Know When to take the Money *by WhiteWaveStrategies*

Good professional traders know one of the most important rules of the game: *knowing when it's time to take the money*. It's easier said than done. We all want big winners that we can brag about and make a ton of cash. But be honest, this rarely happens, even to the biggest players. The problem is that if you're swinging for the fences you will often strike out, or even worse, lose money, big money.

The solution is not difficult. It just takes discipline and Intelligent Risk Management!

Here are the 3 main elements to this success:

Hitting More Singles than Home Runs

Taking 8-10 % winners is nothing to be ashamed of. Even less than that is also ok, particularly when you get rewarded quickly over a short time frame, say a day or a week. Most money managers would be thrilled to make that in a year .. great professionals do it a few times a month.

No reason to leave 100% On

Scaling in and out of positions is a must. Don't keep 100% of your position on for the home run which rarely comes. Trailing stops protect profits and are a key to taking the money. If you want to swing for the fences, leave some on with a responsible stop and leave it alone. The worst you can do is get stopped out. No one lost their shirt this way. In other words, if your trade location is good, once the trade starts to work, (go in your favor) you can adjust your stops to mitigate your Risk and protect Profits.

Do Your technical Homework

No matter what any fundamental trader tells you, it all comes down to Intelligent Risk Management. This simply means it's imperative to review your Technical Indicators including: Model Work (is the market in an uptrend or a downtrend), Cycle Work (is the trend your friend?) for trade location and timing.

The biggest mistake is thinking an instrument is going to the moon!!! In 1980 all the talking heads were convinced Gold was going to 2,000 that year. It turned out that 880 was the high in February, when I sold out my longs and hopped on a yacht to sail the Caribbean for a month. Soon after, came the implosion and a 22 year Bear market. The breakout in late 2001-2002 led to a 12 year rally that finally got close to the target.

Last year it was Cotton, which finally did a move everyone was looking for in 1998. It lost 50% of it's value before bottoming, and then took 12 years to go levels Fundamental Traders had hoped to see.

Fundamental Traders might be right eventually, however for the rest of us, Timing and Money Management is everything!

Gold is the poster child for taking your money and trading with trailing stops. You can always get back in.

The key is to remember, *"We Should All Trade To Make Money, Not To Be Right".*