

Trader's Cheat Sheet

Print it. Pin it next to your screen.

POSITION SIZING

$$\text{Size} = (\text{Account} \times \text{Risk}\%) / \text{Stop distance}$$

Risk a fixed small % per trade — pros use **1–2%**; beginners **1% or less**. The stop sets the size, never the other way round.

REWARD:RISK -> BREAK-EVEN WIN RATE

R:R	1:1	1:1.5	1:2	1:3	1:4
Breakeven	50%	40%	33%	25%	20%

Higher reward lets you be wrong more often and still win. At **1:3 you can lose 3 of 4 trades** and break even. Avoid trades below 1:1 — the math fights you.

THE 4 SURVIVAL RULES

1. Risk a fixed small % each trade (1–2%).
2. Size from your stop with the formula.
3. Keep reward bigger than risk.
4. Protect capital — drawdowns compound.

DRAWDOWN -> GAIN TO RECOVER

Loss	-10%	-20%	-30%	-50%	-70%
Recover	+11%	+25%	+43%	+100%	+233%

Lose 50% and you must **double** what's left to get back. This is why rule #1 matters more than any winning streak.

PRE-TRADE CHECKLIST (TICK ALL 6)

- ☐ Entry, stop & target set BEFORE entering
- ☐ Risk on this trade <= my fixed %
- ☐ Position size calculated from the stop
- ☐ Reward:risk at least 1:1 (ideally 1:2+)
- ☐ Trade follows my written plan
- ☐ Not revenge-trading a previous loss

TAG EVERY MISTAKE

None • FOMO • No-stop • Oversized • Revenge • Early-exit • Moved-stop

Log a tag on every losing trade. At month-end the biggest tag is your #1 fix.

SIZE A TRADE IN 3 STEPS

1. Risk \$ = account x risk% (e.g. \$5,000 x 1% = \$50)
2. Per-unit risk = |entry – stop| (e.g. \$1.00)
3. Size = risk \$ / per-unit (e.g. 50 units)

Free calculators that do this for you:
paperplaneworkshop.com/tools/

Risk Lookup Table

How much is 'X%' of your account, in dollars?

Find your account size down the side and your chosen risk % across the top. That dollar amount is the most you should lose on a single trade. Then use **Size = Risk \$ / |entry – stop|** to get your position size.

Account \ Risk	0.5%	1%	2%	3%
\$500	\$2	\$5	\$10	\$15
\$1,000	\$5	\$10	\$20	\$30
\$2,000	\$10	\$20	\$40	\$60
\$3,000	\$15	\$30	\$60	\$90
\$5,000	\$25	\$50	\$100	\$150
\$10,000	\$50	\$100	\$200	\$300
\$25,000	\$125	\$250	\$500	\$750
\$50,000	\$250	\$500	\$1,000	\$1,500
\$100,000	\$500	\$1,000	\$2,000	\$3,000

Rule of thumb: most professionals risk 1–2% per trade. If a single loss would hurt to look at, you're risking too much.

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