

HIGH/LOW



RICKEY DON'T LOSE THOSE NUMBERS: A lifetime of failure led Cheung to an impressive track record trading equity-index futures.

HONG KONG KING

FIVE RULES

Rickey Cheung is among the hottest traders in Asia today and runs one of the most exclusive seminars on earth. Consider these five rules on the house BY VICTORIA WEINBERG

WHAT WOULD YOU pay for a one-day immersion with a truly exceptional trader?

Believe it or not, growing numbers of experienced traders are shelling out \$180,000 to attend just a single one-day seminar given by a rising Hong Kong-based swing/day trader, Rickey Cheung.

This is a remarkable following, considering Cheung spent more than two decades consistently *losing* money. The 47-year-old Hong Kong native first came to the United States in 1974 to study biochemistry at the University of Houston. A soybean-trading professor turned him on to securities markets, and soon he was sold, eventually dropping medicine to pursue an MBA.

In 1981, while working for a manufacturing company, Cheung was reassigned to his homeland to oversee a new valve plant. Trading his salary at night, when the U.S. markets were open, Cheung got crushed again and again, losing an estimated \$1 million over 20 years — until he finally found an edge trading equity-index futures three years ago. “It’s simple,” he says.

Cheung claims to have since earned back the mil — and much more. He has been teaching one-on-one seminars since 2002. This emerging master is selective, foisting upon prospects a vigorous series of background checks to identify worthy students. (He has selected about half of the two dozen

or so who have sought the privilege of paying him.) For now, he has agreed to share his five rules of successful trading — for free.

ONE: DON'T WADE IN WITHOUT AN EDGE.

It doesn't have to be Rickey Cheung's system, but you need to identify some kind of winning edge. Traders who rely on their gut, lady luck or tips from the guy in the next cubicle are often in for a long slog. Without a successful system, you're spinning your wheels. “Gaining a winning edge has nothing to do with prior experience,” Cheung says. “It's about finding and effectively using tools you feel comfortable with.”

If the edge isn't there, get out. For instance, if you're relying on indicators — whether dollar movement, bond yields or oil prices — make sure they're providing meaningful cues to give you an edge you can manage throughout each trade.

TWO: USE PROTECTION. Keep protective stops in place at all times. “Each stop-loss level should be predetermined, but you should always be monitoring your risk-reward situation and thinking about loosening or tightening the level,” Cheung says.

THREE: D-I-S-C-I-P-L-I-N-E. “Discipline can't be learned, only practiced,” he explains. This takes time — a byproduct of finding that winning edge, which in turn encourages you to stay vigilant. “No matter what you do,” Cheung notes, “being disciplined and having patience are key elements for success.”

FOUR: DON'T UNDERESTIMATE THE IMPORTANCE OF GOOD MONEY MANAGEMENT.

While money management can't replace a winning edge, it does come into play once things go your way. Strive to keep careful watch over your hand. “Everyone has his own risk tolerance,” Cheung says.

FIVE: THINK FOR YOURSELF. For a guy making big bucks telling other people how to trade, Cheung is surprisingly bearish about seminars. He advises finding the edge that works for you through observation, keeping a journal and thinking creatively. ■

