

Trading Rule 1:

Pick and Flip! Once you have chosen a stock to trade (I like stocks between \$15 and \$40 for this experiment), flip a coin. Heads you go long, tails you go short.

Trading Rule 2:

Pick a maximum loss amount. Example: 30 cents. This means you would never lose more than 30 cents on any trade you take with this system.

Trading Rule 3:

Set a break even stop. Once you are up 15 cents (usually half your max loss amount), raise your stop to breakeven. The risk is now out of the trade.

Trading Rule 4:

Take some! Once your are up 60 cents, sell $\frac{1}{2}$ your position. Leave the remaining half in with a new stop at the 30 cents profit level.

Note: What you decide to do after Trading Rule 4 is entirely up to you. As long as you adhere to the stop, if it is hit, your decisions in profitable territory are yours to make with absolute freedom. Keep in mind that the numbers I use here are relative. Different time frames might call for different numbers. Try it!