# PERFORMANCE WITHOUT DERIVATIVE TRADES

*By Daryl Guppy*

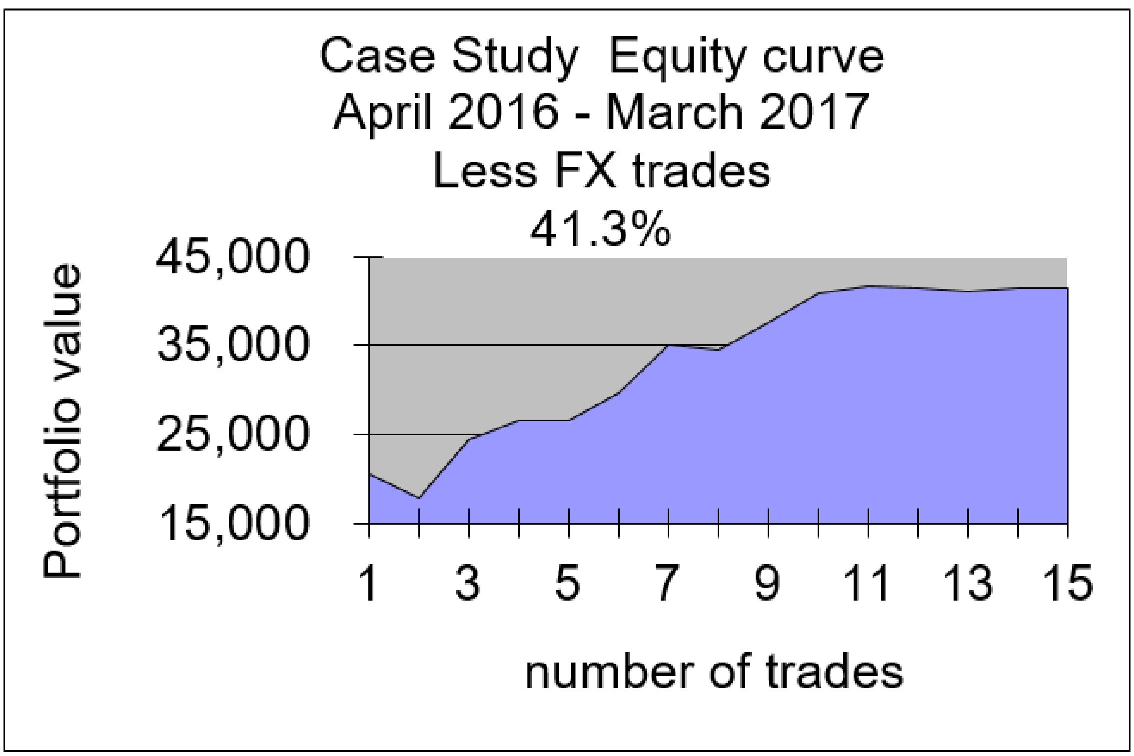
What's the case study portfolio performance if we strip out the FX leveraged trades? It a good question asked by a reader this week. The result is surprising because many assume that the case study portfolio returns are really reliant on the total of 2 FX trades used in the case study portfolio from April 2016 to March 2017.

Not so.

Our reader wrote "From my own perspective however, I will probably never be interested in options, forex or cfd's – just basic chicken and rice trades, that's me (and I'm too old to change, but never too old to learn how to improve in my narrow field of endeavour - the entire STI and not just the 50. I must say that your past performance figures are outstanding but alas, I feel sure they include impressive results in those fields that I have excluded."

We understand our readers' perspective. Most of our readers are chicken and rice traders and on balance most of our notes are around this area. However we have readers who want to try more exotic choices so we also include FX notes from time to time.

We have added a total of 2 FX trades since April 1 2016 and they do add to results. Attached is the equity curve for the period April 1 2016 to 31/3/2017 with those trades removed. It's a 41.38% return from chicken and rice stock trading. That's not bad for a market that recorded a loss of 7.75% for the same period.




The newsletter covers a variety of fields, with a main focus on chicken and rice trading. We think readers can find many advantages in the newsletter that will help improve the results in their field in the Singapore market – from risk management, set stop loss methods, adding to trades etc.

In the demonstration portfolio of the newsletter everything is neatly packaged into $20,000 for each stock. This is done so each case study trade is comparable over time.

A reader asked "In the real world how do you trade do you take the maximum trade size possible with 2% risk or do you divide up your capital and have equal size tranches?"

We pretty much use a standard dollar value, just as we do in the newsletter. If we do have equal capital sizes as opposed to equal risk sizes then do we ignore trades that go over 2 % or take a smaller size? Reduce size is the preferred option, but generally we wait for a better entry price so it's all compatible with capital and risk.

If you have a stock that fails to perform within a certain time frame do you close it even if it is a loss if so how long do you wait to exit? The solution depends in expectation in the original trade. But generally we look for trade to move in our favour very quickly. Capital moving sideways is capital that is not working.

**FX TRADES**

Fx markets had reduced volatility in recent months. Recently the 5 day average range has expanded so the FX market is offering more opportunities. Here's a summary taken from the notes we provide to Axi.