



Brainy's Articles on Share Trading Trading Plans, and Plan Template

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Introduction

This article in Brainy's series on Share Trading (number ST-2420) provides more details about share trading plans, and includes a *trading plan template*. You can print out the trading plan template pages, and tick the boxes and fill in the blanks to produce your own trading plan. It is very important to prepare a *trading plan* before moving on to consider one or more *trading strategies*.

A lot of information is written about *trading strategies* and *trading plans*, and much of the material is a little convoluted and difficult for the new trader to follow. To help simplify things, the information here about Trading Plans is split into a couple of chunks so that it is easier to follow — the *trading plan* that describes the “what”, and the *trading strategy* that describes the “how”.

It is important to understand that preparing the *trading plan* (and the *trading strategy*) are just a small part of the total process of preparation before placing your first share trade. To help make sure that you are properly *share market ready*, you need to work through the total preparation process — no shortcuts!

Trading style

Before thinking too much about a *trading plan*, it is useful to consider your own *trading style*. See Brainy's article ST-2410, “*Trading Styles and Brainy's Trading Styles Worksheet*”, for more details.

Your trading plan

When trading, it is very important to start out with a *trading plan* that is written down. It is at a reasonably high level (ie. not too detailed) and it will include things like the following:

- Your investment objectives (eg. income, capital, investment horizon, etc.).
- Your investment horizon, and funding arrangements (eg. cash, loan, margin loan, etc.).
- Your preferred financial instrument, or multiple instruments (eg. shares/equities, CFDs, warrants, options, futures, currencies, local or overseas, etc.).
- The amount of time you are prepared to commit to this activity each week.

The *trading plan* describes “what” you want to do and achieve at a high level. The *trading strategy* is more of the “how” you will go about it.

Trading plan template

On the following pages is Brainy's *Trading Plan Template*. You can print it out, and tick the boxes and make notes on it, to help you record your own *trading plan*.

Please note something about this, and the terminology. In terms of *trading*, there are a number of activities that you need to be aware of, and which need to take place, and which take some amount of time:

- Research and stock selection.
- Managing one or more watchlists (ie. a list of stocks to watch).
- Trade preparation — confirming stock selection, determining position size, recording proposed trade details and exit strategy, proper money management techniques.
- Placing the trade, at the right time. You might find that you want to buy a stock at a particular price, or with certain elements confirmed during a trading day, so you might be caught spending time watching the screen for a good time to trade.
- Monitoring and reviewing open trades and adjusting stop loss positions.
- Recording and reviewing closed trades, and reviewing your trading strategy for improvement.

Brainy's *Trading Plan Template* is on the next page:.../