Risk-reward trade planner (PDF)

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Fill in before entering. If the expected value is negative, skip the trade.

Market and direction _____

Entry price _____

Stop price (where the idea is wrong) _____

Target price (realistic level) _____

Risk per unit = |entry − stop| _____

Reward per unit = |target − entry| _____

Reward-to-risk R = reward ÷ risk _____

Estimate honestly

My recorded hit rate for this setup (%) _____

Costs per trade in R (spread + commission ÷ risk) _____

Expected value = hit rate × R − (1 − hit rate) − costs _____

Breakeven reference

R	Breakeven win rate
1.0	50%
1.5	40%
2.0	33%
3.0	25%

Final check

- ☐ Stop is at a logical level, not moved to improve the ratio
- ☐ Target is a level price has reached before
- ☐ Position size keeps the loss within my limit
- ☐ Expected value is positive after costs

Sources: SEC Investor.gov: Risk tolerance; FINRA: Day trading; CFTC: Futures market basics; NFA: Investor education and resources. Full explanation and links: https://uxs.nz/basics/what-is-a-good-risk-reward-ratio/

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