FALCON FX

STRATEGY HANDBOOK

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INTRODUCTION

WELCOME TO THE
OFFICIAL FALCON FX STRATEGY HANDBOOK!

This handbook is intended for your personal use as a student of Falcon FX and contains information on but not limited to: The Falcon methodology of trading, goal setting, the 90 day plan, market structure, psychology, pattern identification, and various components of the entry and management techniques that comprise the Falcon strategy.

We are pleased to provide a document that students can use as a reference tool throughout their journey as a Falcon member that covers the core fundamentals of the strategy while laying the foundation for continued success in the markets.

One of the core beliefs at Falcon is that to become a consistently profitable trader, your pathway must be clear and concise. In addition to the many resources available to you as a member, we strongly believe that the content covered within this handbook will be integral to your development as a trader and guide you towards consistent results.

We hope you find great value in this handbook, and we highly recommend printing this out to reference throughout your journey.

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THE THREE STEP PROCESS

Before diving into the basic principles of the Falcon strategy, it is imperative for us to explain the Three Step Process (3SP), and for you to understand how it assists the brain with absorbing new information in the most efficient and effective way possible. Our aim with all of the content created within Falcon is to not only provide it to you, but to help you implement it as well. What good is knowledge if it's not applied? The process of applying information is much more complex than just reading through the handbook once, which is why we have implemented this process to help you throughout your journey. It takes a lot of repetition to allow the information to sink in subconsciously, but this is one of the most powerful and efficient ways to learn on a meaningful level.

The Three Step Process consists first of reading through the whole handbook without taking notes or highlighting. The second time through you will be taking notes, highlighting, and putting key points into your own words to gain a deeper and more personalized insight into the information that you read the first time. The third time you read through (which is arguably the most powerful), you will go through with your notes and sections that you have rephrased and begin to dive into why those points stuck out to you, further refining their significance and rewiring your subconscious to absorb the information on a deeper level. By going through the content three times, you are ensuring you are extracting the most value you can, which is exactly how we hope all of our members experience Falcon FX content.

> Step 1: Read, no notes.
> Step 2: Read, take notes and rephrase.
> Step 3: Read, look at notes and ask why.

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DEFINITIONS

Term	Description
Nature	The characteristics with which price is moving.
Impulsive Nature	Aggressive price movement with heavy momentum. Typical in a trending market.
Corrective Nature	Low momentum price movements, often found within a range-bound market cycle.
Impulse	Heavy momentum in one direction before or after a correction.
Correction	Low momentum moves, often within a tight range.
Structure	The use of multiple time frames to draw in a framework of patterns which the market often adheres to.
Patterns	A formation of price action and candlesticks that form repeatable and reliable structures.
Bullish Market	Higher highs and higher lows.
Bearish Market	Lower highs and lower lows.
Scale-In	Where you add to an existing position.
Risk Entry	Entering a position directly after a reversal before price exits the structure.
Reduced Risk Entry	Entering a position on the break of structure as it moves out.
Momentum	The dominant move on the higher time frames.
HTF	Higher Time Frames (1M/1W/1D)
LTF	Lower Time Frames (4H/1H/15M)
Spread	The difference between the bid and ask lines.
Sentiment	Using price action to determine the dominant direction of price.
Bias	Using price action and structure to form an opinion of the upcoming direction of the market.
Pattern Separation	Evolving patterns into smaller sub-patterns.
Reversal	When price reaches an area of importance and changes direction.

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SECTION I

PSYCHOLOGY & MINDSET

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PSYCHOLOGY

Most people assume, incorrectly, that an understanding of technical analysis combined with a strategy is all that is required to become a successful trader. From our experience, the psychology and mindset aspect of trading is vastly overlooked and under-emphasized. Almost anyone can be taught technical analysis, however, it's often true that those that go on to experience long-term success within the forex markets are those that have also learned to effectively understand and manage their mindset and emotions. It is for this reason that we have decided to focus on psychology first before moving onto the more technical aspects of the strategy.

THE FEAR OF MISSING OUT (FOMO)

One of the main aspects of mindset that (especially newer) traders are challenged with is the "fear of missing out". This usually comes down to having a scarcity mindset and lack of patience. Often this is due to unconsciously consuming content that promotes a "get-rich-quick" lifestyle , which is detrimental to your shorter-term progression, and ultimately to your longer-term success within the markets.

Patience is incredibly important within trading, even the incredibly well-known investor, Warren Buffett is famously quoted as saying:

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> *"THE STOCK MARKET IS A DEVICE FOR TRANSFERRING MONEY FROM THE IMPATIENT TO THE PATIENT."*

WARREN BUFFETT

Although he is referring to the stock market here and not the forex market, the message holds true for both.

A huge part of trading psychology, especially right now with the massive growth in social media platforms, is learning to "stay in your own lane". If you spend most of your time on Instagram witnessing other traders posting snippets of their winning trades, you may be tempted to overtrade and become fearful of missing positions. Comparison is often referred to as "the thief of joy." This is especially relevant when comparing yourself to other individuals you know very little about. Most people use social media to showcase a "highlight reel" of their life, posting the best parts while conveniently failing to post the tough days, negative thoughts, and realities of day to day mundanity. Don't compare your life to a stranger's curated highlight reel.

As you will learn later in this handbook, this strategy offers multiple opportunities to enter the market across a multitude of currency pairs, commodities, indexes and cryptocurrencies. There is an abundance of opportunity to trade with this strategy, so there's no need to be fearful of missing an entry and seeing a trade go without you. The market isn't going anywhere. It is also important to remember that even as a full-time trader, you won't manage to catch every trade, nor do you need to in order to be successful in this industry.

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Focus solely on your own progress and performance as a trader, and you will do very well in this space. Learn to measure your results and find what uniquely works best for you rather than putting pressure on yourself because you aren't achieving them quicker, or because you've witnessed others excel along their journey faster.

Utilizing people inside or outside the community as a signal to take trades is a great way to hinder your progress. Remember to always stick to your own analysis and to leverage conversations with other traders to clarify price action and trade ideas. As the Falcon community spans across so many different time zones, it means that we as a group have eyes on the market 24/7 to share trade ideas amongst each other. While this is absolutely fantastic, it is important not to copy trades but instead conduct your own analysis and decide whether the idea fits your style and whether or not you are confident in entering the trade in conjunction with your plan.

THE FEAR OF LOSING

Benjamin Franklin is quoted as once saying,

> *"...IN THIS WORLD, NOTHING CAN BE SAID TO BE CERTAIN, EXCEPT **DEATH AND TAXES.**"*

BENJAMIN FRANKLIN

Traders need to add a third certainty to that list: **Losses.**

Losses are inevitable within trading, especially in the early stages when you are still learning the fundamentals of a strategy and coming to grips with how the markets work. A positive way to look at this is that losses are

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essentially the “cost of doing business” and will always be prominent regardless of how skilled you become or how long you trade. We are not aiming for a 100% strike rate in the markets. Instead, we are constantly refining our edge over the longer term and leveraging this to pull consistent profits out of the market. You should take comfort in knowing that you do not need to be perfect to be profitable in this industry.

Trading forex should be treated like running a business. There are ongoing costs which you would identify as business expenses. You wouldn’t think that your business is “losing” just because you must pay for your outgoings such as business travel or office rent; you would see it as a necessary component of running the business and a key ingredient in your ability to succeed and become profitable. In forex, “losses” should be viewed as “expenses.” Accepting this may be an alien concept, however, it is something that you will adapt to over time, and it will serve as a valuable tweak in your perception of results in the market.

Losses are an important part of trading as they continually provide you with the perfect opportunity to monitor progress and make improvements. Growth happens when you take a loss and then measure your adherence to your trading plan and style of trading. You learn more from your losses than you do from your winners *(most of the time)*.

Sometimes the fear of losing can come from the desire to be a perfectionist in your day-to-day life. When it comes to trading, this can hinder your performance, as your focus is drawn towards executing a perfect 100% strike rate. Putting the pressure on yourself to be right 100% of the time is a form of self-sabotage that can lead you to become a part of the 90/90/90 statistic:

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90% OF RETAIL TRADERS WILL LOSE 90% OF THEIR CAPITAL WITHIN THE FIRST 90 DAYS.

One of the main reasons why traders develop a fear of losing is because they fail to truly understand the mathematics behind the probability model and how the strategy has an “edge” in the market.

For example, many successful traders can be profitable, even when losing more trades than they win, by targeting a high risk-to-reward ratio (RR) where the total value of the winning trades outweighs the total value of the losses, despite there being a higher number of losing trades compared to winning trades. If you take ten trades in total – win five and lose five – and you cap your losses at 1% maximum, then you know all those five losses can only ever amount to a -5% loss. Your winning trades can vary based on your strategy and targeted RR.

However, here at Falcon, we generally look for a minimum target of 3% per position (often much higher). So, let’s say the other five wins were an average of 3% profit each. That would equate to a total of +15% profit. Now if we take away our losses from our wins, we are left with +10% profit, which is a fantastic rate of return considering that you were only correct half of the time. We will cover this concept in greater detail in the probability section.

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CHASING YOUR TAIL

Naturally when you take a loss you feel the need to “make it back”. There will be positions that you take along the journey where you will be taken out by a few pips. This can cause us to feel as though the market is personally against us, which is far from the truth. Seeking “revenge” by increasing your risk tolerance per trade to a higher percentage of your account balance and overtrading to make the profit back that you lost in the initial trade are both common reactions – and both extremely dangerous.

This is a common theme for those who are new to trading and can be detrimental in the early stages. If you were to “win big” by allocating massive portions of your account balance to a trade, you may quickly lose respect for risk management and head down a path that is not sustainable over the longer term.

At Falcon, we preach sustainability and scalability over the long term. The Falcon methodology has always had the long-term picture in mind, which is also why the strategy evolves over time in conjunction with the market cycles. In this way, we are proactive rather than reactive.

We always cap our risk per trade at 1%. The reason why we measure performance in percentage is that it is always relative to the account size you are trading, and it is a scalable metric for when you grow your trading account. Talk of “pips” and “X-amount of dollars made” may sound more impressive, but it rarely gives you the full picture. The sooner you can rid your mind of the “get rich quick” mentality, the better off you will be. This will help to allow your edge to play out over time.

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MASS PSYCHOLOGY

To the untrained eye, the movements of the market may seem like random red and green lines on a screen that do not represent anything of significance. However, in the eyes of an experienced trader, these green and red bars portray a story and give vital clues as to what may well happen next. Moves up, down and sideways are driven by the collective mind of the market otherwise known as mass psychology. Every red or green candle is a collection of traders buying or selling their positions, and once we learn to take a step back and look at the impulses and corrections that create structure, we can see that the markets are driven by human psychology. The masses push and pull the market in various directions.

By pairing this knowledge of mass psychology with the technical tools taught by the Falcon strategy, you will learn to separate yourself from the mass psychology bias and see the markets more clearly and objectively.

A term commonly used in the same breath as mass psychology is "retail traders." A retail trader is someone participating in the forex markets who has little to no high quality, structured education. These are often people dabbling in the markets, taking a 'punt' at trading, or those that just like to participate for a bit of fun. These retail traders are very rarely successful or profitable over the longer term, and they are one of the reasons why there are negative connotations that surround the forex industry.

We've all heard stories of people losing significant amounts of money in the forex market. This statistic is overwhelmingly comprised of retail traders who have ignorantly entered the market and paid the price for their ignorance. These retail traders are a driving force for mass psychology. When they see the market go up, they get excited and want to participate, so they buy in. Then the market tops out, sells off, and they get scared. They sell their positions after losing a lot of their money in an

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attempt to cut their losses before it's too late and they lose it all.

The commonly used expression “buy low, sell high” is the opposite of what the vast majority of retail traders do. They very often “buy high and sell low." Fortunately for you, here at Falcon we will teach you to think in a way that is contrarian to that of the masses. You will learn to think objectively and view the markets from a neutral standpoint. We will often be looking to sell when the masses are buying and buy when the masses are selling. This may seem strange or even counterintuitive at first, but it will all make more sense the more you learn.

NEWS VS STRUCTURE

Within the forex industry, there are two overarching approaches to how traders deduce what they believe the markets will do next: Technical Analysis and Fundamental Analysis. Although we do not aim to define ourselves as any particular style of traders at Falcon, such as a ‘Day Trader’ or ‘Swing Trader’, we predominantly focus on technical analysis when forecasting positions and deciding what we believe may happen next.

Technical analysis is the use of structures, pair behaviour, patterns, price action, candlestick formations and indicators *(Note: while indicators are commonly used in technical analysis, we do not use them within the Falcon strategy).* Fundamental analysis is the interpretation of news announcements and utilization of a macroeconomic overview of the market to determine whether a particular currency will gain or lose strength.

Fundamental traders believe that it is the news which makes the markets move. As technical traders, however, we find that more often than not the

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move has already been ‘priced in’ and lines up with our technical forecasts way ahead of the aforementioned news announcement. It may be the volatility caused by the actual announcement that causes a currency to move in a particular direction, however by using technical analysis of structure, price action and numerous other technical aspects which you will learn with the Falcon strategy, we would have likely already accurately predicted how price will approach a certain area and which direction it will move next.

We find that news announcements are often lagging behind technical analysis, and that we are often several steps ahead of what the market is going to do next. This may sound rather far-fetched to newer traders, however, anyone that has traded and forecasted with the Falcon strategy for any decent period of time will attest to how (almost scarily) accurate our forecasts often are ahead of time.

It's important to note that it would be naïve to completely disregard news announcements. It is always good practice to be aware of when major news announcements (NFP, FOMC, political elections, major economic occurrences - such as Brexit, etc.) are scheduled to take place, as the market can, and very often does see a sharp spike in volatility and widening of spreads as the events occur. That being said, not all news announcements are of equal importance to traders, and this should not deter you from entering the market. By giving the website www.forexfactory.com a cursory glance, traders are able to select an overview of the coming week's news announcement and filter by degree of importance. Even then, we find that the only events worth being aware of are those mentioned earlier in this paragraph.

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PROBABILITY: PROBABLE VS POSSIBLE

The forex market is an imperfect market. This means that no one individual, company or group knows for certain which direction the market will move at any particular time. It is this imperfection that allows us to speculate on which direction the price will move, and therefore trade accordingly. It is important to understand that despite our extensive knowledge and experience within the forex markets, while we may have a very good idea of what may occur next, we can never be 100% certain of the occurrence of that particular outcome. It is because of this lack of a guarantee that we must always weigh up the probable versus the possible.

For example, price action could be sitting at the top of HTF structure. We could have got there in an extremely slow and corrective manner, and all signs across all timeframes indicate that price will soon move to the downside. If you were to believe that price will move to the downside right now, what is to stop you from risking far more than the 1% we advocate here at Falcon? Surely price HAS to drop to the downside now. What would happen then if price broke unexpectedly to the upside, trapping retail traders on the wrong side of the move before creating the forecasted move to the downside? You would have been taken out of the trade, and you would've lost far more than the 1% you should be limiting your risk to on any one position.

There is always a possibility that what we deem probable to occur may not happen. Thus, we must remain constant with our approach and risk management. A lot of retail traders lose money as they determine the risk they will place on any particular trade on how 'probable' a move is to play out in their favour. At Falcon, we view the markets from a neutral, professional standpoint, understanding that any outcome is possible, regardless of how probable we think a particular scenario is. Therefore, it

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is imperative that we always ask ourselves about the probable and the possible when forecasting any position.

COIN THEORY

Use the following exercise as a tool to see how our edge plays out over time within the markets:

Take a coin and flip it 100 times. For every time the coin lands "heads up," mark down on a piece of paper that you make 3% on a trade. Every time the coin lands "tails up," you lose 1% on a trade. Despite having an equal 50/50 chance of flipping heads or tails, the overall result should come out as positive for this exercise. (*Note: the more flips, the better! Sample size is very important when determining the strength or lack thereof for any statistical edge.)* This perfectly represents how we "trade an edge" in the forex markets. By capping your risk at 1% per trade and aiming to only take trades with a minimum of 3:1 risk-to-reward (RR), you can lose far more often than you win, yet still come out profitable over the longer term.

An additional benefit of this exercise is that it helps engrain how we do not know the sequence of our winners or losers within the market, nor do we need to in order to be a profitable trader. You might come to the realisation during this exercise of how important it is to not draw conclusions too quickly from a small data set. Theoretically you could lose the first 74 consecutive coin flips and still end up with an overall positive outcome within this exercise (assuming each winning flip equals 3). Judging your performance on a small number of trades, or over a very short time frame (such as month-to-month) is a quick way to draw inaccurate conclusions about your ability, the strategy, and the forex market as a whole.

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RECOMMENDED FURTHER READING

- **Trading in the Zone** by Mark Douglas
- **The Chimp Paradox** by Steve Peters
- **Eat that Frog** by Brian Tracy
- **Mindset** by Carol Dweck
- **The Side Effect** by Mark Hutchinson
- **The Intelligent Investor** by Benjamin Graham

These books touch on many of the core principles of psychology and mindset that are conducive to your educational journey. Together they cover trading psychology, mind management, procrastination, and a practical approach to goal setting that is directly in line with the Falcon methodology.

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SECTION II

TECHNICAL ANALYSIS

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NATURE THEORY

Before going into depth on the nature of the market, it is important to understand that the market has a natural, ever-present breathing cycle. This means that the market, at all times, across all time frames, is flowing and cycling between impulsive nature and corrective nature.

'Nature' is the term given to the characteristics of price action. Price action is typically either impulsive or corrective in its nature, meaning it is either moving in one direction with conviction and consistency, or chopping up and down sideways, slowly, and without any clarity. At Falcon, we use nature to comprehensively understand the price action we are currently seeing in the markets. This negates the need to depend on lagging indicators or place too much importance on fundamental bias to tell us what may happen next. We can utilize our understanding of the impulsive or corrective nature of price action to determine whether a possible continuation or reversal is likely to take place and whether we should be looking to place an entry soon or hold off and wait for more confirmation.

For example, if price is approaching the edge of upper structure and is indicating that we may be creating a potential "double top" reversal formation, the most important thing to keep in mind is not that it is now resembling a double top, but the nature of how that double top formed. Simply identifying patterns is only one aspect of truly understanding the markets. Having an extensive understanding of how that pattern was formed by including the nature of the price action that built that pattern is what separates beginners from experienced traders.

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CORRECTIVE & IMPULSIVE PHASES

As mentioned above, the market is always in one of two phases: impulsive or corrective. Impulsive phases are series of (typically larger) candles pushing with a high level of momentum in predominantly one direction. Corrective phases are where there seems to be less certainty of which direction the market wants to go, and as a result, we see (typically smaller) candles moving up and down within a much smaller, more compact range.

It must be stated that you cannot have one without the other, and both are important in their own rights. Whilst it is true that we tend to capitalise on positions more frequently in the impulsive phase, the corrective phase is vital in enabling us to gather more information to work with in determining what direction the market is likely to push in next. You cannot have only impulsive phases, or only corrective phases.

Screenshot depicting corrective and impulsive phases.

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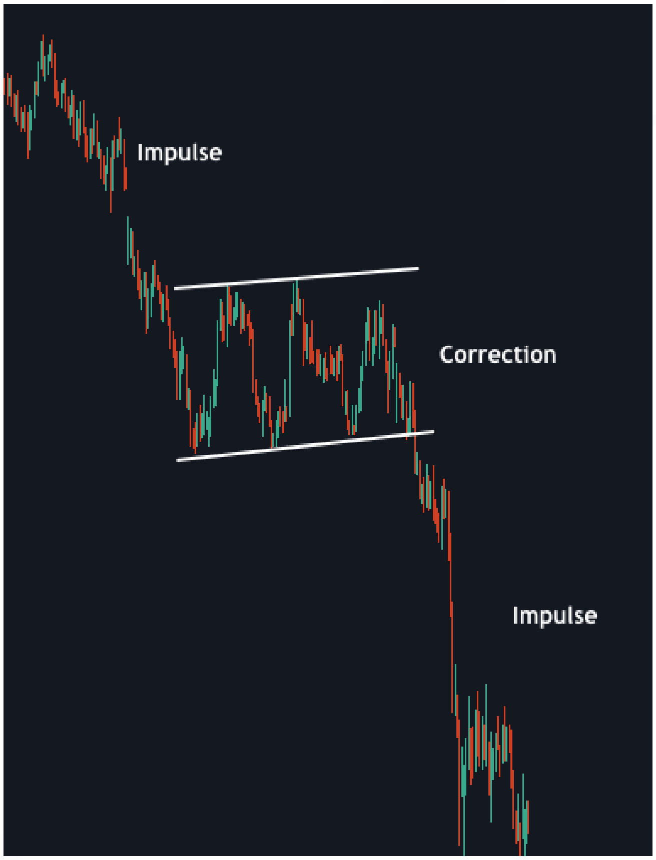
STRUCTURE

To understand the meaning of structure, we must first understand that the market has a continuous, ever-present cycle. We call this the breathing cycle of the market: a series of consecutive corrections and impulses in a 1-2-3 formation (impulse-correction-impulse), which we have touched on in the above section. Each cycle is identified as either the corrective phase or the impulsive phase.



The breathing cycle of the market.

The nature of a corrective phase is corrective price action, a set of stagnant candlesticks moving sideways or into an angle of incline/decline taking the formation of a continuation or reversal. The nature of an impulsive phase is impulsive price action, a set of large momentum candles. The corrective phase is normally counter to the dominant direction of the trend whereas the impulsive phase is normally moving in the direction of the trend ("with trend") and in the direction of the impulse that took place before the corrective phase.

Naturally, if the correction took the shape of a continuation, the next impulse will be with the trend. However, if the correction took the shape of a reversal, then the next impulse will be in the opposite direction to the trend. This concept will be hardwired in after multiple reads of the handbook and through absorbing the live content available in the Falcon

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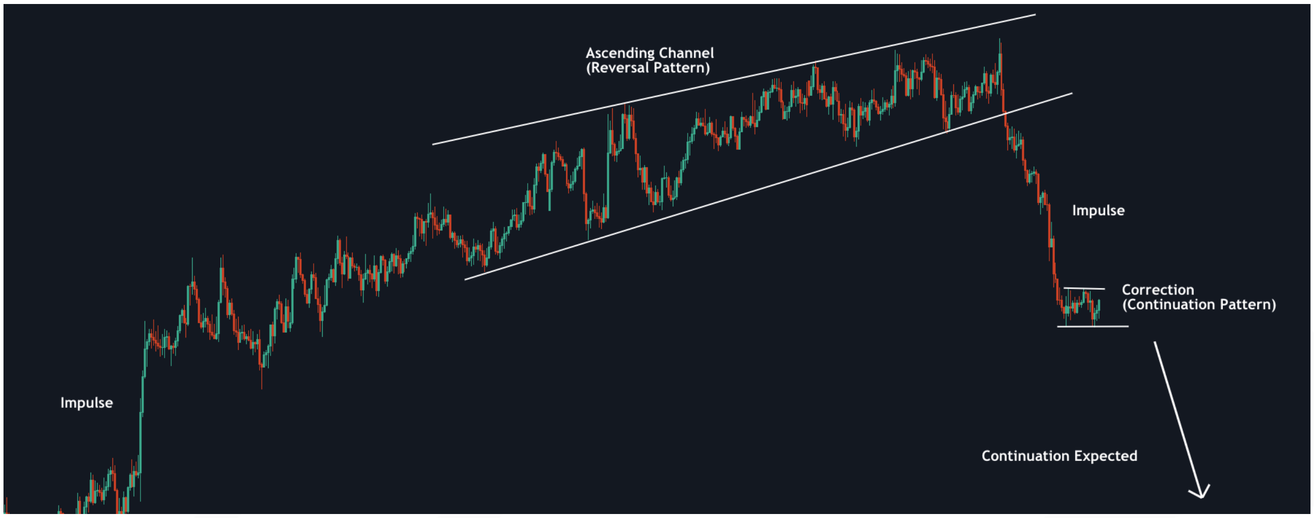
FX membership, so don't worry if the concepts seem difficult to understand right now.



Impulses, corrections, reversals and continuations.

PATTERNS

The Falcon FX Patterns infographic on the following page features a selection of the most commonly traded patterns within the Falcon strategy. Although there are many, many more patterns found in forex trading, for simplicity's sake, we have decided to omit those that are very infrequently used within our strategy. Once you have familiarized yourself with these common patterns and spotted them for yourself within the markets, please feel free to expand the scope of your understanding to other patterns. One word of caution: understanding more patterns does not necessarily equate to greater returns. In fact, it may often become more detrimental to your progression, as not all patterns are created equally. The patterns found below have been included for a reason, as they are the most commonly seen and the most reliable in this current market cycle. Naturally we will keep you updated if and when this changes.

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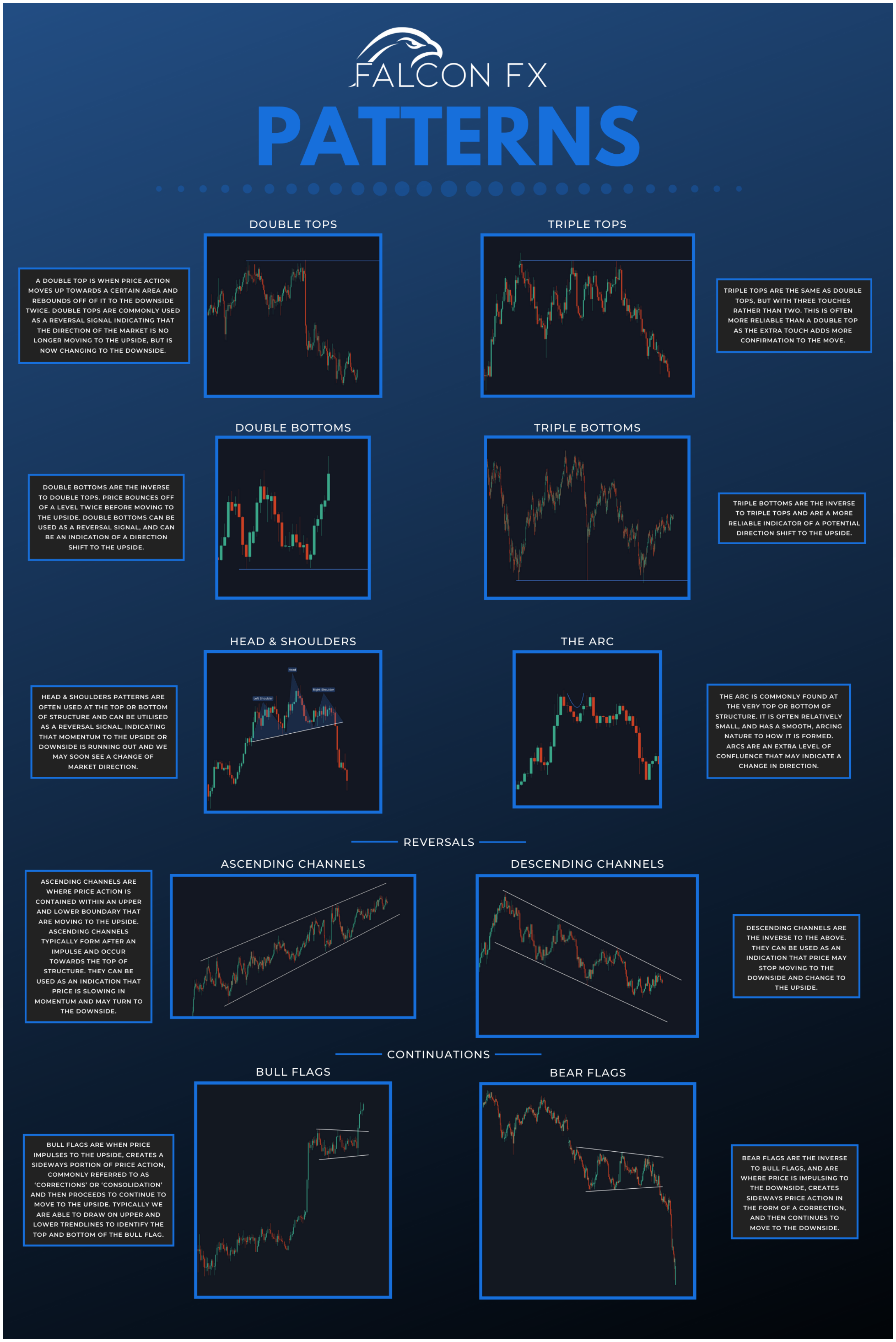

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Occasionally we see a pattern forming whilst within the boundaries of a larger pattern. We call this patterns within patterns. In this screenshot, we can see a larger bull flag pushing to the upside, and then after the third touch off of the lower trendline, we push up and form a smaller bull flag where we are able to place our entry. Patterns within patterns typically have a higher probability of working out favourably.

CANDLESTICKS

In a similar fashion to the patterns section, the Falcon FX Candlesticks infographic on the next page features some of the most commonly utilised candlestick patterns found within the Falcon strategy. After learning and familiarising yourself with these, you can research the plethora of other candlestick patterns if you wish. However, as with patterns, we have chosen to omit these candlesticks for a reason, as they are not commonly utilized with the way we trade at Falcon and may cause more confusion than benefit.

It should also be mentioned that a trade should never be taken solely based on a candlestick pattern. It should be used as one of multiple confluences, all used together to build a solid case for taking a position or deciding to leave it alone.

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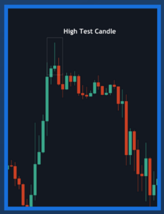
CANDLESTICKS

HIGH TEST

A HIGH TEST CANDLE IS A GREAT CONFLUENCE FACTOR FOR A POSSIBLE REVERSAL TO THE DOWNSIDE. IT IS INDICATED BY A LONG WICK TO THE UPSIDE THAT IS CLEARLY VISIBLE AND SIGNIFICANTLY LARGER THAN THE BODY OF THE CANDLE.



LOW TEST

A LOW TEST CANDLE IS THE INVERSE OF A HIGH TEST CANDLE AND OFTEN OCCURS AT THE BOTTOM OF STRUCTURE BEFORE A REVERSAL TO THE UPSIDE. AGAIN, A SINGLE LOW TEST CANDLE IS NOT ENOUGH ON ITS OWN TO BE USED AS A SIGNAL FOR ENTRY.

EVENING STAR

AN EVENING STAR IS A GOOD SIGNAL FOR A REVERSAL TO THE DOWNSIDE WHEN USED IN CONJUNCTION WITH OTHER CONFLUENCE FACTORS. AN EVENING STAR COMPRISES A BULLISH CANDLE, A HIGH TEST CANDLE, AND A BEARISH CANDLE. THE STRONGER THE BEARISH CANDLE THE MORE RELIABLE THE PATTERN IS.

MORNING STAR

A MORNING STAR CANDLE FORMATION IS THE INVERSE TO AN EVENING STAR. IT IS COMMONLY FOUND AT THE BOTTOM OF A MOVE BEFORE A REVERSAL TO THE UPSIDE. WHEN USED IN CONJUNCTION WITH OTHER CONFLUENCE FACTORS, THIS CAN BE A GOOD SIGNAL FOR A CHANGE IN DIRECTION TO GO LONG.

TWEEZER TOPS

TWEEZER TOPS ARE TWO HIGH TEST CANDLES PLACED SIDE BY SIDE AT THE TOP OF A MOVE. WHEN USED IN CONJUNCTION WITH OTHER CONFLUENCE FACTORS, THIS CAN BE USED AS A GOOD SIGN THAT PRICE MAY CHANGE DIRECTION TO THE DOWNSIDE.

TWEEZER BOTTOMS

THE INVERSE TO TWEEZER TOPS. WHEN USED IN CONJUNCTION WITH OTHER CONFLUENCE FACTORS THIS CAN BE A GOOD INDICATOR THAT PRICE MAY BE READY TO CHANGE DIRECTION AND MOVE TO THE UPSIDE.

BULLISH ENGULFING

A BULLISH ENGULFING CANDLE IS OFTEN FOUND AT THE BOTTOM OF A MOVE, AND WHEN USED IN CONJUNCTION WITH OTHER CONFLUENCE FACTORS CAN BE A GOOD SIGN OF A CHANGE IN DIRECTION TO THE UPSIDE. THE CANDLE TO THE UPSIDE SHOULD COMPLETELY ENCOMPASS THE BEARISH CANDLE IMMEDIATELY TO ITS LEFT, WITH THE HIGHS AND LOWS OF THE BULLISH CANDLE BEING ABOVE AND BELOW THAT OF THE BEARISH CANDLE.

BEARISH ENGULFING

A BEARISH ENGULFING CANDLE IS THE INVERSE TO THE BULLISH ENGULFING CANDLE, AND IS OFTEN FOUND TOWARDS THE TOP OF A MOVE.

DOJI

A DOJI CANDLE REPRESENTS INDECISION AND A SLOWING DOWN OF MOMENTUM (AND A POSSIBLE CHANGE IN DIRECTION) WITHIN THE MARKET. A DOJI TYPICALLY HAS A RELATIVELY SMALL BODY, WITH LARGE WICKS TO BOTH THE UPSIDE AND DOWNSIDE OF EQUAL LENGTH.

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SECTION III

TAKING A TRADE

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MULTI-TIME FRAME ANALYSIS

At Falcon, we always preach the importance of utilising multiple time frames in order to best build a holistic picture of what price action is doing relative to the bigger picture and what is most likely to happen next.

The benefit of using multiple time frames is that you are able to build a 'story' of what the currency pair in question is doing, from the higher time frames ("HTF" - 1M, 1W, 1D) all the way down through to the lower time frames ("LTF" - 4H, 1H, 15M). This enables you to make an informed decision of where price is sitting relative to the higher time frame structure, and should also (and potentially most importantly) prevent you from rushing into taking a trade.

One of the most common mistakes of newer traders is that they spend too much of their time on the lower time frames (commonly the 1H and 15M charts). These time frames are best used for entering and managing positions, and although they give you a detailed perspective of price action, they only tell you half the story. When you zoom into the charts on the lower time frames, it becomes extremely easy to find a position. However, it is imperative that you use all time frames to really see where we are sitting in relation to structure and whether that position offers you a safe place to position your stop loss, has sufficient risk to reward, isn't trading directly into a significant area of structure, and isn't going against the grain of high momentum.

This filtering process, performed down from the HTF's through to the LTF's, may seem arduous at first. However, once you become more experienced and accustomed to the Falcon strategy, you will find that you are able to carry out the process in a quick, efficient and effective manner. Before long, it will become second nature. It is an integral part of filtering

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trades to find those that are offering the best looking opportunities for the coming days, weeks, and even months.

By implementing multi-time frame analysis, you will find that, over time, the number of positions you take that are sitting in 'no-man's land,' or in areas of low quality, will reduce significantly. We often find that the highest probability setups (which we will cover later) occur around the tops and bottoms of structure, and the only way to effectively see this is by zooming out and filtering through the time frames from a top-down perspective.

RULE OF THREE

The Rule of Three (RO3) is one of the newest additions to the Falcon strategy yet is arguably one of the most effective and well-received tweaks for the community. The RO3 covers how price approaches the edges of structure and systemises what the trader should do next when looking to take a trade. Having a more systemised approach takes a lot of the 'guesswork' out of what a trader needs to do in these situations. The RO3 comprises three different approaches: impulsive, corrective, and structural. This is covered extensively in Quick Tips Season 4, but will also be explained here.

The manner in which price action approaches the edge of structure determines how the trader should look to take the position. The impulsive approach is where price action has moved towards the edge of structure quickly and with a high level of momentum. In scenarios like this, it is advised that the trader stay clear of using a risk entry as their method of entry, as it is more probable that price action will retrace slightly and then continue to move in the direction it had been impulsing. Rather, it's advised that the trader wait for a clear and convincing impulse back to the downside and then look for a correction to form before attempting to

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place a trade. By no means does this guarantee that the trade will play out in your favour, but it does significantly stack the odds in your favour, as it shows price action has clearly changed direction and is now more likely to move in your forecasted direction.

The corrective approach is where price action moves towards the edge of structure in a slow, corrective manner. This is much preferred to the impulsive approach, as corrective price action shows a higher likelihood that momentum in any one direction is waning and that a reversal is more likely to take place. However, corrective price action on its own does not give us a signal to enter a position. Although price action may have correctively moved towards the edge of structure, how are we to know that it is going to turn around from this exact point? Structure, although a great indicator of likely areas of reversal, is not a concrete wall, and extensions of patterns are commonplace. In scenarios like this, it is advised that the trader use a tactic similar to the one they used with the impulsive approach, wait for a clear impulse in the opposite direction of the approach, and look for the first correction to form.

The third and final approach is the structural approach. This is the only one of the three approaches where the decision occurs to either enter the reversal position with a risk entry or to wait for the retrace and a reduced risk entry. The structural approach is where price action forms a clearly visible ascending or descending channel with identifiable tops and bottoms right up to the edge of structure. In some instances, the channel may just pierce through the structure, which often traps the masses on the wrong side of the market. The benefit of the structural approach is that it is more malleable to your individual preference and risk tolerance as a trader. If you are happy to place a risk entry on the reversal of the 3rd touch, then that is entirely your prerogative to do so. However, if you are a slightly more conservative trader, you may wish to wait for further confirmation and look to see a retrace and continuation, just as what we

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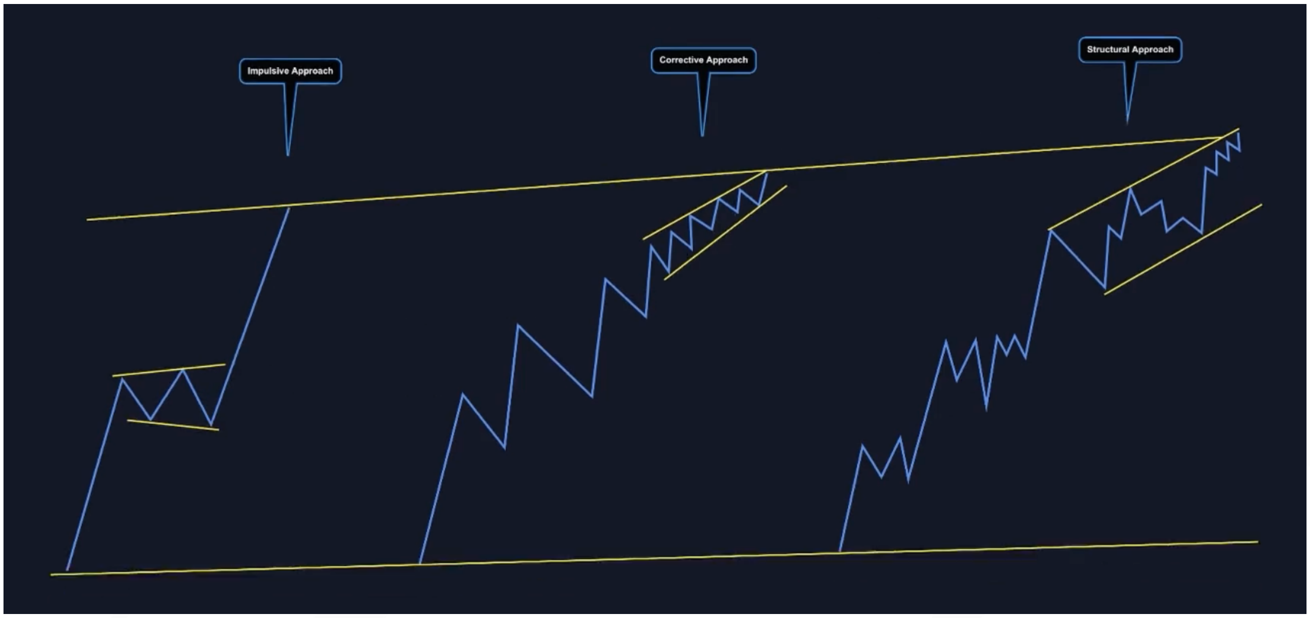
waited for with the impulsive and corrective approaches. There is no correct or incorrect way to enter this type of approach; both are equally valid entries. It purely comes down to individual preference and style.



Impulsive, corrective and structural approaches.

If used effectively, the RO3 should assist you in entering the market. By tailoring your entry requirements to what the market is telling you, you further stack the odds in your favour that the trade you take is best suited to the conditions you are in. By no means does the RO3 guarantee you'll subsequently be in a successful trade - trading does not work in that manner - but it does help skew the probabilistic edge further in your direction, which over a large enough sample size may make a crucial difference.

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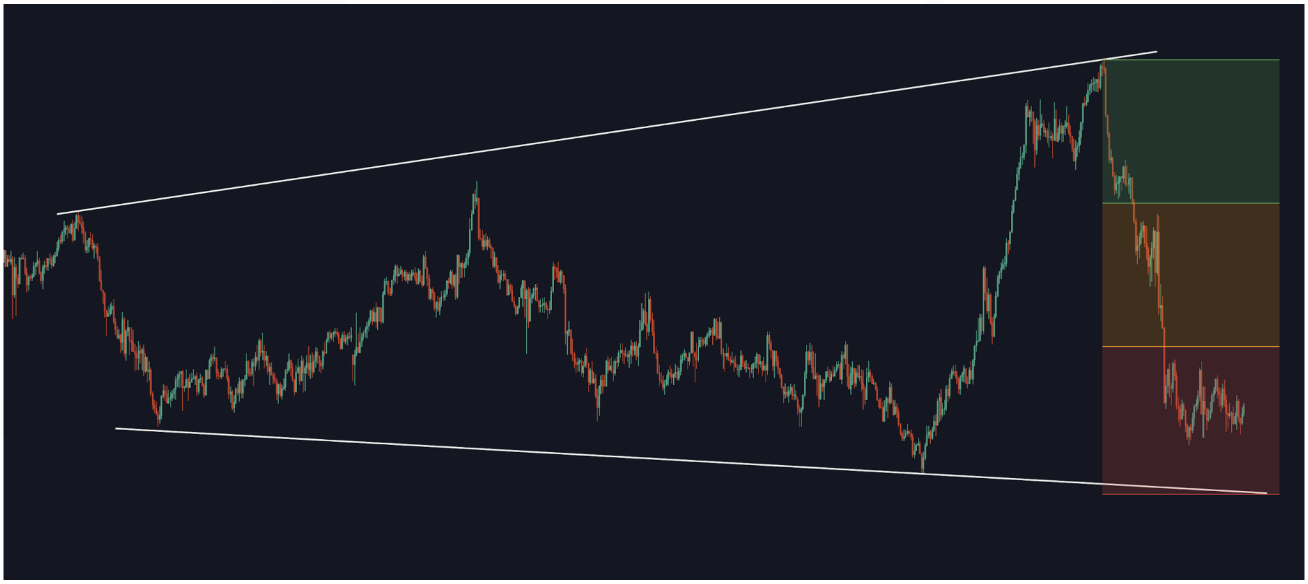
THE THREE ZONES

Similar to the Rule of Three, the Three Zones enables you to decide where you should be slightly more aggressive and where you should be more patient when looking to enter the market. It also indicates areas where you are unlikely to find successful trades and may be better off staying out of the market. Before going into more detail, it is important to say that the Three Zones should not be used as an indicator in its own right to enter or to stay out of a position. Rather, it should be used in conjunction with other forecasting techniques and then be taken into consideration. The Three Zones tool and how to effectively apply it are covered in greater detail in Quick Tips Season 4.

Where price action sits in structure indicates the probability of a position playing out in a particular direction. The Three Zones are split into three colours: Green, Amber, and Red.



The green, amber and red colours of the three zones.

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The Green Zone is the portion of the move where the trade has the highest probability of playing out (in this instance, to the downside). This is because proportionally, we have far more downside available than upside, momentum and direction have clearly recently changed from moving up to down, and typically first flags in a run are the most likely to play out. In the Green Zone, we do not need to be waiting for too much confirmation of the flag to get involved. It is in areas like this where the momentum is at its highest, so price action may not hang around to give us the picture-perfect 6-8 hour flag on the 1H chart. A higher degree of aggression can be used in this zone as well as filtering the entry on the 15M chart.

As we move further into the run, we enter the Amber Zone. In this area, it is likely that we will continue to move in the direction of the trade to the downside. However, the proportion of the remaining move is roughly 50/50, so we have a higher probability of this moving back up as opposed to what we did in the Green Zone. It is here in the Amber Zone that we typically begin to see larger corrections and deeper pullbacks in price action. When looking to take a trade in this area, it is important to exercise more patience and to ensure that the structure of the setup is visible on the 1H chart. You do not want to be diving into the markets on a small 15M correction in this zone, as it has a much higher likelihood of tagging you in and out very quickly.

The third and final zone is the Red Zone. Red typically implies danger, and this is no exception. This zone is where most FOMO occurs and is also the portion of the move where a position to the downside is least likely to play out. As price action moves to the downside *(see above screenshot),* it has completed the majority of its run. This means that the remaining available downside is minimal. This reduces the probability that it will be a successful move, as there is a higher chance of deeper pullbacks and reversals in this area. It is in areas like this where traders should look to

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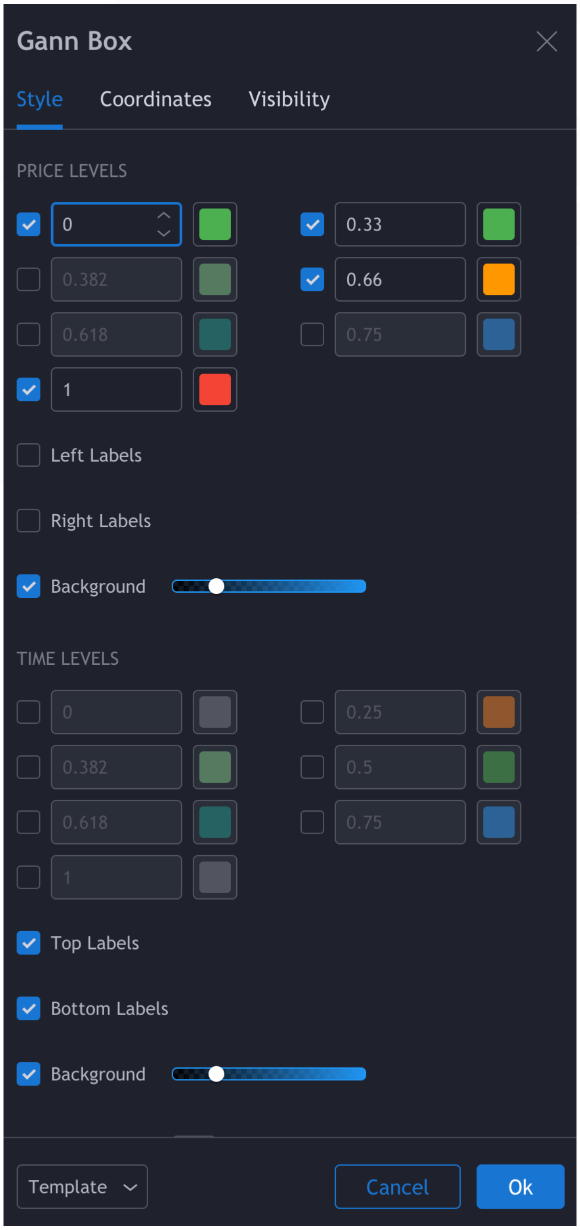
exercise patience, stay out of the market, and be slightly more aggressive and on the ball with managing any other active positions.

To set up the Three Zones tool on your TradingView, select the Gann Box from the menu of drawing tools on the left and input the following settings:



Gann Box settings for the Three Zones tool.

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VALID VS HIGH PROBABILITY TRADES

Although all entry types taught within the Falcon strategy are effective, when and where they are utilised can determine the likelihood that they play out favourably. A High Probability (HP) trade is defined as a setup that has *“significantly more positive confluence factors than negative.”* The more equal the balance between positive and negative confluence factors of a given trade setup, the more likely that move is to be a Valid trade (V). For more information regarding Valid and high probability trades, make sure to watch Quick Tips Season 3.

It is advised to take HP trades wherever possible, as they have a higher probability of playing out in our favour. However, it is unrealistic to seek to only take HP trades, as they can be relatively infrequent. It's also not psychologically sustainable to only seek HP trades since this encourages traders to adopt too much of a ‘perfectionist mindset.’ Rather, we aim for a ratio of around 70/30 for HP to Valid trades. This 70/30 ratio is a ballpark figure, and should not be taken too literally. It is merely a tool to use to ensure that the majority of your trades are not Valid, and that you are instead taking more HP trades.

It is important to note that the distinction between Valid and HP trades is not black and white. Rather, it should be thought of as a sliding scale. The more positive confluence factors you have, the further the trade is pushed towards the HP end of the spectrum. Although there is nothing wrong with taking Valid trades, you would ideally want to be taking ‘Good-Valid’ trades wherever possible. Trades that are only just deemed as Valid are at risk of falling off the bottom end of the scale and close to being classed as ‘Invalid’. An Invalid trade is an entry that does not fit any of the entry criteria taught here at Falcon. It is relatively common for newer traders to take Invalid positions as they are still becoming accustomed to learning and applying the strategy in the live markets. However, more experienced

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traders should be aiming to almost completely eradicate Invalid trades from the positions they take.

VALID VS HIGH PROBABILITY: THE SLIDING SCALE

As previously mentioned, there is no crystal clear distinction between what makes a trade Valid or High Probability. Rather, you should look to weigh up the positives and the negatives and see where the results lie on a sliding scale. To recap, a High Probability trade is one that has *"significantly more positive confluence factors than negative."* As such, you would want to see far more green ticks in the positive column than red crosses in the negative. If you find that you have multiple negatives, chances are that the trade you are looking at is not as good as you may have initially anticipated.

This tool should be used as a guide to help you decide the quality of a trade and should not be turned into a ranking system where each positive or negative confluence factor is assigned a 'score'. Do not try to attribute a value to something like a 'three touch pattern' or a 'high test candle' as they do not carry equal weight. It is important that you do not try to turn this tool into a system to give you a signal to take a trade. This tool is better utilized as a safety net to ensure that you are slowing yourself down before taking a trade and are aware of all the positives and negatives before executing on the position.

If you combine this sliding scale with in-depth forecasting, a Trading Plan, and a Pre-Trade Checklist, it genuinely becomes difficult to continually take poor quality trades. A common pitfall for traders is their rush to enter positions, typically due to FOMO, which results in them throwing the process out of the window and haphazardly entering trades they have not properly scope out beforehand. By following all of the steps mentioned

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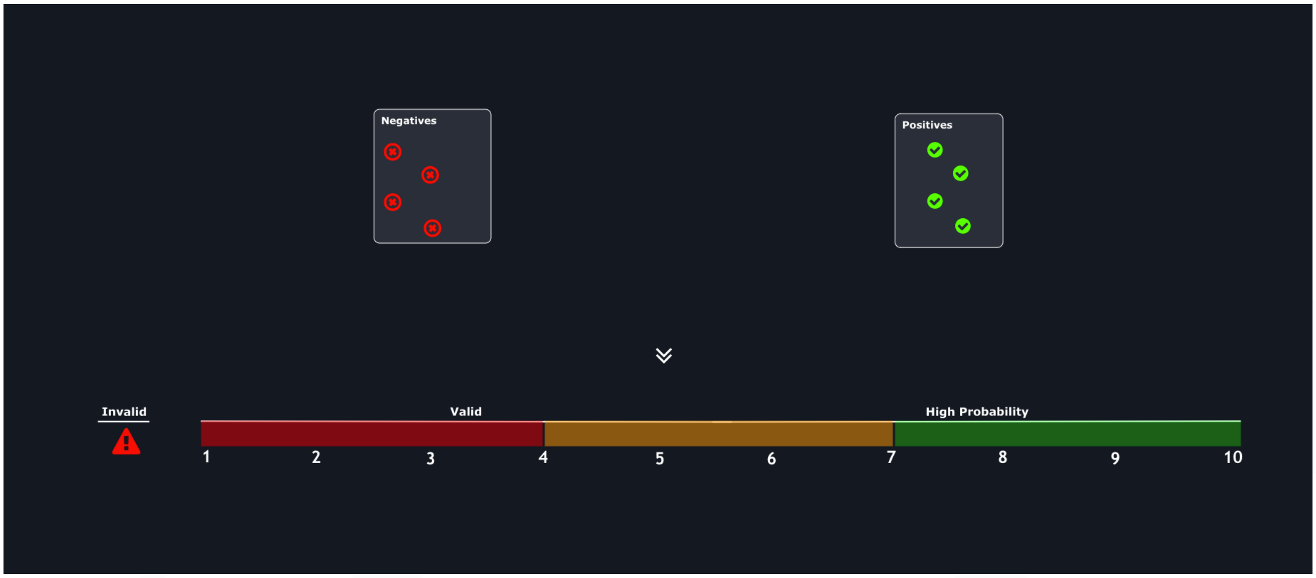
above, it becomes difficult to take a trade that falls below a 5 on the sliding scale. For more information on the Sliding Scale, please refer to Quick Tips Season 4.



The Valid vs High Probability Sliding Scale

THE PERFECTIONIST MINDSET

One important aspect of determining whether a trade falls into the Valid or High Probability end of the scale is the number of positive confluence factors versus the number of negative confluence factors. High Probability setups have significantly more positives than negatives, and the more Valid the trade becomes, the more equal the balance between the two. However, just because a trade has one or two negatives does not necessarily mean it's not a good trade to take. In an ideal world, the trades we are looking at would have zero negative confluence factors, but as anyone who has been trading for any length of time will attest to, that almost never happens.

The perfectionist mindset can be seen when a trade has multiple positive going for it, and only one negative, yet the trader decides to stay out of

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the position. FOMO inevitably occurs when the position plays out as forecasted, upon which time the trader is left asking the question, *“Why did I stay out of the trade?”* Naturally, as you become a more experienced and advanced trader, you will be in a better position to decide whether the single negative confluence factor is a big enough issue to keep you out of the position. One way to identify and avoid this psychological pitfall is to ensure that you have this Perfectionist Mindset noted as a question in the Pre-Trade Checklist in your Trading Plan *(covered later in this handbook)*. By ensuring to ask yourself this question when looking to take or stay out of a position, you will be able to approach it with a more neutral and pragmatic mindset which will help prevent emotional decisions.

"TAKING A TRADE" FLOWCHART

The "Taking a Trade" flow chart featured on the next page is designed to help traders stop themselves from making impulsive decisions and taking trades that don't come after the proper processes. If you utilize the flow chart in conjunction with the Pre-Trade Checklist, your Trading Plan, the Valid/High Probability sliding scale and your forecasting, it becomes incredibly difficult to take a trade that is very low quality, and almost impossible to take an invalid trade. Over the years, we have found that the number one contributor to a trader's lack of progression has nothing to do with the strategy they trade or their technical ability, but rather it has to do with their discipline in sticking to a pre-trade process.

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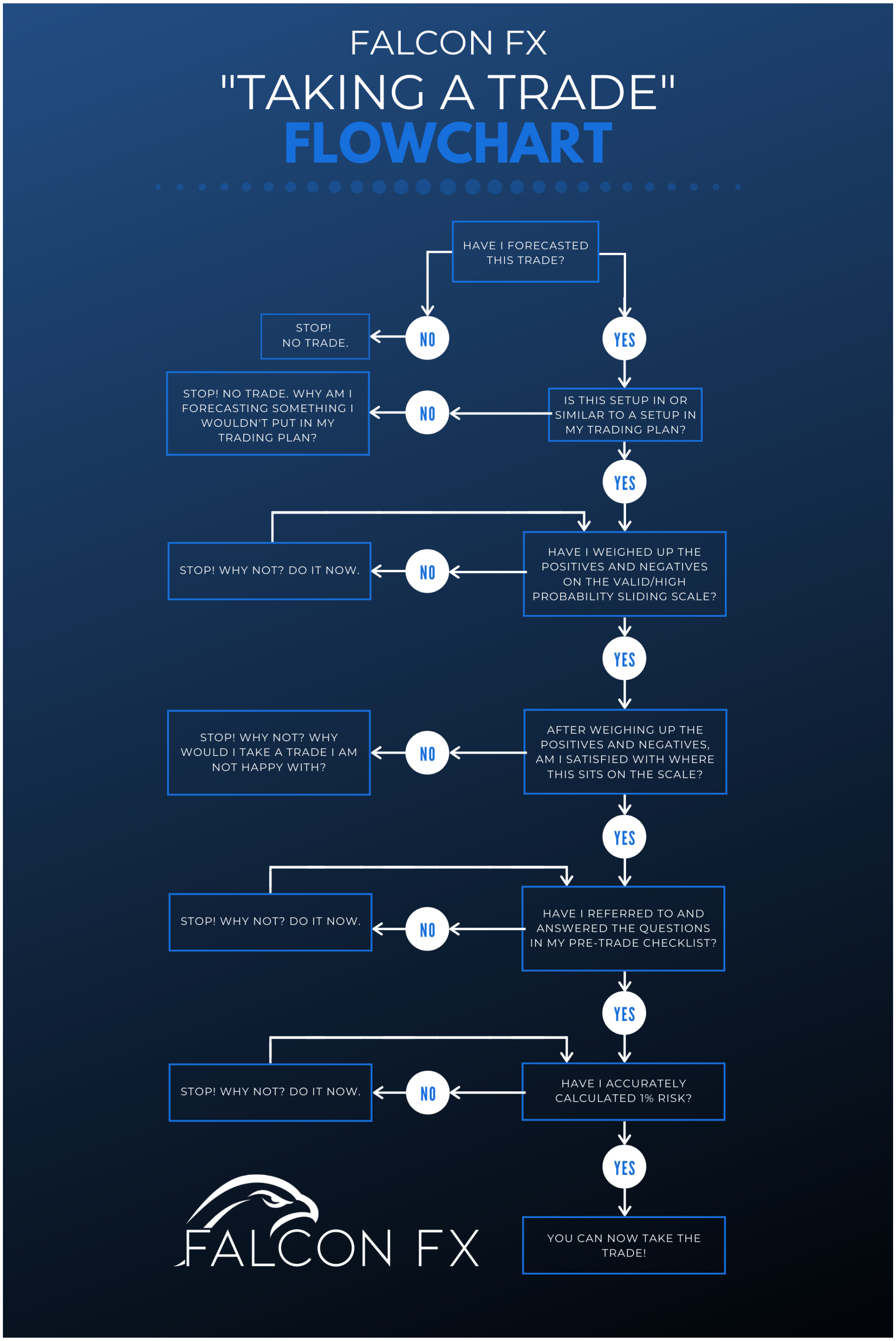

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THE OVERRIDE

An override is when we are expecting one thing to happen in the market but are aware that another forecast may play out instead. The override is not conceptually dissimilar to that of the probable and possible which were discussed in section 1. In the screenshot below, price action has been moving up in an ascending channel. We are expecting price to move all the way up to the upper trendline to complete a 1-2-3 pattern before reversing to the downside. However, our override would be if price doesn't make it all the way to the upper trendline and instead reacts to the ray line double top and reverses from there. It is always good practice to be aware of these potential overrides, and this is covered when utilizing the Traffic Light Forecasting System in section 4 of the handbook.

An example of an override in the market.

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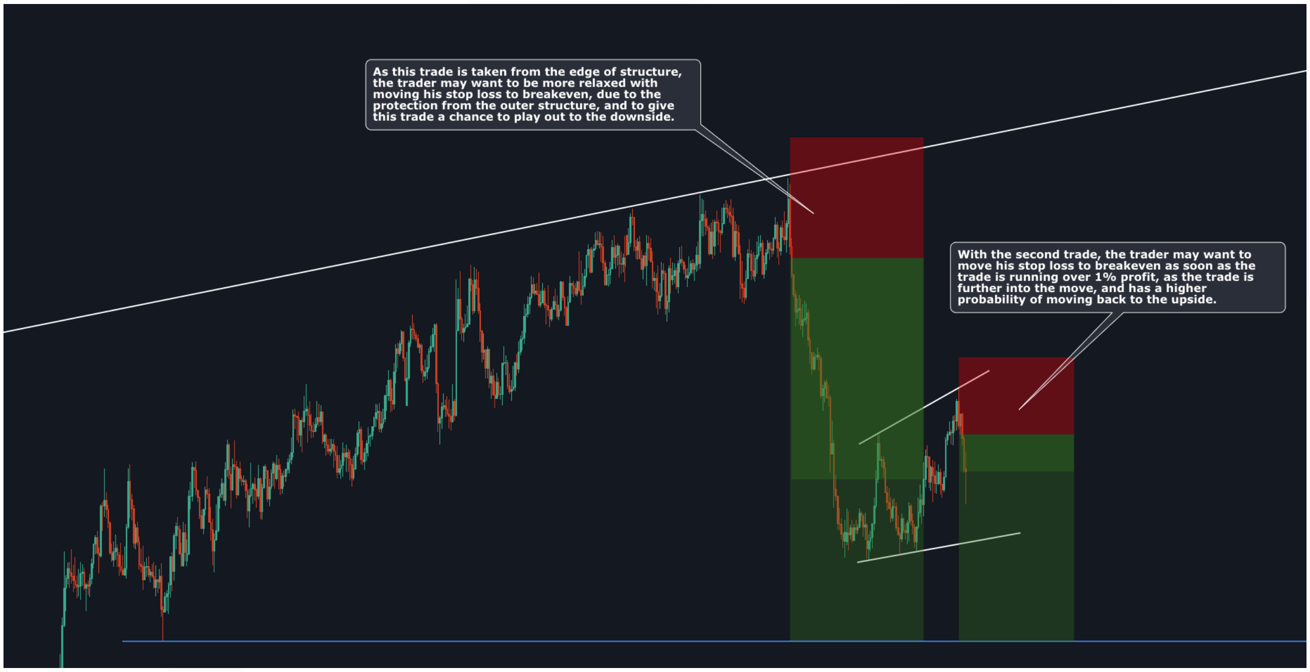
TRADE MANAGEMENT

Entering a trade is only half of the story. As a trader, what you do when you are in a live trade is just as important as entering the trade in the first place. Depending on where we are sitting in structure, you can choose to be more active or slightly more relaxed with your trade management.



Examples of active and relaxed trade management.

Generally, if a trade is taken towards the edges of HTF structure, you may want to be a little more lenient with moving your stop to breakeven. This will help give it more of an opportunity to head into profit and mitigate the risk that you will be tagged out of the trade for breakeven before having the chance to see it move in your forecasted direction. Conversely, if your position is sitting in the middle of structure, you may want to move your stop loss to breakeven as soon as price reaches 1% of profit. There is no definite rule for when you should be more 'aggressive' or more 'conservative' with moving your stop loss to breakeven, and a lot of this depends on the trader's tolerance for risk and personality within the

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markets. Often a trader will find their own preference after gaining some experience in the markets.

As the trade moves into profit, you generally want to use structure on the 1H time frame to act as a guide for where you should train your stop. It is important that you do not manage trades on the 15-minute time frame as you will be too zoomed in which will lead to micromanagement of the position. Every once in a while, you may end up banking more on the trade as you would be quicker to react when price reverses, but more often than not you would end up getting tagged out of the trade too early. Then you would have to sit and watch it move on without you, leading to a lot of emotional turmoil and FOMO. For live examples of trade management, how to remove risk from a trade, and trailing a stop loss behind structure, watch trade recaps from Mark and/or the coaches to see how it's done and to get an insight into their thought processes while doing so.

An example of how one could trail their stop loss behind the swings on the 1H time frame on a GBPUSD short position.

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SECTION IV

PROCESSES

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FALCON TRADING CENTRE

The home page of the Falcon Trading Centre.

The Falcon Trading Centre is a set of resources designed to maximize your intentionality and increase your accountability in all trading-related processes. The entire trading centre is centralized on a program called Notion, which is completely free for all members.

There are four distinct sections of the trading centre:

Section 1: "Plan"

This section houses your Master Calendar, and it offers you tools to create, save, and reference your Trading Plan and 90-Day Plan, both of which are covered in greater detail later in the handbook.

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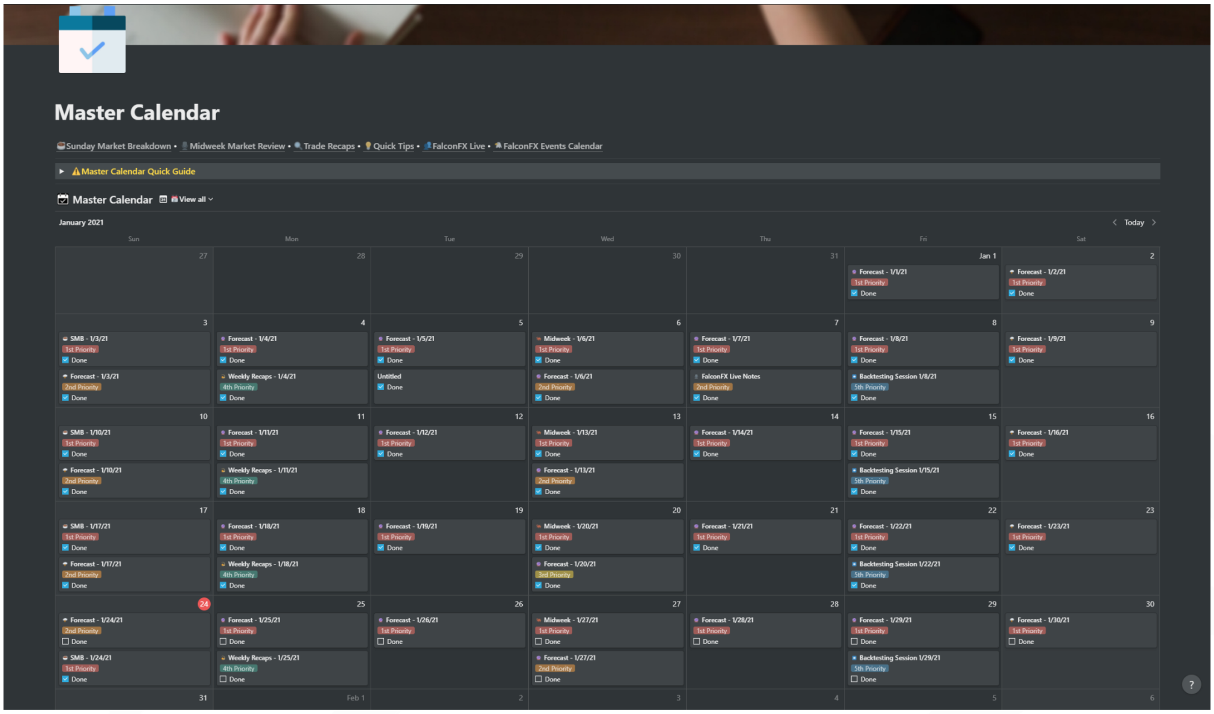
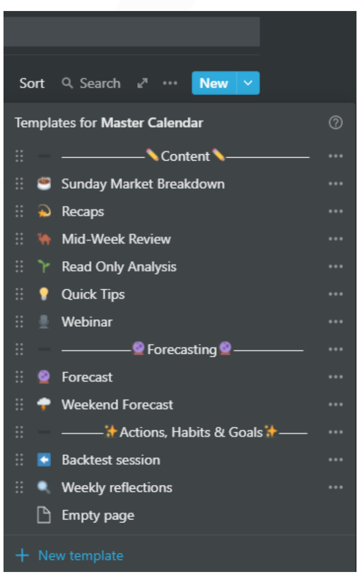


Example of a filled Master Calendar.

The Master Calendar helps you keep track of all of your upcoming tasks with useful features like a built-in priority system, and it allows you to see everything you've accomplished with "Done" checkboxes. Check out the list of templates included with your calendar in the image below!



Master Calendar templates.

The built-in templates feature can help you save time in your daily processes including your weekly reflections, forecasts and key takeaways from various content types. These are pages pre-populated with relevant frameworks and structures so you can stay focused on what truly matters rather than spending time and energy crafting the medium itself. All of the preexisting templates can be edited, and we encourage you to create new templates entirely if it could aid you in your processes.

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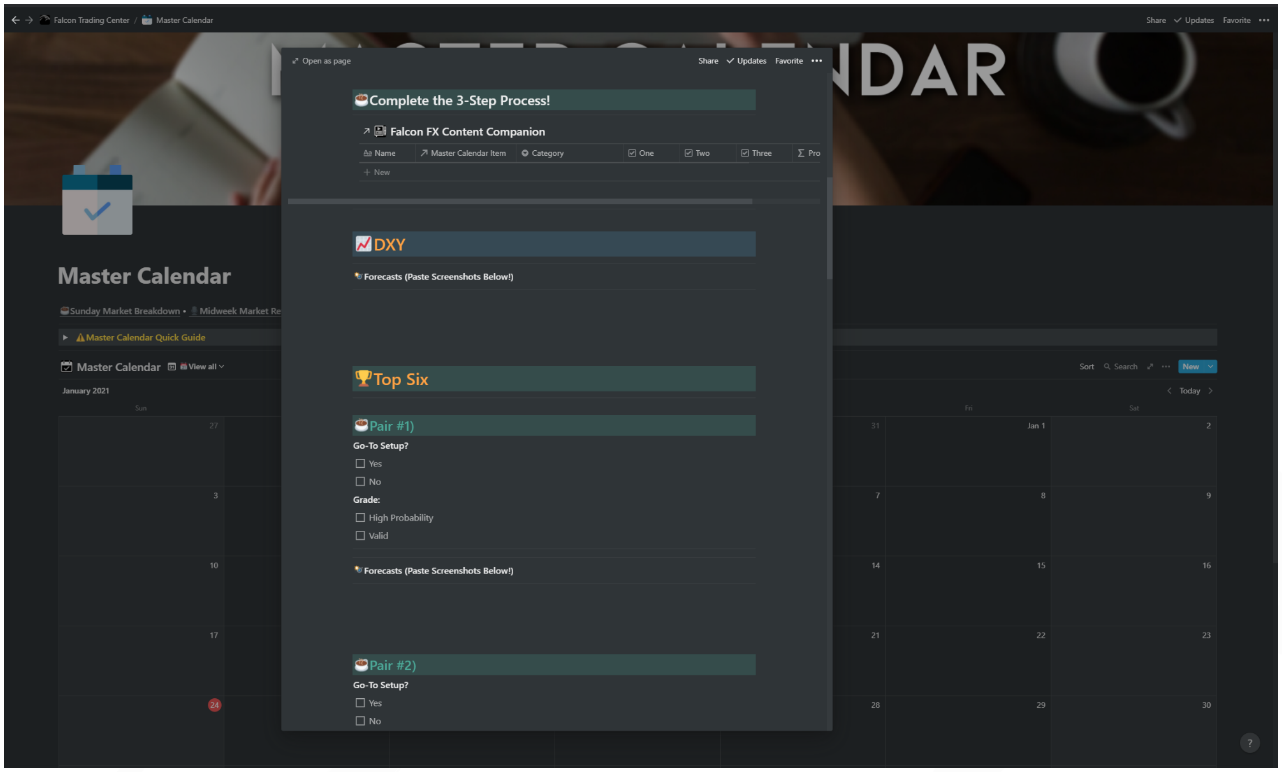
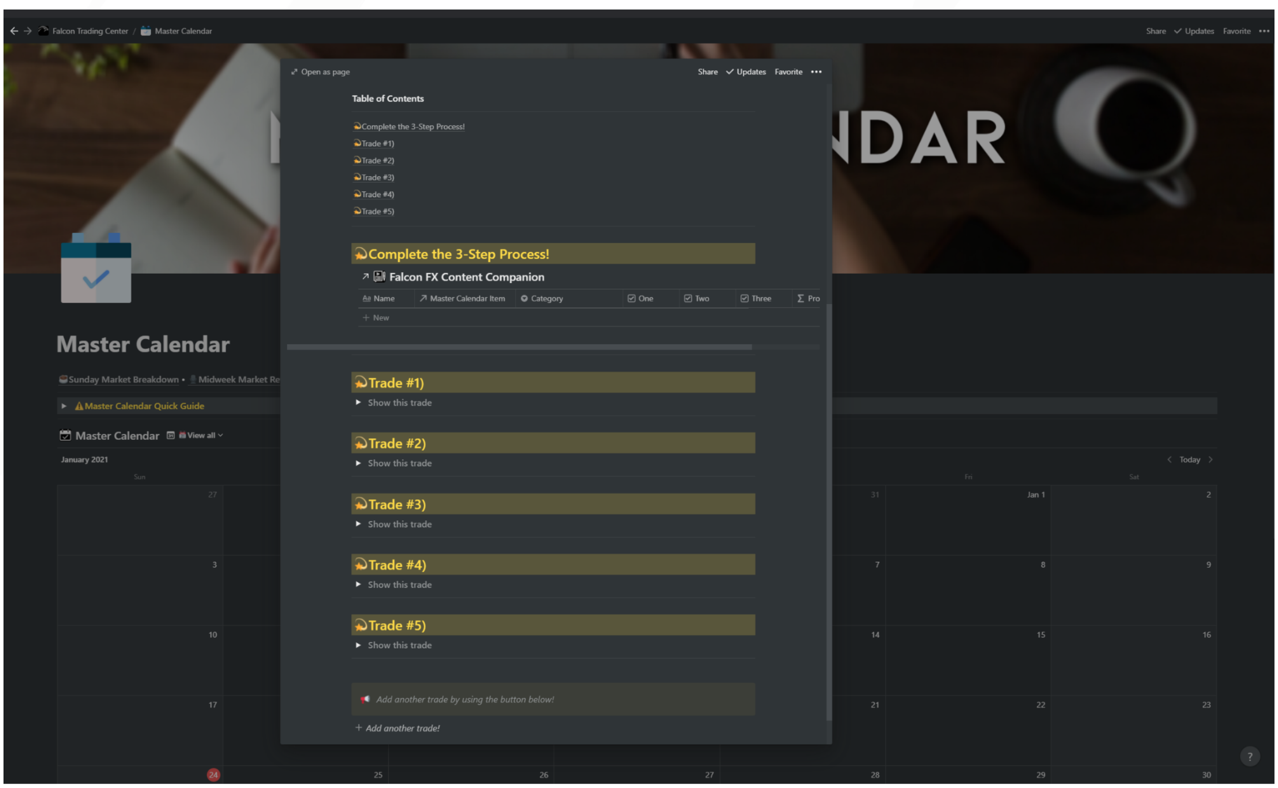


Example of a built-in template within the Master Calendar to help aid you with your forecasting.



Trade Recaps template.

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Section 2: "Review"

You can find your monthly and quarterly Advanced Self Review (ASR) pages, 1% Tweaks, and Missed Trades in this section.

The Advanced Self Review page is a flexible set of prompts and linked databases built to turbocharge your reflections and help you get the most out of your data. You can choose to do weekly, monthly, and/or quarterly reflections from within this centralized hub.

The ASR page automatically pulls in data from several areas of the trading center including your trades, backtests, missed trades, and all of your calendar events for each month in order to streamline your monthly and quarterly reflections. After reflecting on your data, there are a handful of open-ended questions for guided ASR. Feel free to add to or remove from this list to make your most effective set of questions.

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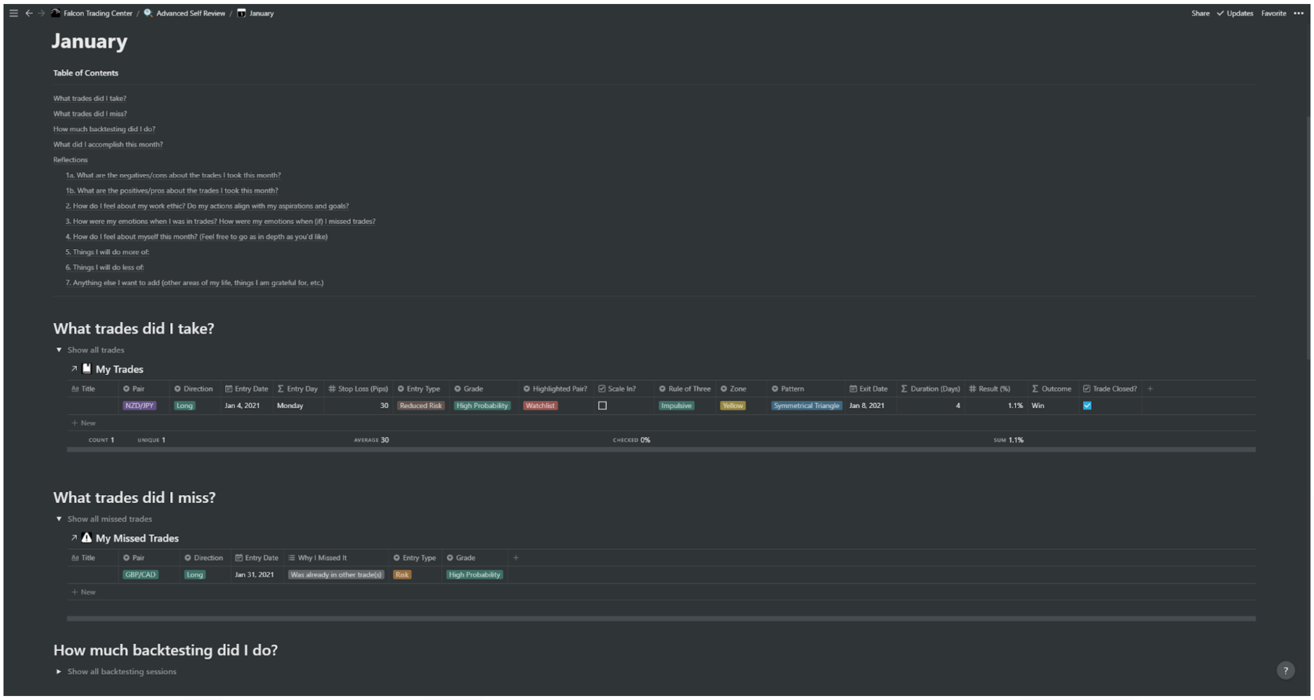
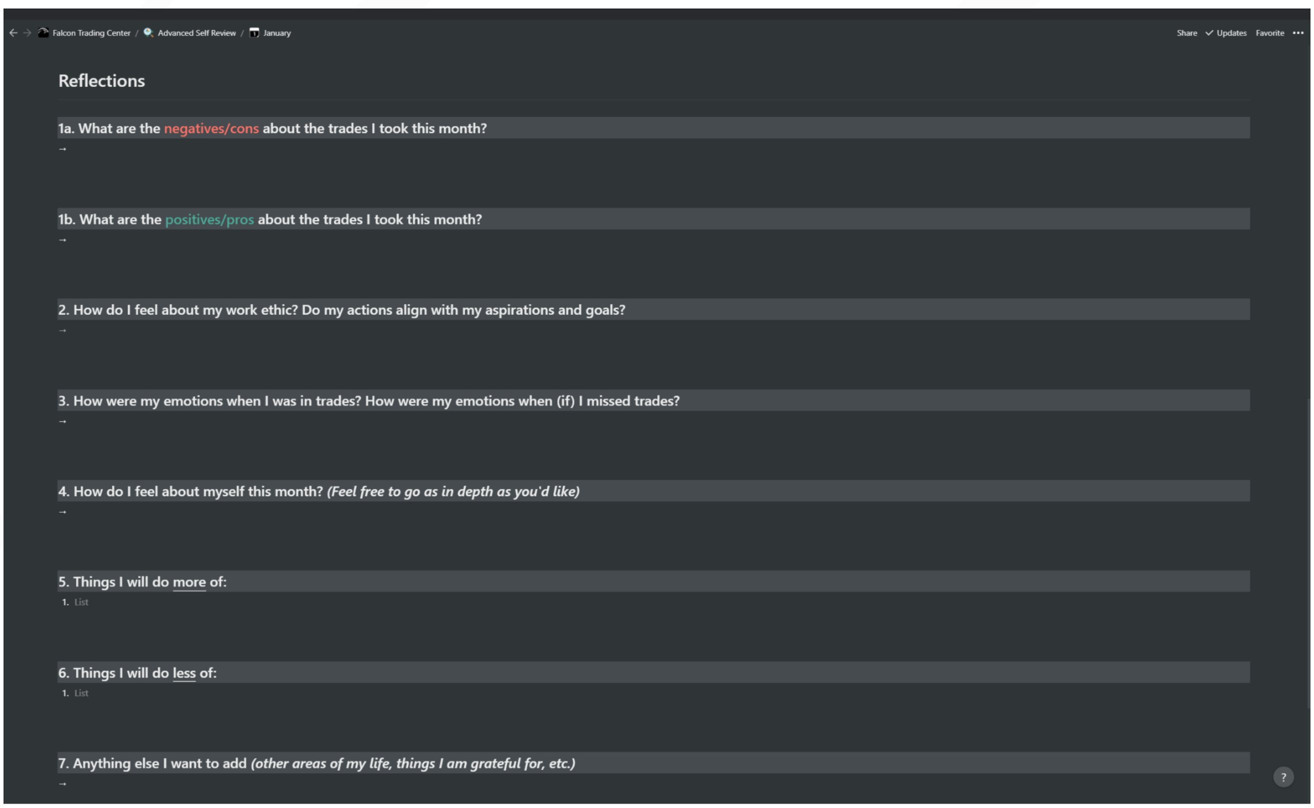


The data tables at the top of the individual ASR page.



The open-ended questions at the bottom of the individual ASR page.

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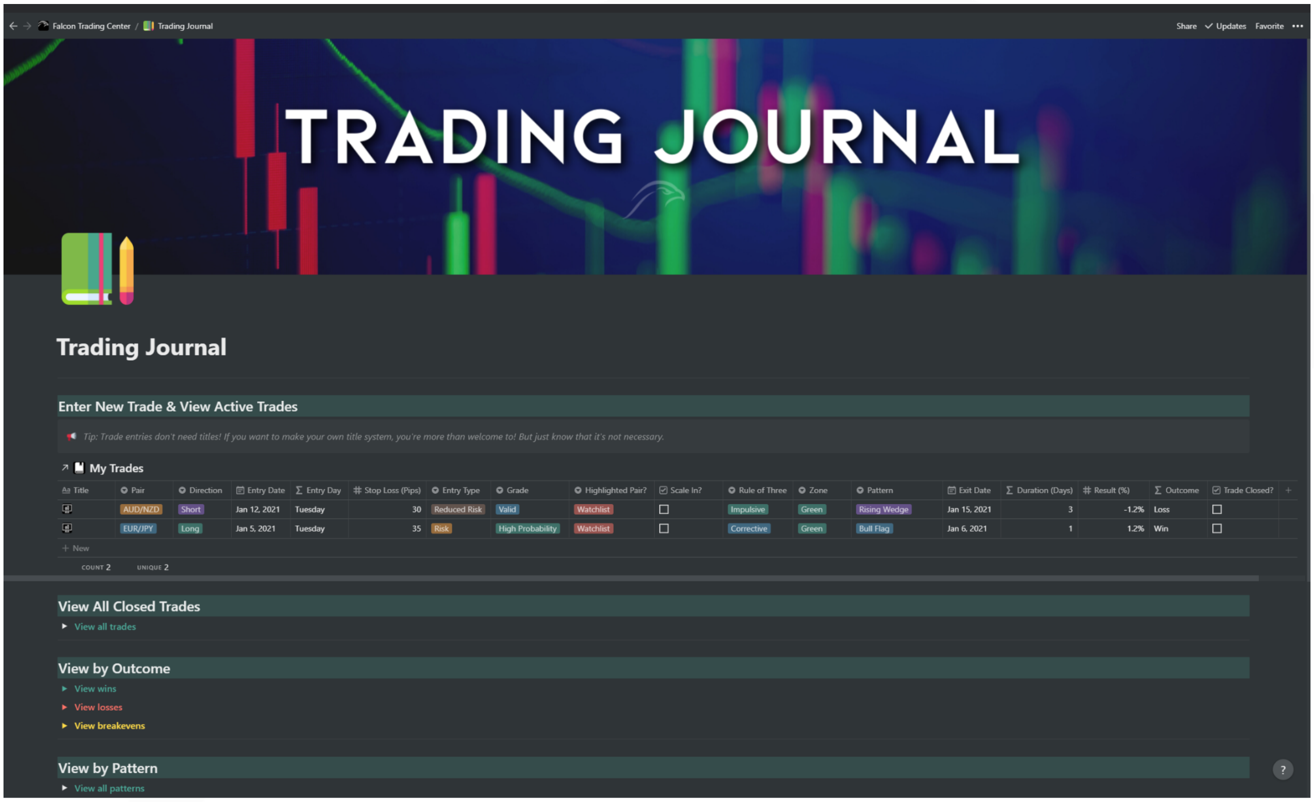
Section 3: "Execute"

In this section of the trading centre, you can input trades into your Trading Journal, submit backtesting sessions into your Backtests page, and add details and examples to any currency pairs and patterns in the Pairs & Patterns page.



The Trading Journal page within the Falcon Trading Centre.

The Trading Journal is your new home for submitting and tracking your active trades and filtering and analyzing your closed trades. Within this hub, you can view all of your trades by status, outcome, pattern and pair. What's more, you can filter your data however you'd like on any or all of the properties in the database. How many trades have you taken on Monday within the months of February and June? How many trades have been scale-in's? How many trades have you held for longer than 3 days? Now you can find out all of this information and more from right inside your trading journal.

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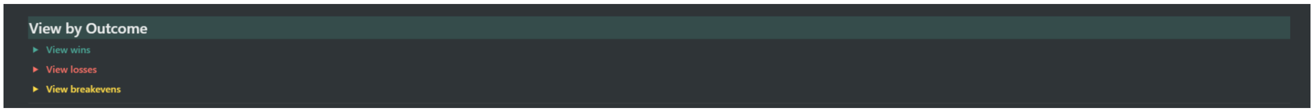
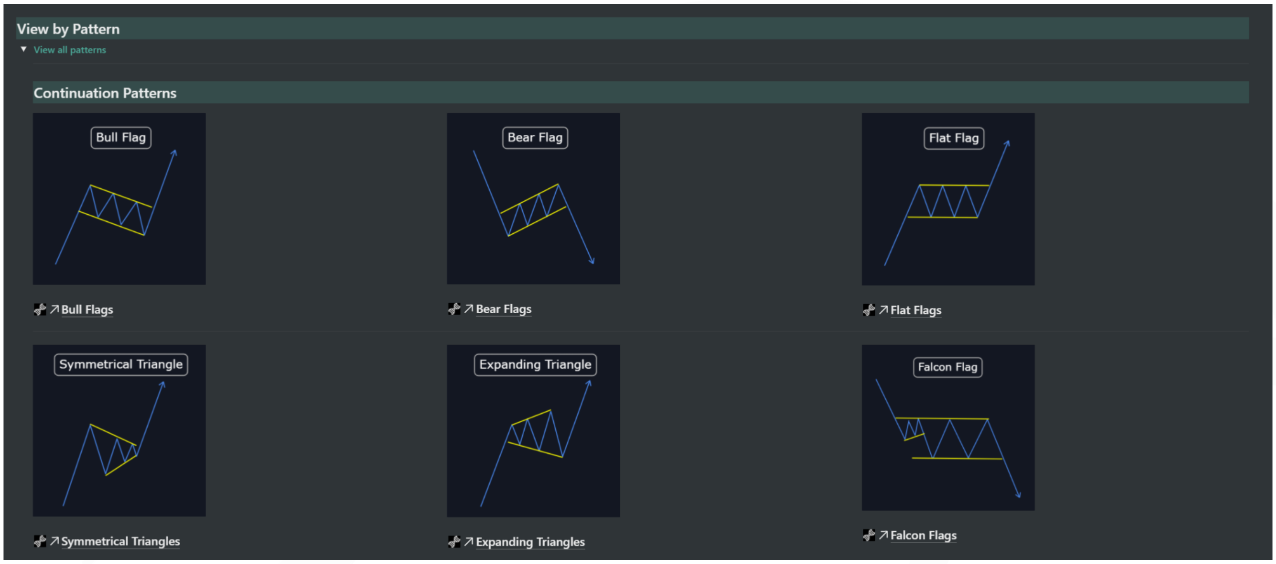
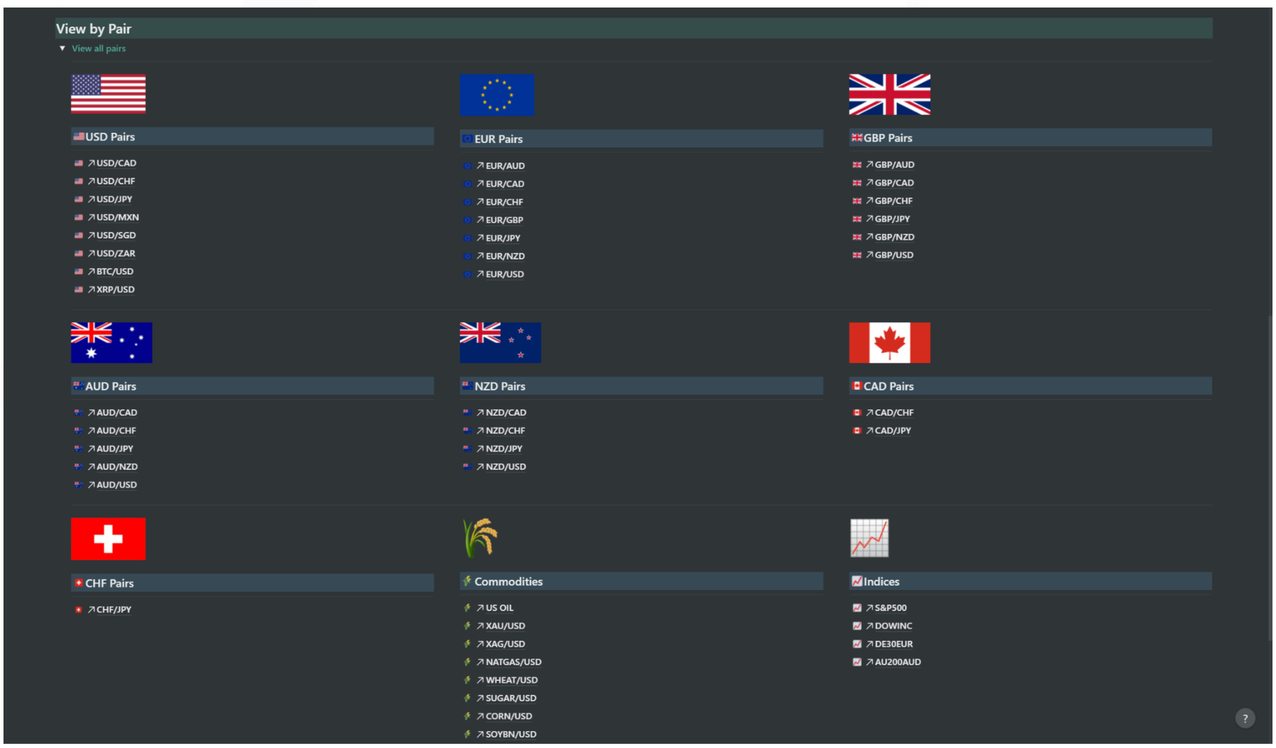
Take your self-awareness and intentionality to new heights with all of the built-in ways to view and filter your trades.



View trades by outcome.



View trades by pattern.



View trades by pair.

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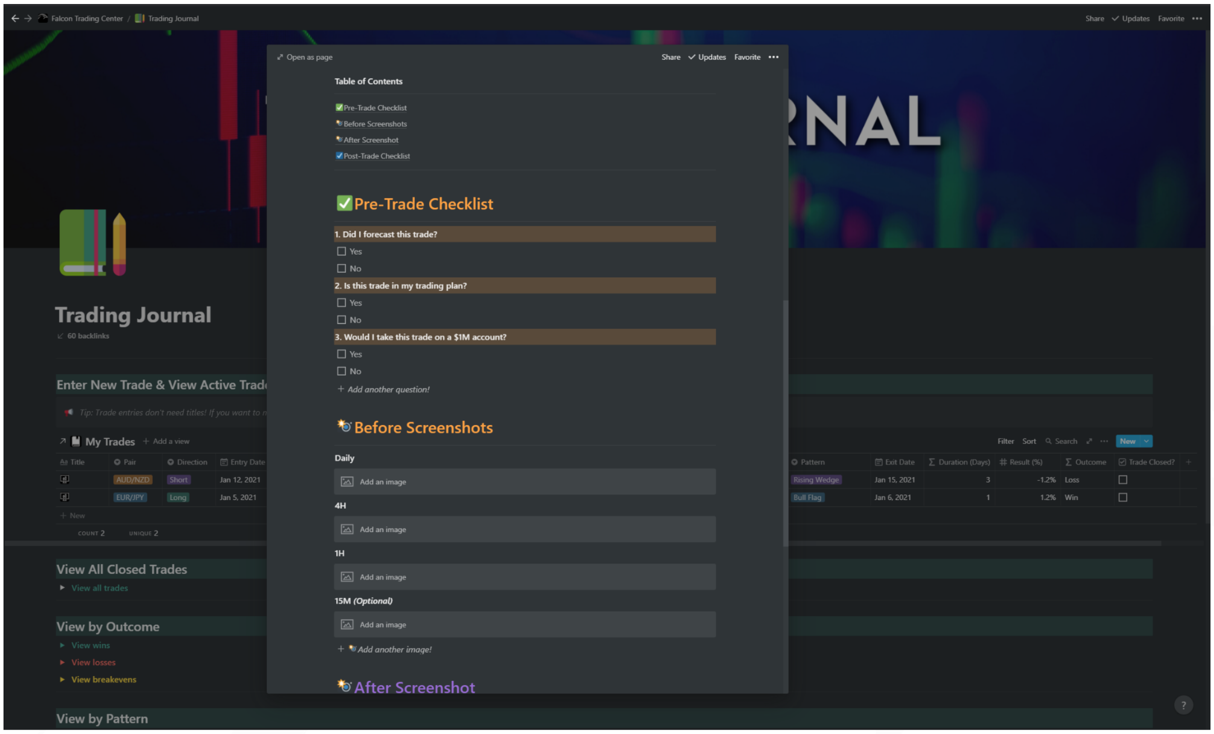
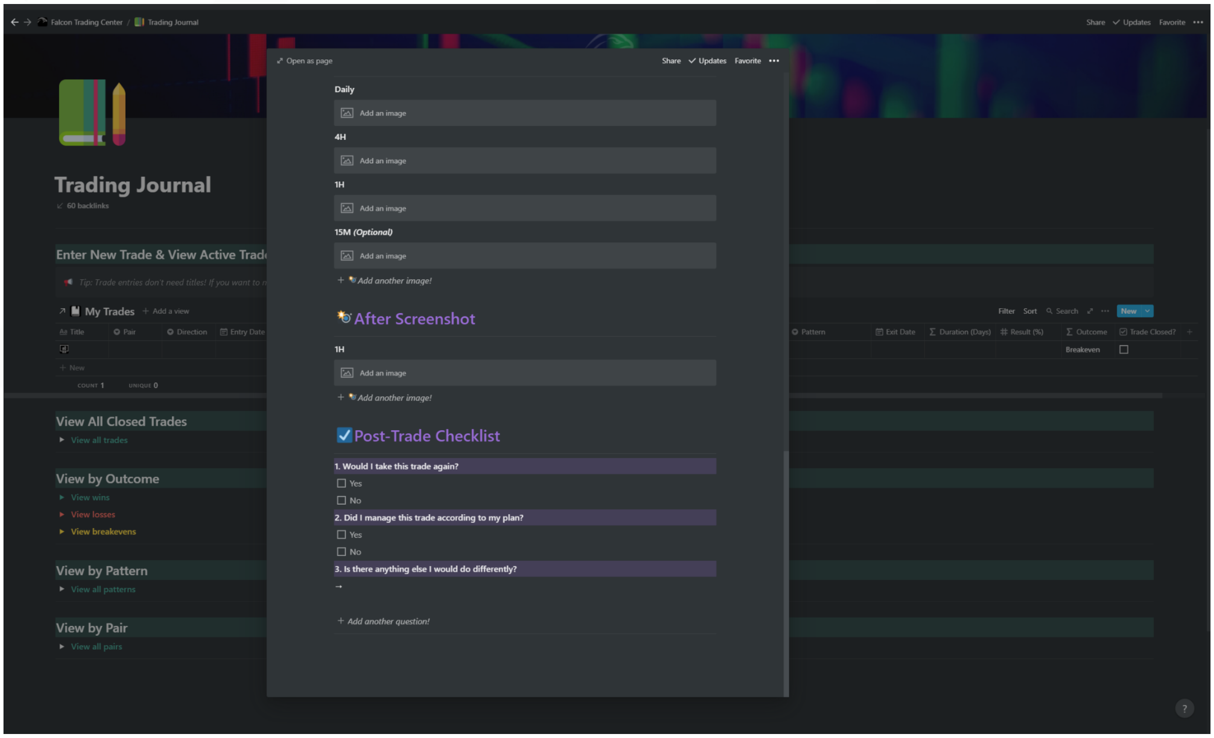
Built-in templates make submitting trades a breeze. Make sure to utilise this template every time you enter a trade!





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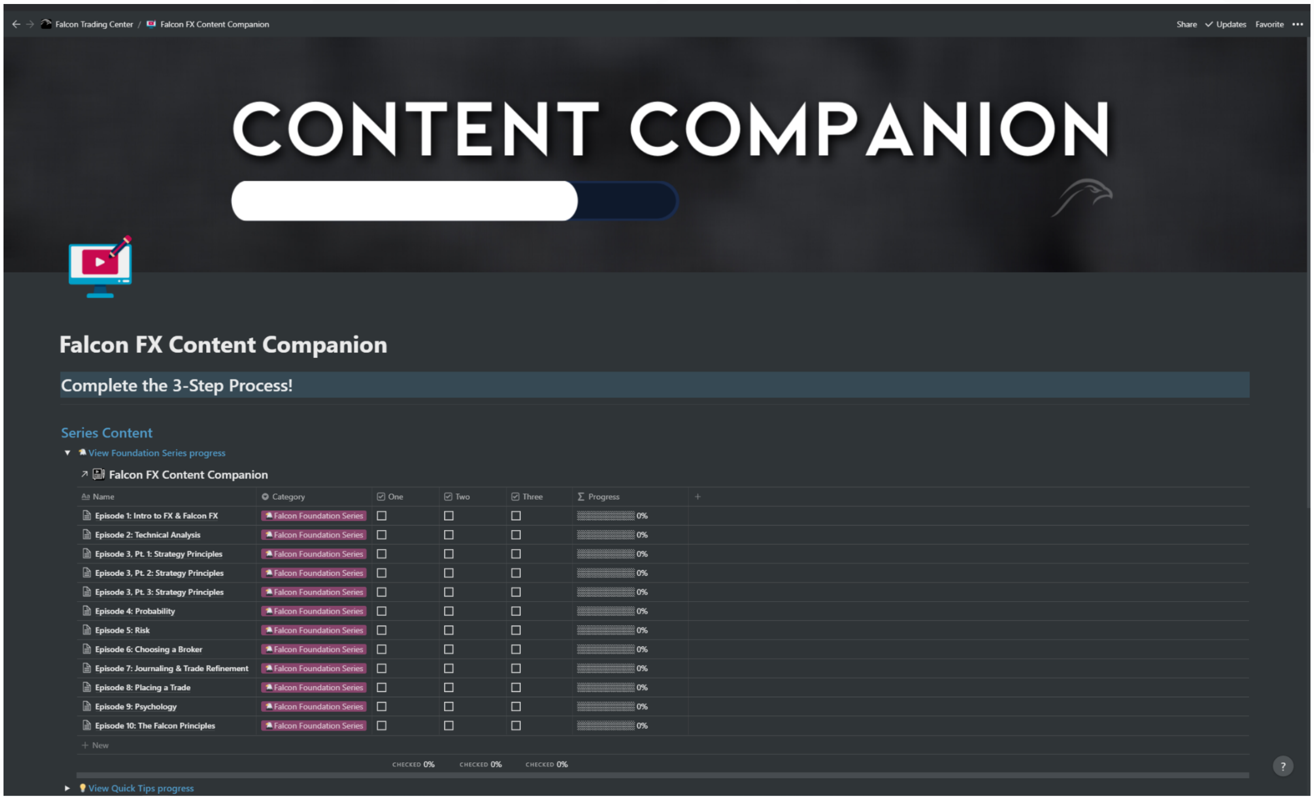
Section 4: "Resources"

The final major section of the trading centre includes the Falcon FX Content Companion, which you can use to implement and track the three-step process on all of the content available in your member dashboard and beyond. You can also find the My Bookshelf page which serves as a virtual vault and tracker for all of your books. Lastly, this section links to the Falcon FX Calendar, where you can find relevant information on upcoming events and content releases within the community.



The top of the Content Companion page of the Falcon Trading Centre.

Track your three-step process on any and every piece of content using the checkboxes and progress bars provided in the Content Companion. The three main sections on the page account for series on the website, new weekly content as well as any outside content.

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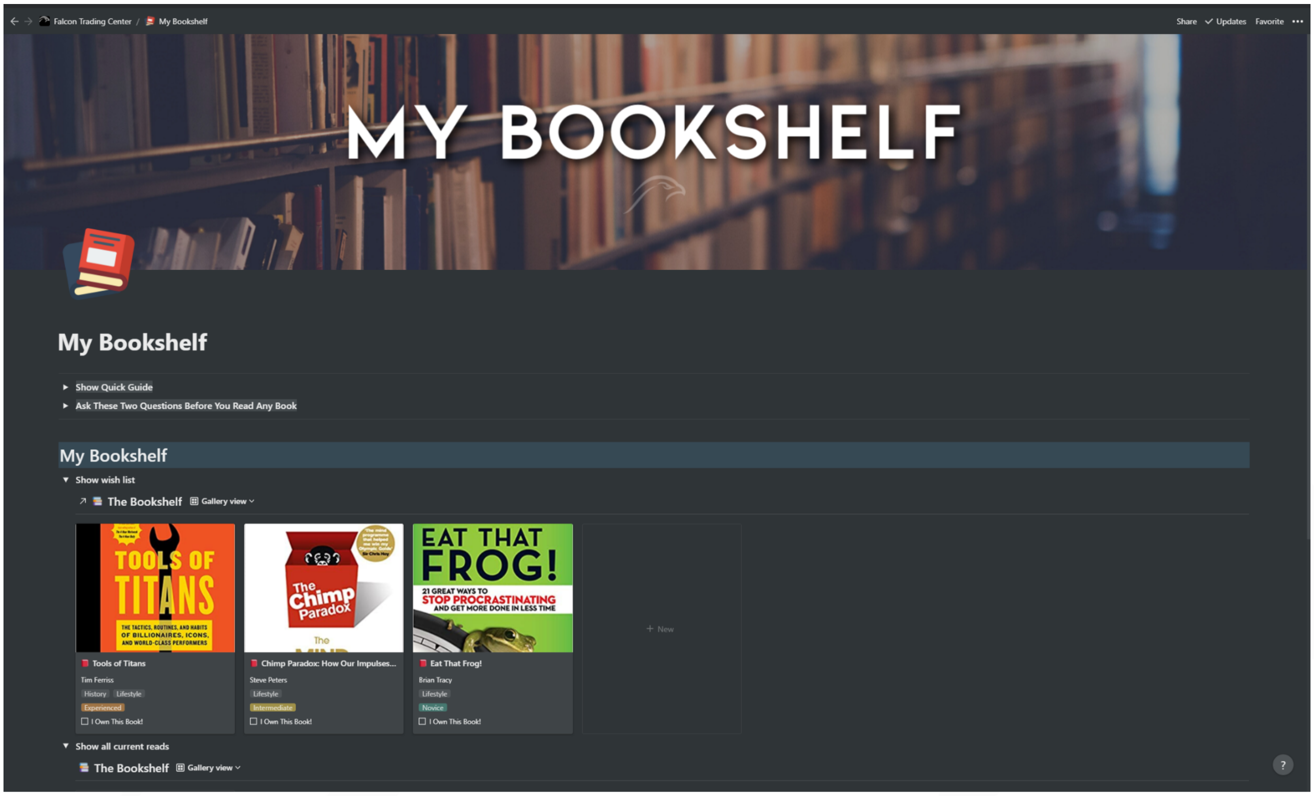

The My Bookshelf page of the Falcon Trading Centre.

Stay on top of all of your reads with the built-in bookshelf! Track your progress visually with statuses and progress bars, and get useful metrics such as the total number of days it takes to read each book, the average number of pages read daily, and more!

We highly recommend that you watch the Falcon Trading Centre Processes video from your member dashboard. Some of the most useful - and easily overlooked - features are covered in depth to help you utilize the trading centre and all of its moving, interconnected parts to their fullest potential.

Enjoy your new levels of intentionality and accountability!

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FALCON FX CALENDAR

The Falcon FX Calendar is a convenient resource for you to stay up-to-date on the latest content schedules, feature releases, and special events. This is where you can find important details such as the time, place, host and registration requirements for many events, webinars and content releases.

The "What's Happening? (Next 7 Days)" section presents a gallery view of each of the upcoming events. At a glance, you can tell what the events are, what date and/or time they take place, and if they are live or not.

Note: This page can't be edited or duplicated. Treat it like a page on a website that you visit for information!

After viewing the events and content schedule, you will be better equipped to create your own schedule. Check back in regularly to see the latest updates!

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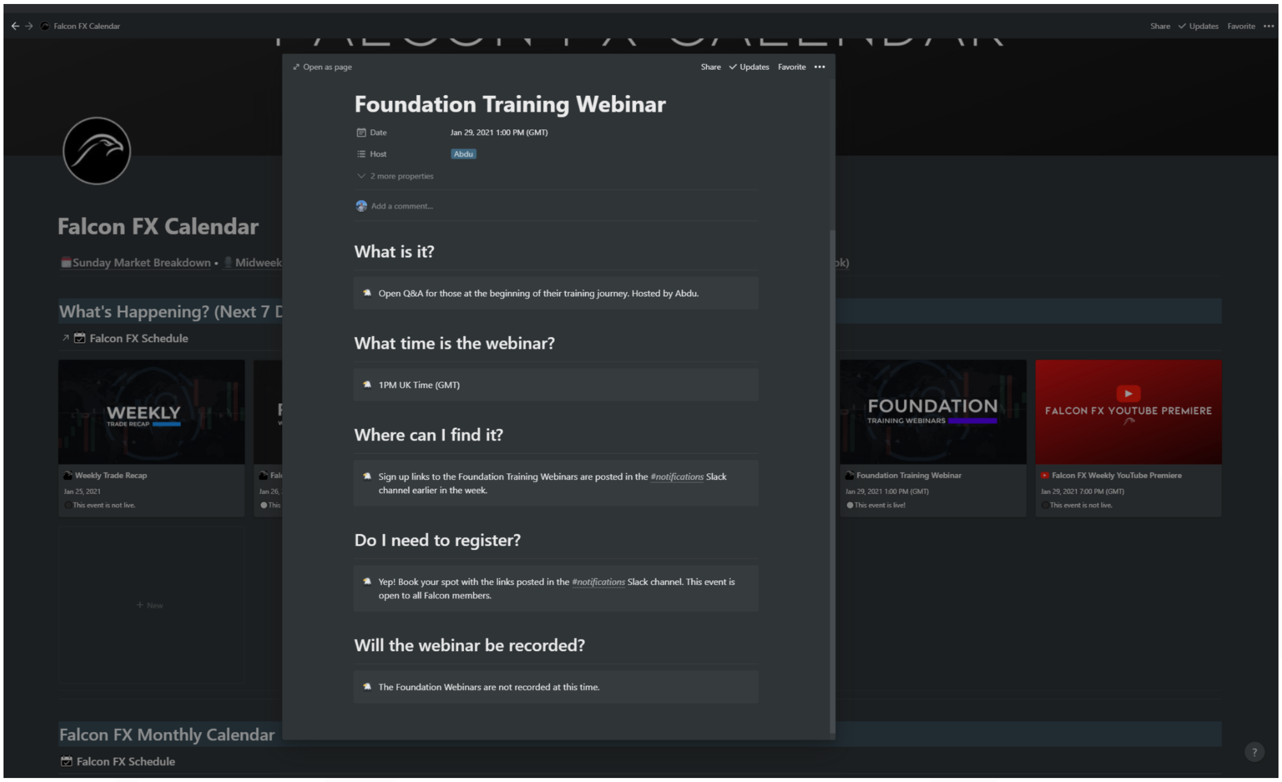
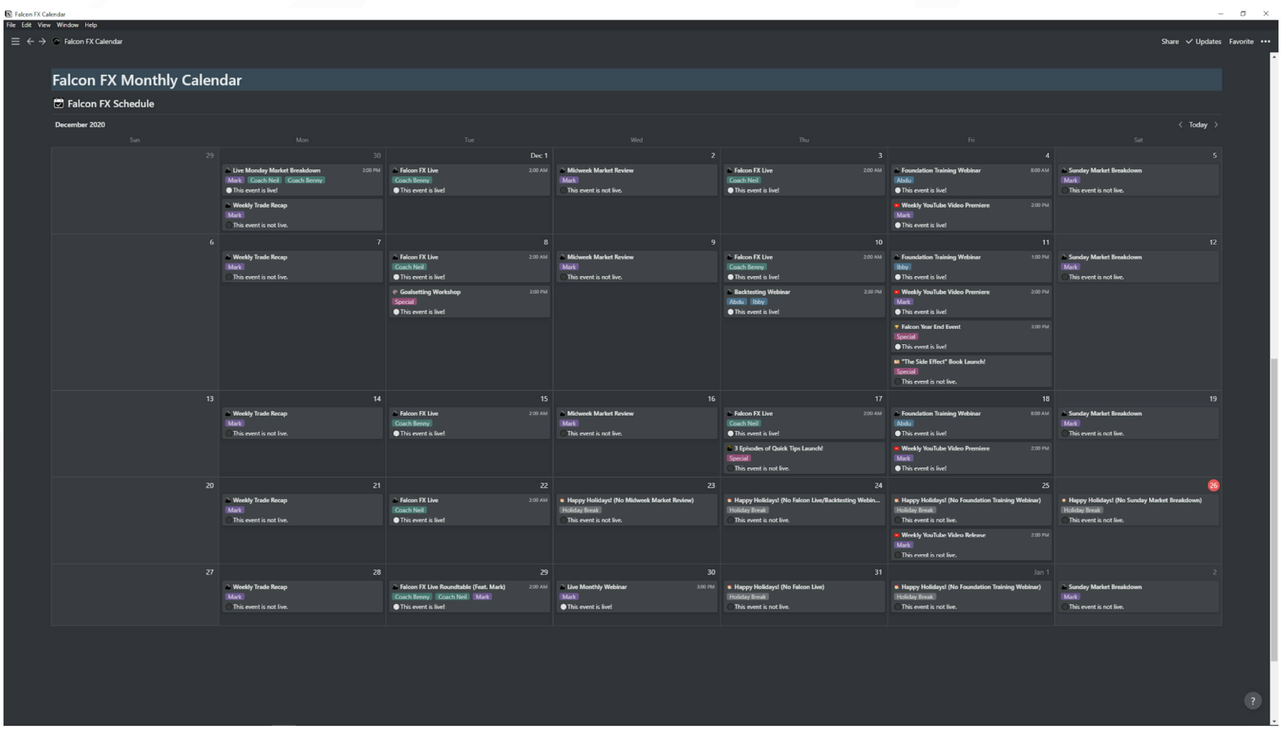


The Falcon FX Calendar individual event page. Find more details about each event by clicking into it!



The calendar view is very similar to the gallery view in that you can discern most of the relevant information at a single glance and find out more by clicking on individual events.

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TRAFFIC LIGHT FORECASTING SYSTEM

The Traffic Light Forecasting System (TLFS) is a technique used to ensure you are performing daily forecasts on the moves which you deem to be probable and possible for the currency pairs you have on watch. For a detailed overview of the TLFS, please watch Quick Tips Season 4.

As you forecast each day, you should aim to draw on your forecasts in a manner which depicts the likelihood of each potential setup occurring. One way to do this is to colour-grade your forecasts from Green through Amber to Red. Much like the colour scheme utilised in the Three Zones technique covered earlier, this grading of colours allows us to draw on our forecasts from the most favourable down to the least favourable.

The screenshot on the following page features an example of forecasting which has utilised the TLFS. The most favourable setup - the correction towards the top of structure and the RE from the top - has been drawn in green. If this setup does not occur, or if the entry from the top is deemed unsafe to take, the trader can wait for the first impulse to the downside and then look to enter on the first correction that forms. This is drawn in amber because it's still extremely reliable despite not being the ideal entry. If neither of those two entries occur, and price moves to the downside unexpectedly early, then the trader should look to wait for price action to clear all of the lows of structure and then look to enter after the first correction that forms.

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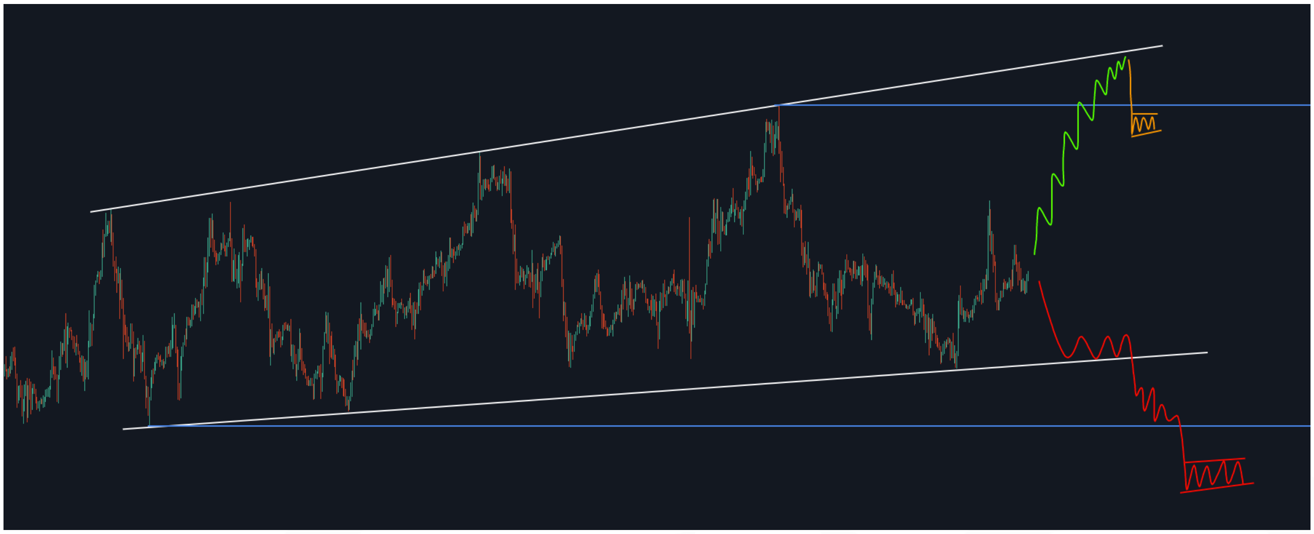

Forecasting using the Traffic Light Forecasting System (TLFS).

Although there is no silver bullet, or 'one thing' that will help a trader reach consistency extremely quickly, a strong case could be argued for how important forecasting is to reaching that goal. Daily forecasting, performed to a high standard, and filtered down to a few preferred pairs, will help traders know exactly what they are and aren't looking for on a particular currency pair. Additionally, forecasting will also keep their attention focused on a select few pairs each day.

One of the most prevalent shortcomings in new traders is a lack of clarity on what they are looking for in the markets. Traders that have not forecasted have a much higher chance of jumping into the market early, entering trades that they have not looked over and being swayed by others on social media (IG, Facebook, YouTube, Slack or WhatsApp). By taking trades in this manner and not conducting detailed forecasting, traders are much more likely to enter invalid or poor-valid positions, and thus far more likely to incur a loss. If you forecast HP and good-valid trades when forecasting each day and are disciplined enough to stay out of the market if nothing meets your requirements, you will gradually begin to see a shift towards the desired 70/30 ratio of HP to Valid trades.

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When forecasting, traders should take a top-down approach, starting from the HTF's and working down to the LTF's. All forecasts should be drawn on the 1H chart. This is where the vast majority of our entries take place. It is important that traders utilise multi-timeframe analysis when forecasting so that they are aware of the bigger picture of the move in question. Although this may take some time at first, as you become more experienced at using the TLFS and gain a firmer understanding of the Falcon strategy, you will find that you are able to conduct thorough and concise forecasts in not much time at all. Remember, speed is not important in trading. It is better to take your time and be thorough rather than rush and only see half the picture. The quality of your forecasting routine will often determine the quality of the trades that you take.

BACKTESTING

Backtesting is an integral part of any trader's development. It's vital for creating familiarisation with and confidence within the strategy. For a trader to be able to truly gain a thorough understanding of pair characteristics, pattern reliability, and test their plan comprehensively, they will need a lot of time and experience within live market conditions. Thankfully, backtesting can help expedite this process and enable you to practice all of the above at your convenience and to the desired level of detail.

Although you may be eager to start backtesting, it is difficult to conduct effective backtesting without first having a thorough grasp of the fundamentals of the strategy and watching all of the educational content. Backtesting without really understanding the strategy is akin to turning up to an exam without having studied the material first. You will simply go through the motions with no idea of what you are doing, and you will get very little benefit from doing so. If anything, the experience will be detrimental to your development, as you will likely not have much success

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with backtesting, and this will impede your confidence and understanding of the strategy. Remember, this isn’t a race. The market isn’t going anywhere. The better your understanding of the strategy going into this, the more benefit you will gain from it.

After a trader has spent a substantial amount of time watching and applying the 3-step process to the content, attending Foundation Training Webinars, and begun to really grasp how we trade at Falcon, only then should they look to begin backtesting. However, there are some points worth bearing in mind as you do so. Firstly, try to treat backtesting as you would trading the live markets. In other words, if it's highly unlikely that you would take 15 trades on EURUSD within the space of 4 days in real life, don’t do this when backtesting. As we tend to be quite zoomed in and focus our attention on finding entries, the temptation arises to take everything and anything that even slightly resembles an entry. Sometimes you have to learn this the hard way, and much like anything in life, practice makes perfect, but aim to keep this in mind as you approach a backtesting session. Follow a process for taking trades when you backtest as you would on a real account. The more replicable you can make your backtesting for your actual live trading, the more benefit you will extract from this exercise.

Secondly, don’t attempt marathon backtesting sessions. Little and often is the best way forwards. Only you know how you work best, but it is unrealistic to assume that you can maintain full focus and attention over a 6-hour backtesting session. Set yourself a manageable target for each day, and see how you feel when you reach that target. A good time frame is to backtest 3 months of data in any one session. If you are taking your time, approaching the markets with a systemised process, utilising multi-time frame analysis, drawing on your structure, etc., you will find that 3 months is more than enough for one session. As soon as you find yourself aimlessly clicking through the candles and going through days and days

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of price action without anything appearing, it is time to stop.

Finally, forecast as you backtest. You wouldn't (or shouldn't) take a trade in the live markets that you haven't forecasted, and the same principle applies to backtesting. Naturally, this will mean the process takes longer and requires more effort, but at the end of the day, are you here to gain a deep understanding of how certain currency pairs and patterns work or to tick off an arbitrary goal to impress others? Keep the reason why you are backtesting in the first place at the front of your mind. This should keep you focused on following the right process.

In order to help you learn about backtesting, we run a bi-weekly webinar open to all active Falcon members. These webinars are held every other Thursday evening (UK time) and are aimed at all levels of ability (*Note: While all members are welcome, it will be much easier to follow along and understand the topics discussed in these webinars if you first progress to the point in your journey where you are truly ready to backtest).* In addition to backtesting, a broad selection of other topics are often discussed such as trade management, mindset, psychology, routine, and much more. We strongly suggest that after you have familiarised yourself with the content and started to practice taking trades on a demo account you attend these webinars to help set you on the right path with your backtesting process.

THE 5-5-5 RULE

There are 3 things that can be done daily to help with keeping your mindset on track, your day productive, and your actions in alignment with your objectives. The 5-5-5 Rule is the name given to writing out 5 Daily Goals, 5 Affirmations and 5 Values each day. There is no correct time of day to do this. However, first thing in the morning is often considered the most effective as it enables you to place yourself into the right frame of

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mind, take advantage of a short window of alpha brain wave production, and get your day off to a positive start. Below we'll explore each of the components in further detail and provide examples that you can use as a template.

DAILY GOALS

Small things repeated daily add up to massive changes over time. The importance of setting daily goals and working to achieve them cannot be overstated. This is especially important to those newer to the world of forex trading, where the abundance of new terminology and sheer volume of technical aspects to learn can be overwhelming. Mastering this skill will have positive benefits in every aspect of your life, not just in trading. It is important to realise that what you can achieve in a single day will not transform your life overnight, but persistence over a longer time frame can have unbelievable results. The idea of daily goal setting is to take small steps forward in the right direction each day, ultimately bringing you closer to your larger and broader goals.

An example of 5 daily goals could be as follows:

1. *Complete morning forecasting routine and add to Trading Centre*
2. *30 minutes of reading 'Ego is the Enemy'*
3. *1 hour of backtesting EUR/JPY*
4. *Watch most recent Weekly Trade Recap video & take notes*
5. *Gym workout (Back & Biceps)*

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One hour of exercise alone will not help you achieve the physique of your dreams, but if it's done on a frequent basis and combined with a healthy diet, it will bring you tangible results over time. The same slow and steady approach applies to trading. Most people fail because they want immediate results. They set off too hard and fast, quickly burn out, and give up before they've given themselves a chance to succeed.

If forex trading was easy enough that anyone could take a 4 day course and become a master of the markets, more people would be forex traders! One of the main reasons why so few people succeed in this industry is a lack of patience and commitment over the longer term. The 'get rich quick' mentality is unfortunately far too prevalent in today's society, and it doesn't mesh well with the approach required for longer term success in the markets.

By setting daily goals, breaking larger tasks down into small, manageable chunks, and working on them daily, you are conditioning your mind to think in a more pragmatic and long term manner. If 5 daily goals seems like too much at first, start with 3 and then build up over time. If 5 is too easy for you, you could add more, however, it is important to ensure that you are able to maintain these goals over the longer term, hence why we suggest only 5 for each day. Instead, perhaps consider increasing the difficulty of each of the 5 tasks as you become a more capable individual.

Each time you tick off a goal, your brain gets a small hit of a rewarding neurotransmitter, and subsequently it will want you to repeat the associated behaviour. This is why drugs that manipulate the dopamine system are so dangerously addictive and why so many people repeatedly play the lottery. By achieving a number of appropriately difficult goals every day, you will create a positive feedback loop within your brain and will likely create positive habits over time. By setting too many goals each day and failing to reach your targets, you are essentially damaging this

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positive feedback loop and reaffirming negative beliefs about your ability into your subconscious mind.

As you become accustomed to ticking off your daily goals, your mind starts to think, “If I can achieve these, what else can I achieve?” This is why we recommend the book “Eat That Frog” by Brian Tracy in the Recommended Reading section of this handbook, as it focuses on this exact premise. This is called the ‘Conditioning Process.' It helps to build the foundations within your mind to tackle larger goals over time. Things which you may have at some point deemed impossible suddenly become far more achievable by simply breaking them down, reverse-engineering the process, and chipping away at it every single day.

VALUES

As well as writing out your daily goals, it is important to ensure that the goals you are setting for yourself are aligned with your core values and principles in life. This works as a reminder that what you are working on each day is of importance to you. People often fall into the trap of working on things that are not truly important to them, often in an effort to impress or appease others (most commonly parents or a spouse). When we are working on goals that are not aligned with our core values, it is much easier and far more common to procrastinate instead of starting, and to give up at the first hurdle that appears.

One helpful tip for finding your core values is to ask yourself, *“If I had no one to impress, and no one could see what I was working on, would my daily goals still be the same?”* Once you find the values that are truly important to you and align them with your daily goals, not only will working on them be more enjoyable, but you will also be more motivated to persist when times get tough.

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We've included a list of commonly held values below to help you get started. Pick 5 values from this list that you resonate with the most (or if you do not resonate with 5, start with 3). It is likely the ones that jump out from the page at you immediately are the ones that resonate with you best.

Happiness	Success	Balance
Wealth	Loyalty	Health
Education	Adventure	Knowledge
Personal Development	Community	Affection
Stability	Power	Culture
Relationships	Respect	Peace
Communication	Love	Fun
Family	Integrity	Growth
Change	Trust	Teaching
Travel	Motivation	Inspiration

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AFFIRMATIONS

After writing out your daily goals and values, you should write out affirmations that will help motivate you and put you into the right headspace to begin working on these goals. Use a set of affirmations that you resonate with on a deep and honest level. Feel free to use the following affirmations as inspiration.

- *I persist until I succeed.*
- *I persist until I succeed.*
- *I persist until I succeed.*
- *I persist until I succeed.*
- *I persist until I succeed.*

- *I live a life of health, wealth and happiness.*
- *I live a life of health, wealth and happiness.*
- *I live a life of health, wealth and happiness.*
- *I live a life of health, wealth and happiness.*
- *I live a life of health, wealth and happiness.*

- *Every goal I strive for, I do with passion.*
- *Every goal I strive for, I do with passion.*
- *Every goal I strive for, I do with passion.*
- *Every goal I strive for, I do with passion.*
- *Every goal I strive for, I do with passion.*

After writing out your daily goals, values and affirmations, it is important to sign and date the bottom of the page. This may seem trivial, but there is a strong psychological association with writing your signature and commitment. Signing your name is a promise to yourself to stand true to this task. This may all seem unnatural and complicated at first, but after you get accustomed to this, and it becomes a part of your daily routine,

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you will realise just how powerful this positive step is for your mindset and growth. Success loves structure, and by starting your day this way, you are setting yourself up to succeed rather than aimlessly wandering through the day without any purpose or conviction.

90 DAY PLAN

Working on your bigger goals every single day, chipping away at them gradually over time is a surefire way to stay on course. However, when there is no end goal in sight, it can become demotivating at times, especially when the going gets tough. The 90 Day Plan was created in Falcon in order to increase your intentionality and accountability. It allows us to compartmentalize the year into four 90-day-long sections. This turns the somewhat daunting time frame of a full year into four much shorter (and psychologically more appealing) sprints.

The 90 Day Plan is a tool built to help Falcon students measure their progression with trading and other aspects of their life. It also helps hold themselves accountable to their goals and achieve them in front of the community. This also shifts focus from results to the process. As you listen to the content, you will hear the expression “process over outcome” time and time again. By breaking the year down into smaller, more manageable chunks and focusing on improving yourself over the 90 day periods, you will find that you begin to condition your mind to focus on your daily and weekly processes which will ultimately bring you closer to achieving the outcome you may have been fixated on in the first place.

Within the Falcon Slack Community, we have a channel called #90dayplan that allows you to connect with members from around the world to help you stay accountable and share your progress and journey with likeminded people. Write out what you want to achieve by the end of the 90 days, turn them into specific goals, and turn your goals into

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actionable steps. For anyone hearing this term for the first time, below are some examples of goals that you could include in your 90 Day Plan:

Trading

- *Backtest 18 months of data on 5 different currency pairs.*
- *Create a priority list of Falcon content to watch and add 1% tweaks to my Trading Centre.*
- *Create a pattern portfolio for multiple pairs to understand behaviour - Add to my Trading Centre.*
- *Consistently stick to my trading plan to the best of my ability for the next 90 days.*
- *Backtest myself to my trading plan (% that I am sticking to it)*

Fitness

- *Workout 5 days per week for the next 90 days.*
- *Reach 140kg deadlift for 5 reps*
- *Squat 100kg for 5 reps*
- *30-minute run (fasted cardio) three times each week.*
- *15-minute stretching each morning*

Determine the areas of your life that are most important to you, set goals that challenge you to push harder than you've ever worked before, and act towards achieving them. The 90 Day Plan is something we are massive advocates of at Falcon, as we have seen the success and change in mindset it brings to the community. It keeps us consistently working towards our goals regardless of how we are feeling on a daily basis, as we know that each day counts towards achieving the bigger goals we have set out for ourselves. By holding each other accountable to your 90 Day Plans via calls and through the Falcon Slack community, our productivity and resolve is multiplied, thus increasing the likelihood of sticking to the

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plan and succeeding. Try it out for yourself and post your goals in the #90dayplan Slack channel.

TRADING PLAN

Your Trading Plan is your point of reference, your personal resource, and potentially one of the most important documents you will possess as a trader. It is a personal reflection of your own individual personality within the markets and is unique to you, and only you. Therefore, it is of little benefit to take another individual's Trading Plan and try to trade it as your own. Some of the benefits of trading according to a plan are as follows:

- *Increase clarity*
- *Reduce hesitation*
- *Reduce anxiety*
- *Increase focus*
- *Systemised approach to entries*

A Trading Plan is something that cannot be rushed and should not even be considered by newer traders before the 6-month mark of trading a new strategy. Before building the plan, you need to become accustomed to the strategy and gain sufficient experience in trading it, taking winning trades, losing trades, breakevens, and figuring out how you perform best. You need a sufficient number of trades under your belt to know what setups you like trading, what you don’t like to trade, and others that you are testing to gather more data on. You also need to find a management system which you have been able to use in real, live market conditions, and feel the emotions of watching a floating profit/loss go up and down. You need to learn how to correctly place a stop loss, feel the pain of setting orders incorrectly and mismanaging positions, and generally feel the rollercoaster of emotions that all new traders go through when they first start trading. In short, you have to pay your dues.

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Rushing to build a Trading Plan when you have insufficient experience and data is the equivalent of trying to build an exercise programme when you have never set foot inside a gym. You may have a rough idea of how the equipment works, but without spending time familiarising yourself with how each machine works for you, finding which exercises target each muscle group best, learning about rest days, nutrition and supplementation, you will effectively be able to go through the motions, but to little avail. There is no need to rush to have a plan. Consider the first period of trading a new strategy as your data collection period and your education on the strategy. Even after you have been trading for years, you will find that you adjust and tweak your plan from time to time as the market conditions evolve and you mature as a trader. A plan is never 100% complete - it is always a working model open to change.

With that being said, once you are ready to build your first Trading Plan, what should go into it? Contrary to popular belief, it is not as complicated as you may anticipate. After spending the first 3-6 months familiarising yourself with the strategy, taking plenty of trades, and recording all of them in your Trading Centre, you should have a large amount of data and examples to utilise. In addition, it is highly likely that you would have developed a more intangible 'preference' for which setups you prefer to take. It is from this assortment of trade examples that you have collected that you will go back through and pick out a handful of setups (no more than 10) that you would happily take again. It is important that you disregard the outcome of the trade in these examples and focus more on the quality of the setup itself. Not all winning trades are necessarily good trades, and likewise, not all losing trades are bad. Aim to find those setups that you would happily take over and over and would be proud to post into Slack to show the community. Ensure you have a good variety of both long and short positions so you don't subconsciously train your eyes to only see one direction in the market.

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Once you have your selection of go-to setups, it is important you also create a Pre-Trade Checklist for the beginning of your Trading Plan. The importance of this checklist cannot be overstated if you want to ensure you are trading in accordance with your plan and steering towards taking predominantly High Probability trades. Some examples of questions you could include in your Pre-Trade Checklist could be as follows:

- *Have I forecasted this position?*
- *Is this one of my go-to setups?*
- *Is this trade Invalid, Valid or High Probability?*
- *Is this trade scalable and sustainable?*
- *Would I take this trade on a £1 million account?*
- *Am I falling into the perfectionist mindset?*
- *Have I calculated 1% risk accurately?*
- *Have I given myself a sufficiently safe stop loss?*
- *Am I being process driven or outcome focused?*
- *Can I move my stop loss to breakeven before the next major inflection point?*
- *Is the overall move supported by the HTFs?*
- *Does this trade offer at least 3:1 risk/reward?*
- *Is this my own analysis or have I copied someone else's?*
- *Have I accepted that this trade could be a loss, regardless of the quality of the setup?*
- *Are the spreads low enough to safely enter the position?*
- *Am I trading directly into Swap Hours?*

Although all of these questions are good to ask, it is suggested you select a maximum of 5 to use in your Pre-Trade Checklist. By having too many, you will find that you have to fulfil too stringent a set of criteria to enter any trades and will end up falling into the trap of the perfectionist mindset. By ensuring you ask yourself these questions before taking any trades, you will approach the markets from a more neutral, pragmatic and

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disciplined place. From our experience, learning the technical aspect of forex trading is the easy part. Mastering the mindset and discipline required to remain emotionally balanced when trading is the hard part. By sticking to a well-constructed Trading Plan, you will be stacking the odds of succeeding in your favour. For more content on how to go about creating a Trading Plan, with images of go-to setups, please refer to the "Building Your Trading Plan" in the Falcon Processes section of your dashboard.

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CONCLUSION

CONGRATULATIONS ON REACHING THE END OF THE OFFICIAL FALCON FX STRATEGY HANDBOOK!

Within these pages, you have the roadmap to successfully take you from complete forex novice to a consistently profitable trader. What happens next is entirely up to you.

It is important to look at your journey of becoming a forex trader as a marathon, not a sprint. The myth of forex being a "get rich quick" is exactly that - a myth. There is definitely money to be made in this industry, but first you must learn to become the asset yourself. The money will come later as a by-product of your skillset. We appreciate that most people begin to learn how to trade due to the money that can be made, however we find that those who chase money from the start seem to take longest to attain it. Build your foundations, become the asset, and the money will be there when you are truly ready for it.

Your greatest ally in this journey will not be the technicals or the strategy, but your mindset and psychology. Within Falcon you have every possible resource available to help you trade at any level of scale you desire - but it is you and only you who can decide whether you will dedicate yourself to this journey or give up at the first sign of resistance. Remember, if forex trading was easy, everyone would do it. Take pride in learning a craft that only a tiny fraction of the global population is able to master. Once you absorb the technical ability and the mindset required to tackle the markets, you will have that skillset embedded within yourself forever.

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It is meant to be hard - nothing worth having comes easily.

We advise you to print out this handbook and to keep a hard copy of it near your workspace. Dip into it from time to time, underline sections which resonate with you, copy the patterns and candlestick formations onto your charts and into your Trading Centre, and really make sure to refer back to it if you find yourself unsure or confused around a particular topic.

Thank you for taking the time to familiarise yourself with the handbook. Thank you for entertaining the possibility that you have the ability to change your life and the lives of those around you for the better partly through the vehicle of trading. Thank you for being an integral part of the Falcon family.

The Falcon FX Team

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