

DMG.FX's Trading Template

A simple framework for trading prop firms,
and live accounts profitably, consistently, and at scale

This PDF covers:

- **The Funded Account Strategy**
- **Risk & Diversification**
- **Trading Psychology**
- **The Trading Framework**

The Funded Account Strategy

Your approach to funded accounts is the most important part of trading with prop firms.

Prop Firms are DESIGNED to make you lose money. News rules, consistency rules, and trailing drawdown. You have to approach them with a specific plan or you are guaranteed to lose. The way we do this is through 3-key pillars:

- **The Risk Approach**
- **The DCA plan**
- **The Mindset Shift**

The Risk Approach

Risk is something a lot of traders get wrong. They risk too low on evaluations, and too high on the live accounts. We do it differently. We risk high on evaluations (**1.5 - 2%**) and low on live accounts (**0.5 - 1%**). We risk high on the evaluations to pass or fail them quickly. Prop Firms are an ROI game, we don't want to be sitting on a challenge for months on end, that's essentially trading for free, we want to get to the funded stage and start making money quickly.

The DCA plan

Dollar Cost Averaging (DCA) is the process of buying funded accounts at different points to land on different probabilities. Trading is a big data sheet, of wins and losses. With one funded account you will go into profit, into drawdown, and back again. When you buy multiple accounts you will land on the wins with fresh accounts, going straight into profit and passing quicker. Sitting on one account and waiting to pass or fail is the worst thing to do if you want to scale quickly. Either create your own plan or use the free app PropScale.

The Mindset Shift

The mindset shift of treating Prop Firms as disposable tools to get cash injections is one that a lot of traders struggle with. The shift is realising that one funded account isn't going to make you rich. The only way you will scale in this game is by LEVERAGING prop firms to get payouts, and reinvest into a personal live capital account, that's where the real scaling comes from

RISK & DIVERSIFICATION

Your risk and diversification approach is the key to your scaling using Prop Firms and building a large live account. Your risk approach comes down to two main things:

- **Your model's biggest loss streak**
- **How much money you can invest into Prop Firms**

Find out your model's biggest loss streak

To calculate your risk, you need to find your model's biggest loss streak. Look over your backtested data and find the biggest loss streak, we use this to calculate our risk per trade. If we have a 10% drawdown limit, and our biggest loss streak is 5, we can risk anything under 2% comfortably, knowing it is possible to blow the account, but our data suggests it's less likely.

Find your monthly budget

The speed of your scaling will depend heavily on your monthly budget. The more money you can invest into Prop Firms, the more money you will make. The more funded accounts you buy, the more you will pass, the more payouts you will get. If you have a profitable strategy, which has proven itself over years of data, you can invest more heavily.

Diversification is the process of splitting our different variations of your model onto different accounts. So when losing streaks happen, one account is not taking the hit.... and when winning streaks happen, you have a fresh account there to take the wins.

There are many ways to diversify your trading:

- **Session diversification**
- **Risk to Reward diversification**
- **Risk diversification**

TRADING PSYCHOLOGY

We've all heard that psychology is the hardest part in trading. But what does that actually mean?

Real psychology comes down to sticking to a model when it is losing more than you have ever seen before. Your max recorded loss streak is 5, and you're on your 8th loss in live trading, what do you do? Do you switch models? Do you lower the risk? Do you up the risk because the next one HAS to win? Do you refine your model?

All of this is the curse of trading psychology. Doubting everything, wanting to quit, but only when you are losing. When you are winning the model is perfect, always has been.

So how do we fix trading psychology?

- **Maintaining a disciplined live off the charts**
- **Having stable income outside of trading**
- **Not comparing yourself to others**
- **Reducing social media**

Trading psychology won't come overnight. It comes from months, and sometimes years of making mistakes, learning, and adapting. There's no magic pill that will eliminate your psychology issues.

This is where building a Trading Framework comes in...

THE TRADING FRAMEWORK

The trading framework is the backbone of your profitability. It is a single source of truth that covers:

Your strategy

Your strategy is the primary part of your trading framework. With an unprofitable strategy there is minimal point creating a full framework. Your first step to creating this framework is to find a strategy. Create your own or take mine, it does not matter. Either way you will have to backtest to find what works for you.

Backtesting

Backtesting is your proof of concept for your model. It's your reassurance that your model works when things get tough. It's your justification for how much you risk on your trades. Put in the hours and backtest at least 5 years of data on each pair you are trading.

Your DCA plan

Decide your monthly budget for trading and either create your own Dollar Cost Average plan based on your monthly budget or use the free app PropScale to create a custom one and remind you to purchase.

Decide your risk

Based on your max and average loss streak and how often you can buy accounts, decide your risk for both evaluations and funded accounts

Create your scaling plan

Start to create your scaling plan. What percentage of each payout is going towards more evaluations, live accounts, buffer, and taxes. How often will you deposit into your live account. When will you withdraw?

Stick to the plan

It's easy to create the plan, it's not easy to stick with it when times get tough and you start doubting things. This is where going back to your backtested data and reminding yourself your model is profitable is very important.

YOU DON'T HAVE TO START FROM SRATCH

It's completely possible to create your framework yourself. To decide your own model, diversifications, variations, and full scaling plan. But it takes time. A lot of time

Learning directly from someone who has gone through this, created full backend to frontend frameworks for traders who are now profitable will always be quicker.

If you want to scale your trading quickly, either DM me 'SCALE', or apply online