

Learn to Trade like

Alan Hull

Home based course

Syllabus

“Learn to Trade like Alan Hull”

Home based Course

Syllabus - Overview

‘Learn to Trade like Alan Hull’ is a 12 month home based coaching course. The basis of the course is to teach how the financial markets really work. Knowing the intricacies of the market can help by giving insight into suitable tactics that can be applied and when it is the most appropriate time to apply them. The course can be divided into five key sections of learning.

1. The Stock Market

The market can be viewed as a network of interactions that can be described as a complex adaptive system. There are certain emergent characteristics of this type of system that allows chart analysis to be performed using a linear approach. This analysis enables the mode or phase of the market to be determined.

2. Trading Tactics

There are many trading tactics, indicators and methods available for technical analysis. Understanding how different tactics work and when it is the best time to apply them, dependent on the mode of the market, will allow better trading decisions to be made.

3. Money Management and Psychology

Overall market assessment and trading tactic usage are critical; however, they are only the beginning of the decision tree that needs to be followed for successful trading. Other aspects that must be considered include money management and psychology.

4. Trading Practice in a Simulation Account

A simulation trading account provides the opportunity to both design and execute trades in real time but with pretend money. This will provide practice at trading which is an ideal way to learn.

5. Develop your own Trading Plan

Bringing together all the necessary components for trading into an individualized plan will enable a trader to make independent investment decisions with confidence.

Syllabus Specifics

Module 1 – Linear versus Non-linear Markets

The first step in understanding the financial markets is to be aware of how they move. Markets do seem to move in mysterious ways but they can, in fact, be defined into two broad categories; linear and non-linear. This module explains the dual nature of the market and why there is no one universal rule that can be applied to explain the market at all times. Furthermore each phase of the market can be analyzed using a linear approach to charting.

Theory Topics

- Linear and non-linear perspectives of the financial markets
- The reality of the stock market having a dual nature
- Is there a universal law for trading the stock market?
- Taking a linear approach to charting

Practical Exercises

- Identification of linear and non-linear sections within the market
- Use of linear trend lines to analyze sections in the market
- Analysis of major indices, commodities, currencies & shares
- Practice trading in the simulation account

Supplementary Material

- Five Modules of Charting Basics – “Charting Without Pain”

Module 2 – Chaos Theory and Complex Adaptive Systems

The reason why financial markets behave in a dual manner can be explained with the use of chaos theory. This module discusses chaos theory and the nature of dynamic systems that change and adapt over time. As with other chaotic systems, financial markets can show inherent characteristics of non-periodic behavior and nesting (fractal in nature). The concept of ‘complex adaptive systems’ is introduced in this module as well as a little foray into Elliott Wave Theory which can be useful during a non-linear phase in the market.

Theory Topics

- Chaos theory
- Non-periodic behavior
 - Nesting (fractal) behavior
 - Sensitivity to initial conditions
 - ❖ The Butterfly Effect
- Financial markets as a chaotic system
- Complex Adaptive Systems
- A Little bit of Elliott Wave Theory

Practical Exercises

- Identification of chaotic phenomena in the market
- Use of Elliott Wave Theory in a Non-Linear Market
- Continuation of analysis of major indices, commodities, currencies & shares
- Practice trading in the simulation account

Module 3 – Emergence and Adaption

There are many complex adaptive systems present in the world around us. This module discusses these systems and how, when viewed as a whole, they show emergent properties. In the financial markets these properties exhibit themselves in the form of phases and trends that can be identified with linear trend lines. Also included in this module is a discussion of different trading tactics and their use in certain phases or trends.

Theory Topics

- Complex Systems
 - Ant Colonies
 - Emergent properties
 - Stable complex phases and adaptation
- Appropriate Trading Tactics for different phases

Practical Exercises

- Identification of Complex and Transitional Phases in the market
- Assessment of trading tactics for different phases of the market
- Continuation of chart analysis
- Practice trading in the simulation account

Module 4 – CAS analysis

The very nature of a complex adaptive system is that it evolves and adapts to itself and its environment. This module discusses the assessment of the financial market environment through the use of CAS (complex adaptive system) analysis on global indices, commodities and currencies. CAS analysis can also be used on the local market index (Australian All Ordinaries) and highly liquid shares in the ASX200. A further look at trading tactics suitable for use during CAS phases is also discussed.

Theory Topics

- Equilibrium and the Edge of Chaos
- Employing CAS analysis
 - Global Indices
 - Local Market
 - ASX200
- Different tactics for CAS trading

Practical Exercises

- Applying CAS analysis to the market
- Practical application of different trading tactics after CAS analysis
- Continuation of chart analysis
- Practice trading in the simulation account

Module 5 – Building a Cash Vending Machine Part 1

CAS analysis allows the financial market environment to be determined and with it a guide to the most appropriate trading tactics to apply. This module discusses the essential components required to put together a trading plan based on the conceptual view of the market as a complex adaptive system. Several examples of trading plans are discussed including Alan Hull's Defensive Trading Plan.

Theory Topics

- Essential elements of a trading system
- The Trading Premise or Philosophy
- Global Conditions
- Search Procedure
- Entry Conditions

Practical Exercises

- Practical development of a Trading Plan
- Continuation of chart analysis
- Practice trading in the simulation account

Supplementary Material

- The Blue Chip Manual
- Active Investing Course Notes
- Active Trading Course Notes

Module 6 – Building a Cash Vending Machine Part 2

The previous module discusses some initial aspects of a trading plan including market assessment and entry conditions. Equally important to the trading process are exit criteria and position sizing, and these are discussed in this module. Furthermore the whole process requires back testing to ensure the process is sound and that the trader can carry out the plan with confidence.

Theory Topics

- Exit Criteria
- Position sizing
- Back testing and Review

Practical Exercises

- Practical techniques for Back Testing
- Continuation of chart analysis
- Practice trading in the simulation account

Supplementary Material

- BCR Simulation Results
- Trading Performance and Strategy Review

Module 7 – Risk Management

Risk management is an essential component in a trading plan. Whilst risk and money management have been touched on throughout this course as part of the practical trading section, in this module is it discussed at length.

Theory Topics

- Value of having a Stop Loss
- Risk/Reward Calculations
- Risk Management
- CFD's and Gearing
- Asset Allocation

Practical Exercises

- Exercises in risk management
- Continuation of chart analysis
- Practice trading in the simulation account

Module 8 – My Trading System with Jim Berg

Module 9 – Pattern Recognition with Louise Bedford

Module 10 – Psychology with Stuart McPhee