



TOPSTEP®

# COCKTAIL

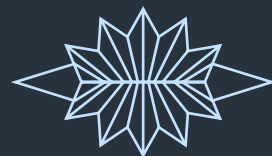


# BOOKLET



Trading &  
Mixology

2020



Hello there,

Thank you for having the incredible taste and sophistication required to browse this very exclusive TopstepTrader Cocktail booklet. We figured that trading advice and mixology would be a fun pairing.

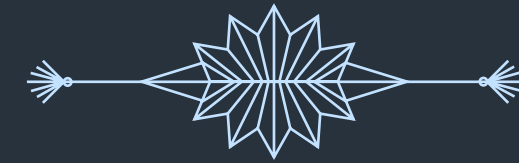
As you read these pages, you might notice that the write-ups and recipes relate to the boundless opportunities of the new decade—after all, the “New Roaring 20s” are here!

Well, perhaps you’ve noticed that the year 2020 has been anything but “roaring” so far. In fact, this is why we delayed the release of this booklet several months.

A global pandemic, crippled economy, and a general sense of uncertainty about the future are nothing to celebrate. And we thought it would be inappropriate to put something out so lighthearted in this environment. However, now two months of quarantine later, we recognize that many of our traders could probably use a distraction and a stiff cocktail (if that is something you’re into).

So let’s raise a toast to our families, friends, healthcare workers, first responders, grocery store stockers, delivery drivers and whoever else is helping the world through this catastrophe. Things will get better. But for now, let’s keep drinking (or not drinking) at home.

To better years!  
The Topstep Performance Coaches



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# Off to the Races

# Mint Julep



## Ingredients

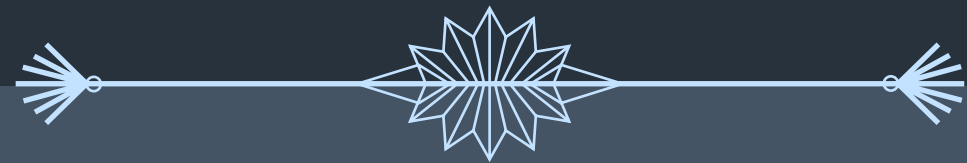
- 1/4 oz simple syrup
- 8 mint leaves
- 2 oz bourbon
- bitters
- mint sprig

**1** In a Julep cup or rocks glass, lightly muddle the mint and syrup.

**2** Add the bourbon and pack tightly with crushed ice.

**3** Stir until the cup is frosted on the outside.

**4** Top with more crushed ice to form an ice dome and garnish with a mint sprig and few optional drops of bitters.



There's a ton of ingredients that go into creating a strong trading year. But since we're talking Mint Juleps, we might as well focus on three simple ingredients: presence, knowledge, and objectivity.

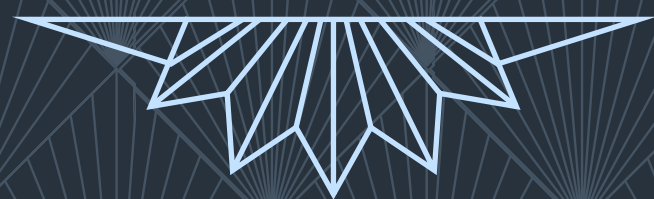
Presence refers to "staying in the moment." It means not fixating on your long-term results at the expense of the trade in front of you. The only thing you can control is the "now." There will be plenty of time to contemplate new strategies and worry about the future after the closing bell. When you're trading live capital, focus making the best objective decision based on the available information.

Constant learning is the enemy of complacency, and you will need to make time for it if you want to thrive in the markets. Your success will be short lived unless you can adapt to an ever-

changing world. This means always learning new things—you should make it a daily habit.

Finally, if you want to put together a strong year—or even a strong month—you will need to learn to manage your emotions. Notice how we did not say "control your emotions." This is because you are human and therefore an inherently emotional being. It's silly to think you won't occasionally feel anger, or fear, or boredom while trading. The best you can do is recognize these emotions and react accordingly.

Bill Gates Quote: "We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don't let yourself be lulled into inaction."



# Back to Basics

The Old Fashioned is all about the basics. In mixology, you need to build a strong foundation before layering on the complexity. The same is true if you're new to trading. Before getting bogged down by 300 indicators, make sure you know the basics of your products, what influences their price action, and the features of your brokerage account.

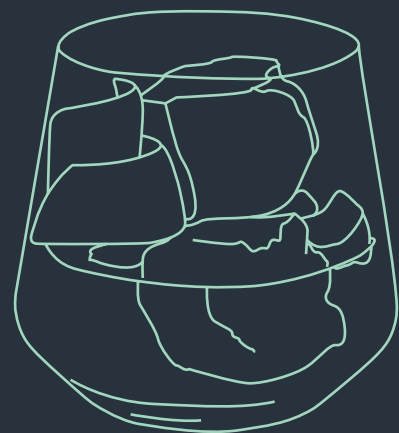
Knowing your product means knowing the specifications of the contract inside and out. If you are trading futures, you need to be aware of the nominal contract size, tick value, roll date, expiration, and much more. The CME website is a great place to learn the basics, but there are plenty of additional resources on the web if you want to take a deep dive.

Once you know the product, you need to know what makes that product move. What are the economic releases and macro trends that affect the price? Can you digest a news headline on the fly and immediately explain the possible ramifications for your product? Learning is a lifelong process, and depth of knowledge is what separates the beginners from the pros.

Finally, you need to start your journey by learning about your brokerage account (or Trading Combine account). What are the transaction fees and margin requirements? What are you allowed to trade and when? You can't play a sport without knowing the rules. Trading is no different.



## Old Fashioned



### Ingredients

2 oz bourbon or rye whisky

2-10 dashes of Angostura bitters

1 sugar cube

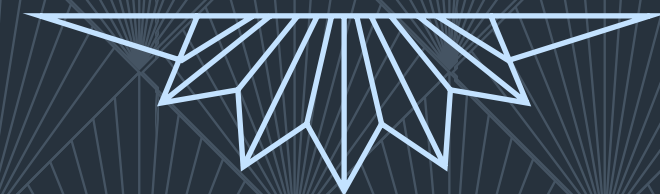
ice

orange peel

**1** Add the sugar, bitters and water into a rocks glass, and stir until sugar is nearly dissolved.

**2** Fill the glass with large ice cubes, add the bourbon, and gently stir to combine the flavors.

**3** Express the oil of an orange peel over the glass, then drop in.





# The Failed Top



## Ingredients

- 2 oz gin
- 3/4 oz fresh lemon juice
- 1/2 oz honey syrup
- lemon twist

**1** Add all ingredients into a shaker with ice and shake.

**2** Strain into a chilled cocktail glass.

**3** Garnish with a lemon twist.



Trying to fade this market can sting worse than a bee, but if you can catch a nice failed top setup, then it certainly can be The Bees Knees!

### The Failed Top

A few key points to remember when trading the failed top setup:

This is a mechanical trade with predefined risk, and predefined reward, in the e-mini S&P 500 futures.

What you want to do is put in an offer 2 ticks above the daily high with a 6 tick stop and a 12 tick profit target, so...

First, this trade should only be executed during regular trading hours (8:30am CT - 3:15pm CT), and only after the 15 opening range has been

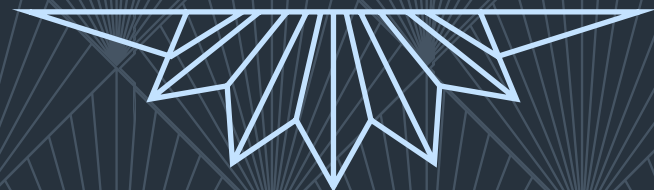
established (8:45am CT).

Second, you want to look for the right market conditions. Ideally you want a potentially low volatility trading session, with the possibility of a 2-way trade. They say the market tends to go sideways to lower the day after a trend day (trend day is a 1% or more move), so those are my favorite days to play this setup.

Third, never let this trade turn into a loser after it has given you a profit. Move your stop to break even and wait for the next setup.

Lastly, never fall in love with a position when trading this setup. Stops should never be moved unless you're moving your stop loss to a break even.

Always trade for tomorrow!



# Risk Manager

Whether you're eating, drinking, or trading, it's never a good idea to bite off more than you can chew. But especially when it comes to trading. You'll never trade comfortably if you have it all on the line.

If you can't trade small, then you can't trade big. So get comfortable trading small and build your account up before you start to increase your size.

When it comes to risk management, there's a different flavor for everyone. For example, some people use a dollar amount for their daily loss limit, while others use a percentage of their margin account as a daily loss limit. Either way, your risk should be in alignment with your account size, and don't ever exceed that.

Another cardinal rule for risk management is to trade markets you know. You should know the product you're trading inside and out before you put on your first trade. This means everything from trading hours, to contract size, to margin requirements, to rollover dates. Flying blind is for experienced pilots, not day traders.

Poor preparation yields poor results, and for the love of GOD, if you leave your desk, **DELETE ALL WORKING ORDERS!**

Always trade for tomorrow.



## Mocktail Mojito

### Ingredients

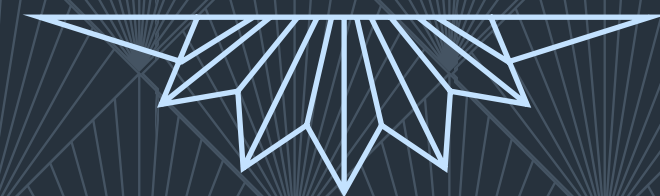
- 10 fresh mint leaves
- 1/2 lime, cut into 4 wedges
- 2 tbsp white sugar
- 1 cup ice cubes
- 1/2 cup club soda



**1** Place mint leaves and 1 lime wedge into a sturdy glass. Use a muddler to crush the mint and lime to release the mint oils and lime juice.

**2** Add 2 more lime wedges and the sugar, and muddle again to release the lime juice. Do not strain the mixture.

**3** Fill the glass with carbonated water. Stir, taste, and add more sugar if desired. Garnish with the remaining lime wedge.





# Micros Brew

## Hibiscus Mint Cooler

### Ingredients

.5 oz hibiscus-mint tea  
squeeze of lemon  
2 oz gin  
ice  
seltzer

Everything moves slower during the Summer. And whether you're day-drinking or day-trading, you'll want to adjust your style accordingly.

Enter the Micros Brew—a refreshing drink that you can enjoy the whole afternoon (so long as you size down on the gin). Adjusting the amount of certain ingredients seems intuitive when it comes to mixology; however, many traders struggle to adjust their size in the markets.

The number of contracts you trade should depend on your performance, market volatility and overall risk appetite. And remember, this is not a linear progression toward ever-increasing size, successful traders know when to scale back as well.

First, you need to continually monitor your performance using metrics such as win percentage and average

**1** Mix together tea syrup, lemon, and gin

**2** Add ice

**3** Top with seltzer and serve in a rocks glass

winning/losing trade. Generally you should aim for at least a 2:1 reward-to-risk ratio to take advantage of asymmetric opportunities. You can gradually increase size as you build consistency, but don't be afraid to cut back if things aren't working.

Market volatility is another important factor. In quiet markets you might be able to trade bigger without exposing yourself to unacceptable risks. But when markets get choppy, you'll find plenty of opportunities trading less size.

Finally, you need to become familiar with your own risk appetite. Part of this depends on the size of your account, but there is also a huge psychological component. Every trader is different in this regard. The important thing is that you stay comfortable. You need to stay focused on the trade and not how much you're down or up.

# Future Favor

## Prosecco Margarita

### Ingredients

1.5 oz tequila  
.5 oz lime  
1 oz simple syrup  
1.5 tsp triple sec  
3 oz sparkling wine

Living In Chicago, we're limited to just a few short months of warm sunny weather each year, and when we get them we like to use them. That's why around here we're pretty big fans of the old trading adage that says to "Sell in May, and Go Away!"

This tropical themed cocktail has us pining for the moment when we can leave the house without the threat of frostbite looming over us. Sipping on a Future Favor reminds us that sometimes it's better to work smarter, not harder.

### Sell in May, and Go Away

Based on historical data, it has been discovered that the stock market typically shows its biggest gains between November and April. This time of year is commonly referred to by the Stock Trader's Almanac as 'The Best 6 Months For Stocks', hence, running

**1** Fill a cocktail shaker halfway with ice

**2** Add tequila, triple sec, simple syrup and shake well

**3** Strain into a Champagne flute

**4** Add lime and sparkling wine, stir briefly

counter to the worst 6 months, which is when you want to "Sell In May, and Go Away."

The "Sell In May, and Go Away" strategy dictates a preconceived notion of future market action that would compel a trader to either cover a long position, or initiate a short position, during the summer months with the prospect of more attractive buying opportunities in October.

There are many schools of thought surrounding this seasonal anomaly, and debates continue to rage on as to which markets it works best in, but for us, it means a little time off to enjoy the summer!

Trade Well!

# The Innovator

## Coffee Cocktail

### Ingredients

2 oz vodka

2 oz Borghetti Coffee

liqueur

2 oz almond milk

1 dash chocolate bitters

Innovation never sleeps at Topstep, and while this little coffee flavored delight might sound like the perfect pick me up before the opening bell, we recommend waiting until after 5 to enjoy this one.

Just the same, since a lot of us are usually enjoying our morning cup of joe right around the open, we felt it appropriate to share one of our coach's favorite trade setups...

### The Opening Range Trade

The first thing to look for when regular trading hours open is the opening range. For this trade, we define the opening range as the first minute of trading after the opening bell; for example Crude Oil is 8:00-8:01am central time.

There is a historical tendency for the high or low for the day to print in

**1** Fill a rocks glass with ice

**2** Pour over vodka, coffee liqueur and a dash of chocolate bitters

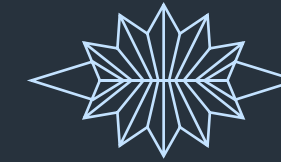
**3** Top with almond milk

the first minute. So, what you want to do is, wait for price to trade out of the opening range after the first minute, then follow that direction. A stop should be placed just above or below the opposite extreme of the range.

When this trade is performing well it is one of the best directional signals available, and profit targets can often be extended when direction is maintained. However, it does not work every day, so risk should be managed accordingly.

You can usually tell how many traders are actively using this setup by the price action outside of the opening range. That said, it tends to work best when not a lot of people are paying attention to it.

Trade Well!



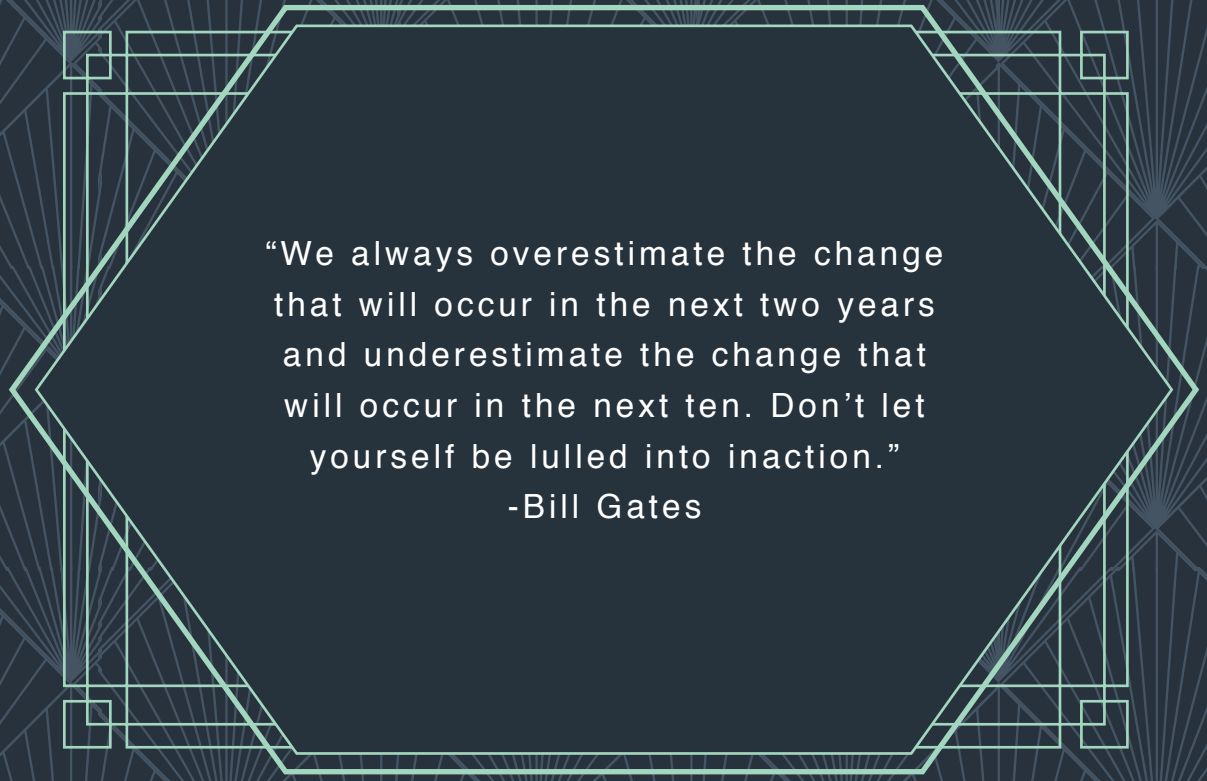
Well, we hope you learned something. We sure enjoyed putting this together for you. Like an art form, whether it be trading or mixology, it's important to hone your craft if you want to be successful. Skills take time to develop and involve a lot of trial and error.

Practice makes perfect for a lot of things, unfortunately there are no guarantees in the world of trading. The trick is not to get discouraged when your hard work yields a losing trade. Step back, gather your thoughts, and move on. There's always another trade!

That being said, as much as we enjoy a well crafted cocktail from time to time, drinking and trading just don't mix (pun fun!). There's a time to drink, and there's a time to trade, so don't drink and trade.





A quote by Bill Gates is enclosed in a decorative, multi-layered green outline that resembles a technical trading chart or a complex geometric shape. The quote is centered within this graphic.

“We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don’t let yourself be lulled into inaction.”  
-Bill Gates

Now that you know some of our favorite trade set ups, it’s time to put them into practice...

Show us you can profit, and we’ll fund a trading account for you.

Let’s get started!

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