



someone—especially when the lender has no way of understanding what a 10–20% drawdown feels like. “Hurried money” is money invested with you by someone who will get very impatient if he or she does not make double-digit returns every single month, or who will bolt during the first flat period.

If you cannot actually increase your capitalization with non-scared, non-hurried risk capital, then you can *effectively* increase it some 50–100% just by switching your trading to such smaller contracts as mini-S&Ps or Mid-Ams. (I was stunned one summer long ago to realize that I’d had one of my biggest months ever because I’d built a position with Mid-Ams and that provided me a good many trading units and thus a good deal of trading flexibility in managing several grain positions.)

2. Use simple, not intricate, entry patterns.

Long term, 90% of the profits that accrue from pure, systematic trend-following—from, say, using Donchian line breakout entry tactics—are due to participation in all or virtually all market moves, including rare outlying profit periods. Tables 3 and 4, page 36 and 37, illustrate that capturing those rare periods has a profound impact on average return—in fact, I consider this critical component to be the main factor that offsets the breakout trader’s excessive and difficult drawdowns.

This is one reason why it is important to use simple as opposed to elaborate or intricate entry techniques. The greater selectivity of an intricate entry technique (and its implied higher win-ratio) is, in the long run, overwhelmingly degraded by the unaccounted-for costs of lost opportunities. The LCC-Offset and the 3D 10% close are examples of simple entries that absolutely must occur when *any* market begins to move. Always choose an entry pattern that rarely fails to get you back into a market as price begins to reverse back in the direction of the main trend.

Bill Eckhardt, a former partner of Richard Dennis, whose made millions of dollars trading Donchian line breakout methods, once advised: “It is much more important to verify that your system is in a well-behaved region of its parameter space, or to develop new macro-concepts, than to squeeze the last few drops of theoretical expectation out of your system through micro-adjustments.” This suggests an ideal allocation of a trader’s resources: *Use simple, robust entries and put your energy into developing and working on the macro-concepts.*

3. Learn to use intraday entry patterns and lower-risk daily patterns.

If you’re shying away from the amplified risk of trading daily timeframes and its attendant volatility, and as a consequence find yourself being excluded

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