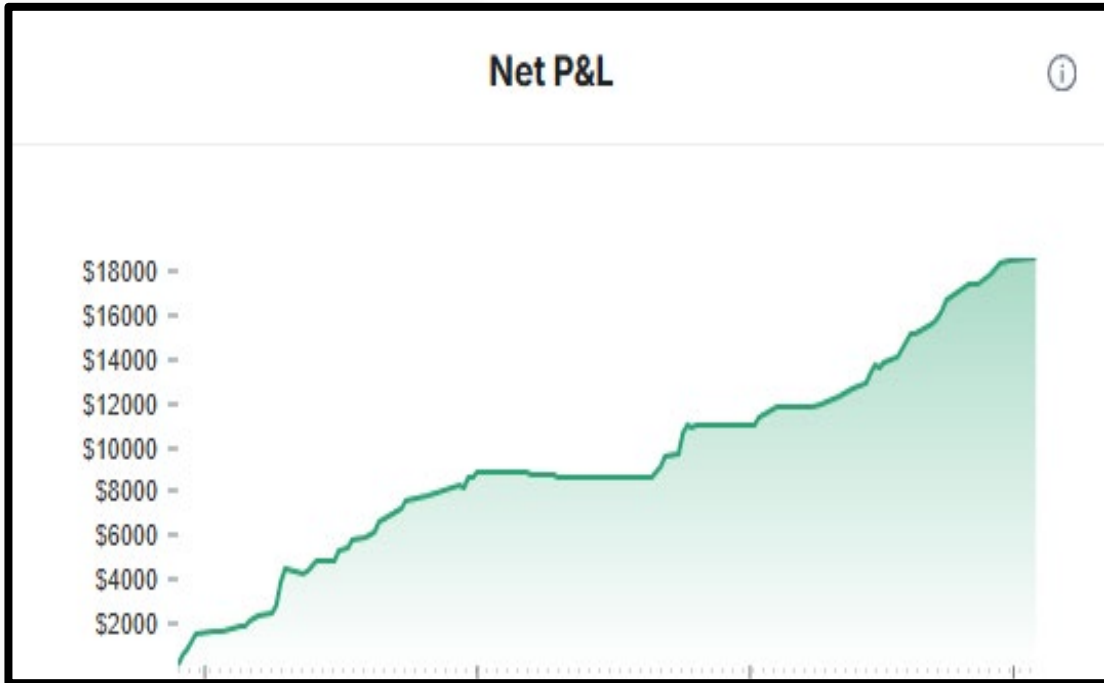
<p><b>Category 1 Trade</b></p> <p>Good Process Good Performance Trade Worked</p>	<p><b>Category 3 Trade</b></p> <p>Poor/Good Process Poor/Good Performance Trade Didn't Work</p>
<p><b>Category 2 Trade</b></p> <p>Good Process Good Performance Trade Didn't Work</p>	<p><b>Category 4 Trade</b></p> <p>Poor/Good Process Poor/Good Performance Trade Worked</p>

- **Average Winning %:** 76.33%
- **Average Winner:** \$158.12
- **Average Loser:** \$48.57
- **Average Trades:** 1.9
- **Discipline %:** 79.75%
- **Risk to Reward:** ~1:3.25

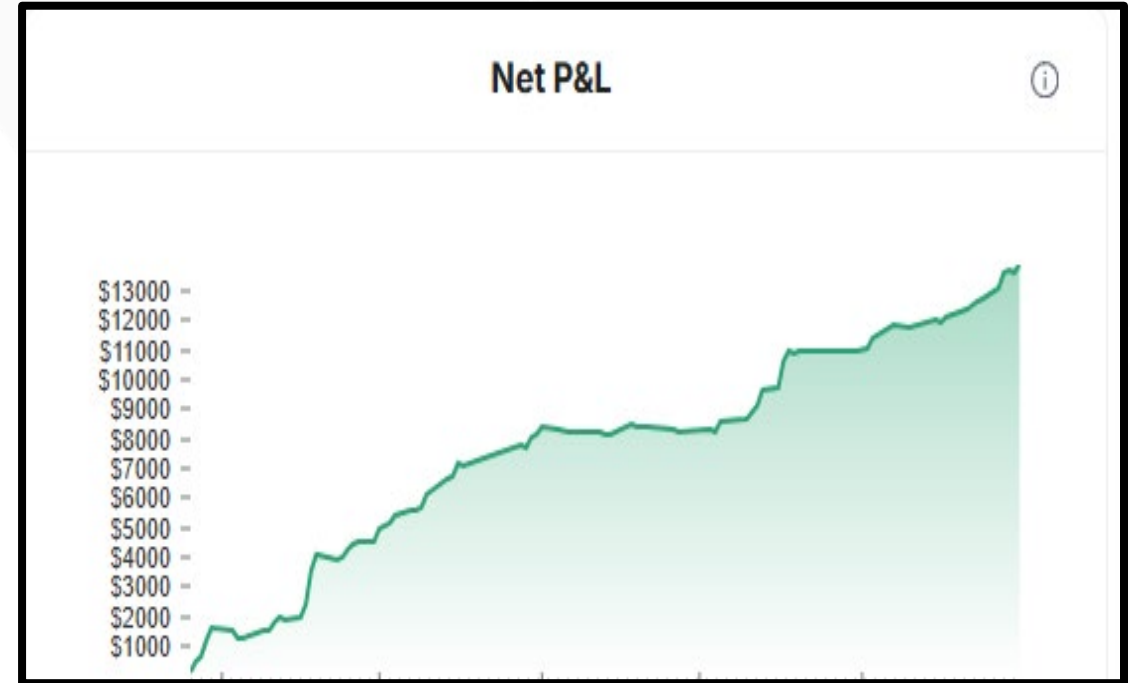
**Confidence Your Trading Plan Works**

# Performance Gap

- What Your Trading Plan should Produce vs. How You Actually Trade



Cat 1 & 2 Trades



Cat 1 - 4 Trades

# Performance Gap

## Cat 1 & 2

Net P&L ⓘ

**\$18,648.91**



Average Winner ⓘ

**\$158.12**

Average Loser ⓘ

**-\$48.57**

Average Winner/Loser ⓘ

**3.25**



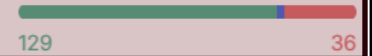
Average Trades / Day ⓘ

Number of Trades

**1.90**

Win % ⓘ

**76.33 %**



## Cat 3 & 4

Net P&L ⓘ

**\$227.76**



Average Winner ⓘ

**\$120.59**

Average Loser ⓘ

**-\$74.72**

Average Winner/Loser ⓘ

**1.61**



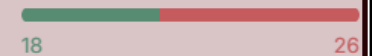
Average Trades / Day ⓘ

Number of Trades

**1.47**

Win % ⓘ

**40.90 %**

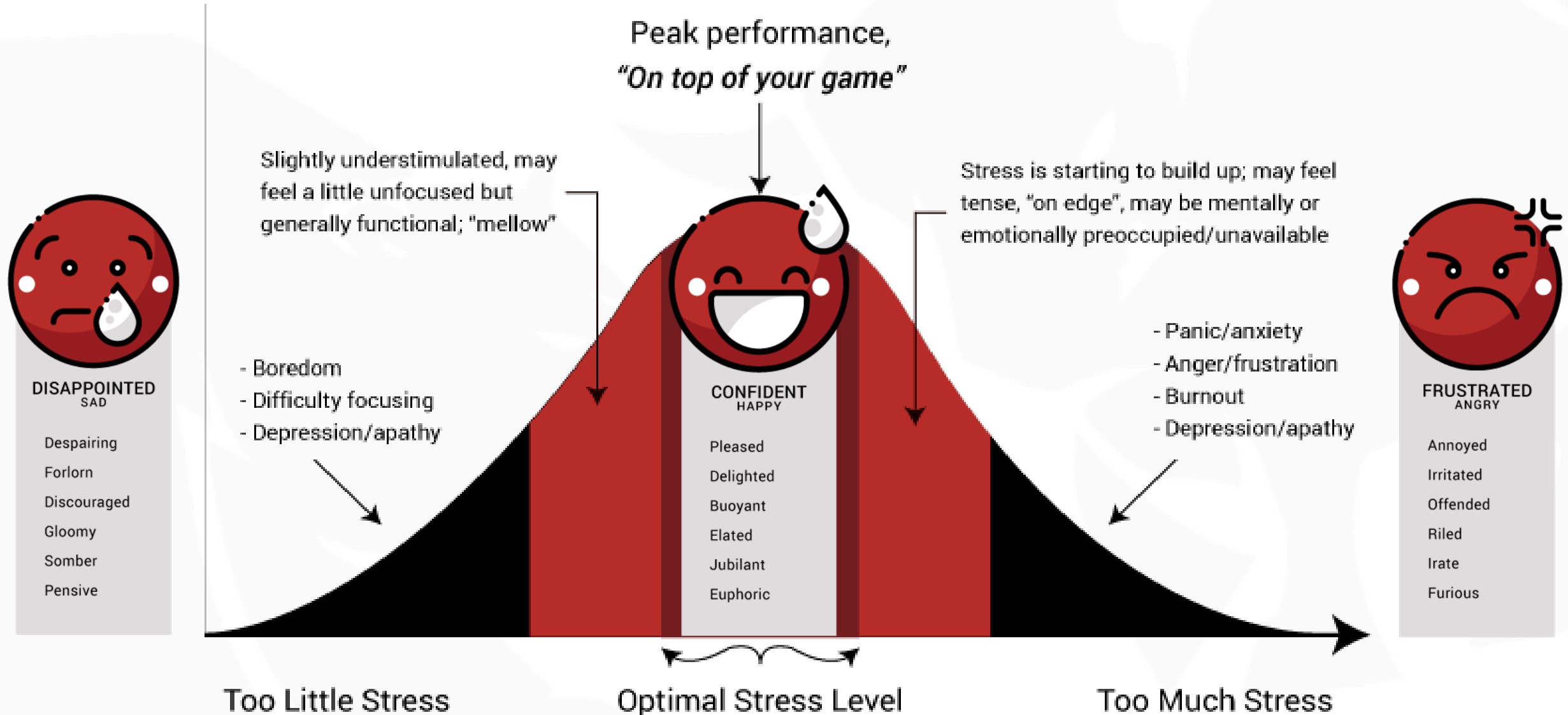


# Identifying the Performance Gap

- Step 1: Draft Your Trading Plan
- Step 2: Take 20 Cat 1/2 Trades (Sim)
- Step 3: Analyze the Data
- Step 4: Take 20 Cat 1/2 Trades (Sim)
- Step 5: Compare 1<sup>st</sup> to 2<sup>nd</sup> Strategy Set
- Step 6: Take 20 Cat 1/2 Trades (Funded/Live)
- Step 7: Compare 1<sup>st</sup> and 2<sup>nd</sup> to 3<sup>rd</sup> Strategy Set
  - **The Difference is the Performance Gap**



# Addressing Trading Psychology Issues



# Addressing Trading Psychology Issues

- Blowing up account
- FOMO
- Getting out of trades too quickly
- Hesitating to take a trade
- Ignoring Daily loss limits
- Ignoring Stops
- Inability to re-set after a loss
- Inability to re-set after a win
- Indecision causing hesitation in taking trades
- Moving stops in a way that is outside of trade plan
- Not trusting my strategy
- Over-focus on P&L
- Overtrading/taking trades that don't fit setup criteria
- Revenge trading
- Runs of red day
- Staying in trades too long
- Trading results impacting personal life

# Addressing Trading Psychology Issues

- **Personal Values:** Own set of principles which you consider of great importance



- **Trading Emotions/Attitudes:** Your emotions/attitude towards anything will influence your behavior or reaction



- **Market Behaviors:** The way in which one acts or conducts oneself toward others or a situation

- **How to Change Behavior:** If values influence your attitudes and your attitudes affect your behavior, then to change your behavior you must address the value that is causing the behavior.

- One value that impacts traders the most is:





# Addressing Trading Psychology Issues

Values

- Money

Attitude

Behavior

# Addressing Trading Psychology Issues

Values

- Money

Attitude

Behavior

# Addressing Trading Psychology Issues

Values

- **Excellence** (This value emphasizes doing the right thing, maintaining high standards, and prioritizing ethical behavior over financial gain. It reflects a commitment to quality, accuracy, and moral principles, even when it may not lead to immediate financial rewards.)

Attitude

Behavior



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