

COPY TRADING

THE ULTIMATE GUIDE
INTO SOCIAL INVESTMENT
NETWORKS

Buy

X



Buy

X



Sell

X



Sell

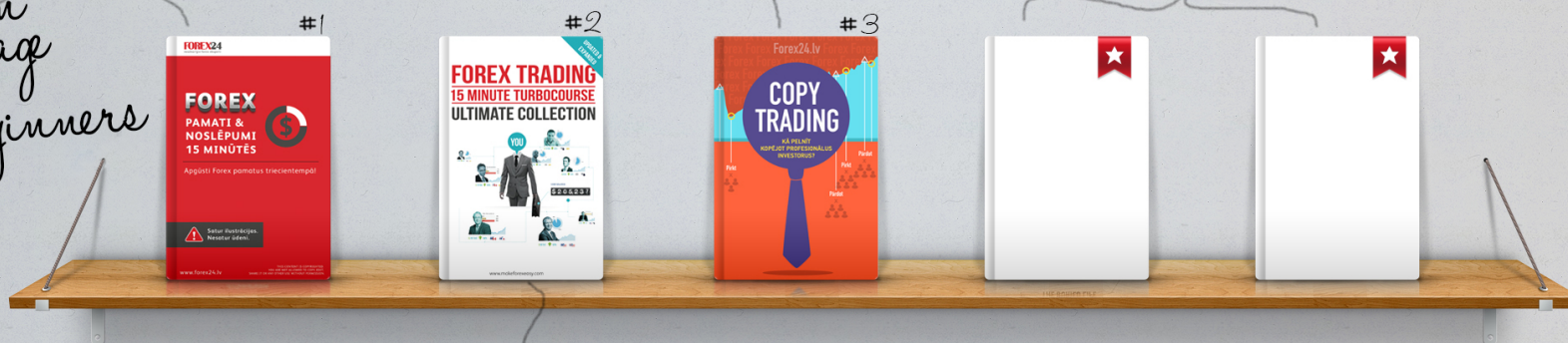
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FOREX24

The foreign exchange e-book shelf

*Latvian
language
for beginners



new!!!

*for advanced traders -
coming soon :)*

*in English and German
for beginners

INTRO

If you have opened this e-book, you must have thought about investing in Forex or Stock markets. Perhaps you have already started to learn the basics but are not yet sure about your potential? Or **you have more questions than answers about the forex market?** You are not sure if you will be able to make any profits? If you answer “Yes” to any of these questions then we can help you. **After reading this e-book you will have the confidence to start trading in the foreign exchange market** and harness the wisdom of the crowd to make smarter investment decisions.

The best thing with the techniques described in this e-book is that you don't need to be an expert to invest like a top performer. This e-book will give you not only an insight into the Social Investment Networks but also provide detailed instructions and tips on how to successfully and more safely copy top performers. The choice of the right traders to follow and copy is crucial and we will guide you through the steps of building your people based portfolio to diversify your investments.

Team Forex24.lv

CHOOSING THE RIGHT SOCIAL TRADING NETWORK

Currently there are half a dozen social trading networks which let you follow and copy traders or their trading signals. It is easy to get confused and hard to choose the best one without an overview. In the table below we compare the options and functions of the 5 most popular ones.

| Social Trading Network | Etoro | Zulu trade | Currense | Ayondo | Tradency |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------|---------------------------------------------|---------------------------------------------------------|
| Supported Brokers | Their own broker | Their own broker + 50 others | ~10 | Their own brokers | ~40 |
| Trading instruments | Currencies, Stocks (Apple, Google, Facebook, etc.), Precious metals, oil and other commodities. | Currencies, Precious metals. | Currencies | Currencies, Commodities, indices and bonds. | Currencies. |
| Minimum investment | \$50 | \$300 | \$1000 | \$100 | \$1000 |
| Trading costs | Only spread (from 3 pips) | Spread + Commission depending on the broker | Spread (depending on the broker) | Only spread (from 2 pips) | Spread + 0..2 pips commission (depending on the broker) |
| Maintenance fees | No | No | 2% from the invested capital + 20% from annual profit | No | No |
| Average spread EUR/USD | 3 pips | 2,5 pips | 2,3 pips | 2 pips | 3 pips |
| Number of experienced traders which can be copied | >10,000 | >10.000 | ~ 20 | >300 | >100 |

| Social Trading Network | Etoro | Zulu trade | Currense | Ayondo | Tradency |
|-------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------|-----------|
| Possibility to view Traders statistics history | Last 100 trades | All | All | All | All |
| View Traders trades | Yes | Yes | No | Yes | Yes |
| Maximum amount of Traders that can be copied | 20 | Unlimited | Unlimited Vs Investment amount | 5 | Unlimited |
| Demo account | Yes | Yes | No | Yes | Yes |
| Mobile applications | Android, iPhone un BlackBerry | iPad, iPhone un Android | nav | nav | nav |
| Support | Telephone, e-mail, online chat | Telephone, e-mail, online chat | Telephone, e-mail, online chat | Telephone, e-mail. | E-mail |
| Forum | Yes | Yes | No | No | No |

At the moment there are two distinctive leaders: eToro and ZuluTrade. Both of them are free of charge and host huge base of users measured in millions. The main differences are that eToro have their own proprietary platform making it a one stop shop, but ZuluTrade acts as a bridge letting traders connect trough different forex brokers. If you have a broker to which you are used to then ZuluTrade can be a good option, but if not then there are some drawbacks – synchronizing trades across multiple brokers inevitably leads to trade execution delays (slippages). The strong side of ZuluTrade is their signal provider filtering system which is more advanced than the one of eToro. ZuluTrade also offers a slightly more detailed and sophisticated trader statistics, but the problem is that most of the signal providers are anonymous whereas eToro has recently launched rules that require the top traders to provide their real names. This is a great step towards more transparency and trust.



Further in this e-book **we will focus on eToro** as it is the most popular one having more than 3 million users across 200 countries.

Still the best way to choose is by seeing yourself and trying the demo accounts - [open eToro demo account here](#) or [ZuluTrade demo account here](#)

YOU DON'T NEED TO BE AN EXPERT TO INVEST LIKE A TOP PERFORMER!

If you are not yet familiar with the “copy trading” you might think that before opening an account and starting trading you necessarily have to master tons of different theory and complex strategies. Learning them of course is always useful, but it takes a lot of time, the time which you could be using on building your trader portfolio and letting them work for you.



By using the Copy Trading **you can start without deep economical know-how and you can do it already today!** After reading this e-book you will be closer to your potential profits.

What is Copy Trading?

With Social Trading you can make experienced traders work for you and teach you. And this knowledge is for free as it is a win-win model both for the copiers and the copied traders / signal providers.

eToro Openbook is used both by beginners and experienced traders who share their strategies. This is very useful for beginners and people who don't want to spend all day in front of complex charts and financial news reports. Social investment networks join thousands and millions of traders in a friendly environment where anyone can tap into the wisdom of crowd. Best strategies are no longer kept secret but shared as the guru traders/signal providers earn commissions by the amount of followers and copiers they have or by the amount of copied deals. Followers can see detailed performance statistics of the seasoned traders; ask them questions, read their discussions and posts.

With a click of a button one can copy individual or all trades of a preferred trader. The positions are opened proportionally, meaning that if the guru trader opens a position of 1000 \$ which constitutes 5% of their account, the copier will also enter with 5% of his smaller account thus greatly minimizing exposure to risk.



Remember that if you do not want to risk with real money in the beginning you can open an eToro demo account [here](#). All the trades happen in real time, but you are using virtual money. This allows you to get familiar with the environment, try out following and copying different traders and also ask them questions.

When you are ready to trade with real money you can start trading with 50\$, but **it is recommended to start with at least \$100 - \$200** as it allows you to open a position of 1 lot with a leverage of 1:100 thus not exposing yourself to bigger risk of higher leverages.

Deposit for example \$200, but you will be able to allocate not more than 20% to a single trader – this is a rule for the security of copiers. Thus you will not put all your eggs in a single basket and will be encouraged to diversify your portfolio. So try to choose traders with different risk appetites and different trading currencies, stocks or commodities.

eToro openbook allows you to see all the top performing traders, go through their trades, portfolios and statistics.

How does the trader copying work?

Once you have Copied a Trader, click the Trading button in the top menu. Once the trader you've copied opens a new trade, you'll see it instantly in your account!



And the best part is that the trades will be opened in the same proportional amount! Your trade will be copied as an exact proportion of how much of a percentage of the trader's account was staked. There is no minimum lot or unit size as fractional units are especially enabled for the purpose of CopyTrader.

Unlike typical signaling systems where trades are always executed at pre-defined amounts, eToro lets you choose the proportions. Therefore your actions will mimic not only the trading activity but the proportions of each and every trade as part of a portfolio.

Don't be surprised to find trades opened for small or unrounded amounts. CopyTrader is simply proportionally replicating the activity of the Copied investor.

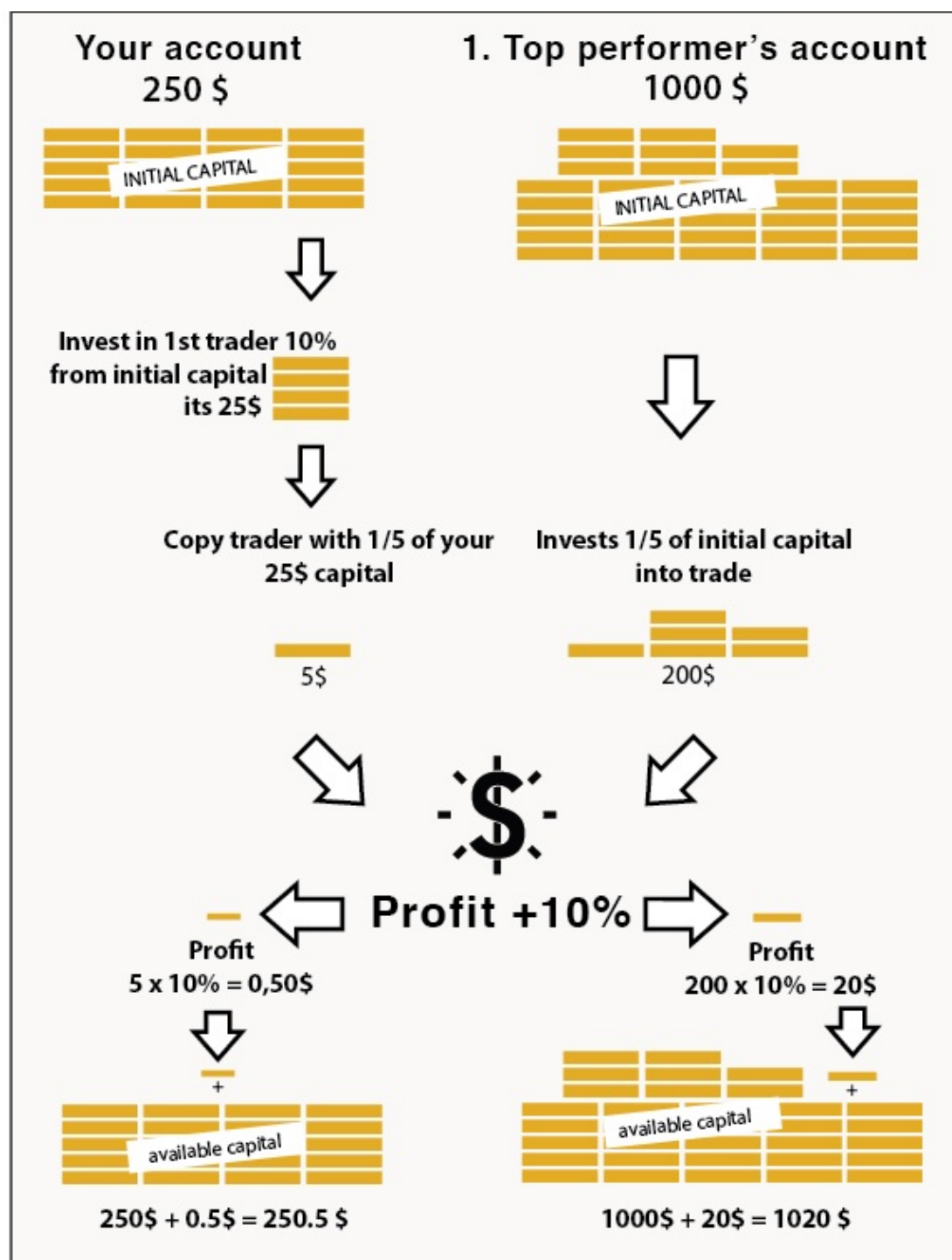
eToro also has a new risk management feature called Copy Stop Loss (CSL) which is essentially an automated risk control system that will allow you to set controls for the entire copy relationship, as a dollar value. So if a trade goes bad the CSL will trigger and terminate that copy relationship.

Ready to give it a try? Press [here](#)

To better understand the system lets look at an illustrated example:

Your deposited capital is \$250 and you have found a trader who you want to copy. You choose to copy him with 10% of your capital which is 25\$. So if your copied trader with an account of \$1000 opens a position with \$200 (**20% of their capital**) then your stake in this **will be 20% of your capital** (20% of 25\$) = 5\$. If the trade is successful and the trader earns +10% (200\$ x 10%=20\$) you will also earn 10% (5\$ x 10% = 0.50\$).

Losses also work in the same proportional manner - if the copied trader loses 10% of the trade, you also lose 10% of your trade.



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10 Tips how to find the Best Traders in Etoro Openbook

Etoro openbook is a Social investment network with more than 3 million users, so how to find the best traders to follow and copy? The TOP 100 ranking is not always a secure option and there are nuances you have to know to find a truly successful and trustworthy trader. Not all top ranked traders are completely safe just because they have big number of followers. Some of them have found ways to boost their ratings with questionable actions. So here are 10 rules to filter out the best and safest traders to copy.



1. Be careful with numbers that look too good, especially with the TOP 10 traders

The TOP100 rankings list in the platform does not always guarantee 100% safety in finding secure traders and there are nuances you must know to find a trustful trader. A big follower amount is also not a sure sign of quality as there are traders who find a way to artificially improve their statistics. Also a high gain rate by itself is not an indicator of longterm success, and you should also check the “Profitable weeks” indicator which shows how the trader is doing in longer term.

“Profitable weeks” indicator which shows how the trader is doing in longer term.

Best traders can be found here

| User | Copiers | Weekly Drawdown | Daily Turnover | Profitable Weeks | Gain |
|------------------------------------------------|---------|-----------------|----------------|------------------|-------|
| 4exPirate <small>about 16 hours ago</small> | 198 | 1.1% | 10.4% | 92.3% | 75.3% |
| Schnee67 <small>about an hour ago</small> | 0 | 0.4% | 0.7% | 84.0% | 1.82% |
| gioia3 <small>about 7 hours ago</small> | 4 | 7.8% | 4.7% | 81.8% | 32.1% |
| waldinius | 0 | 0.5% | 0.8% | 80.0% | 1.99% |

The higher the Profitable week percent the more sustainable have the traders profits been.

Keep in mind that good traders can be found also outside the TOP100 list.

The screenshot shows the eToro 'People' page. The 'Popular Searches' sidebar on the left is circled in red. The main table lists traders with the following data:

| Rank | Trader Name | Drawdown | Turnover | Weeks | Profitable Week % |
|------|----------------|----------|----------|--------|-------------------|
| 1 | AlvinDeCruz | 0 | 10.5% | 100.0% | 5.59% |
| 2 | Givezaa | 1 | 14.3% | 85.7% | 11.4% |
| 3 | conormil | 0 | 6.5% | 58.3% | 4.97% |
| 4 | PeterBroadbent | 0 | 1.6% | 55.6% | 9.40% |
| 5 | pdegerin | 1 | 3.8% | 50.0% | 2.37% |
| 6 | Hugo112083 | 0 | 7.4% | 50.0% | 7.98% |
| 7 | tummaiwaa | 0 | 9.2% | 50.0% | 15.0% |

In the section "People" you can filter the traders list with advanced filtering to suit your risk appetite and style.

2. **Watch out from Scaled out trades!** Some traders don't close their losing trades as they would damage the profit statistics. So they simply expand the Stop Loss. You can look for this in their Portfolio tab – there is a small date under the positions – if there are several losing positions with old dates that are still open with large Stops – it's not a good sign.

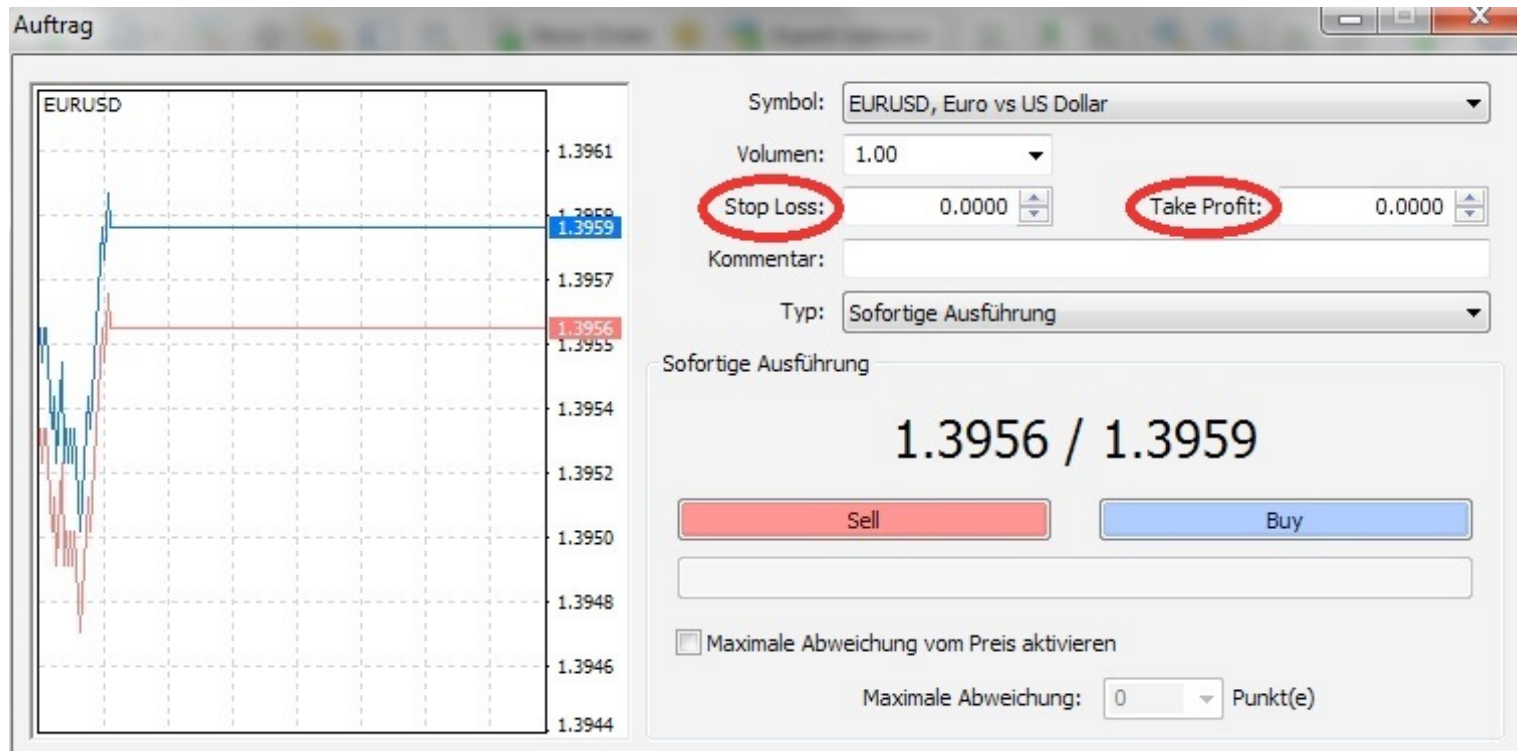
The screenshot shows a trader's 'Open Trades' portfolio. The 'Open Trades' tab is circled in red. The table shows the following trades:

| Action | Copied from | Open | Gain |
|--------------|-------------|--------|---------|
| SELL AUD/USD | | 0.9895 | -65.01% |
| SELL AUD/USD | | 0.9725 | -73.59% |
| SELL AUD/USD | | 0.9638 | -76.54% |
| SELL AUD/USD | | 0.9635 | -76.63% |
| BUY AUD/USD | | 1.0825 | -79.73% |

A red circle highlights the 'Open Trades' tab and the trade details. A red arrow points to the 'Open Trades' tab with the text: "Seni darījumi ar augstu "Stop loss" rādītāju".

Ready to give it a try? Press [here](#)

3. **Keep away from traders who do not use Stop Loss at all!** This might be an indicator that they have forgotten the basic principles of risk control.



4. **Avoid “young accounts”** – if you want your investments to be safe you should copy experienced traders (Optimal is at least 1 year experience). There are traders in the top with good results but who have very little experience signaling that their success might just be temporary luck.



5. **Look for traders who actively participate in discussions**, give feedback and inform about their strategies, results and also comment on the losses if such occur. Make sure to use this opportunity and do communicate with your favorite traders – **they can teach you a lot!**












Here you can see that this trader is moderately active in discussions, with 5 conversations. If there are no conversations it is not a good sign. Discussions you can find under Overview:

6. **Set your Stop Loss level.** Unless you are familiar with and sure about the trader – set your own Stop Loss'es to prevent stepping on scaled out trades.

| Action | Amount | Units | Open | Current | Stop loss | Take profit | Net profit | Gain (%) |
|--------------|----------|--------|--------|---------|-----------|-------------|------------|----------|
| SELL USD/CHF | \$100.80 | 10,000 | 0.9921 | 0.9923 | 1.0021 | 0.9872 | -2.02 | -2.00% |
| SELL USD/CAD | \$200 | 20,000 | 1.0164 | 1.0168 | 1.0265 | 1.0063 | -7.86 | -3.93% |

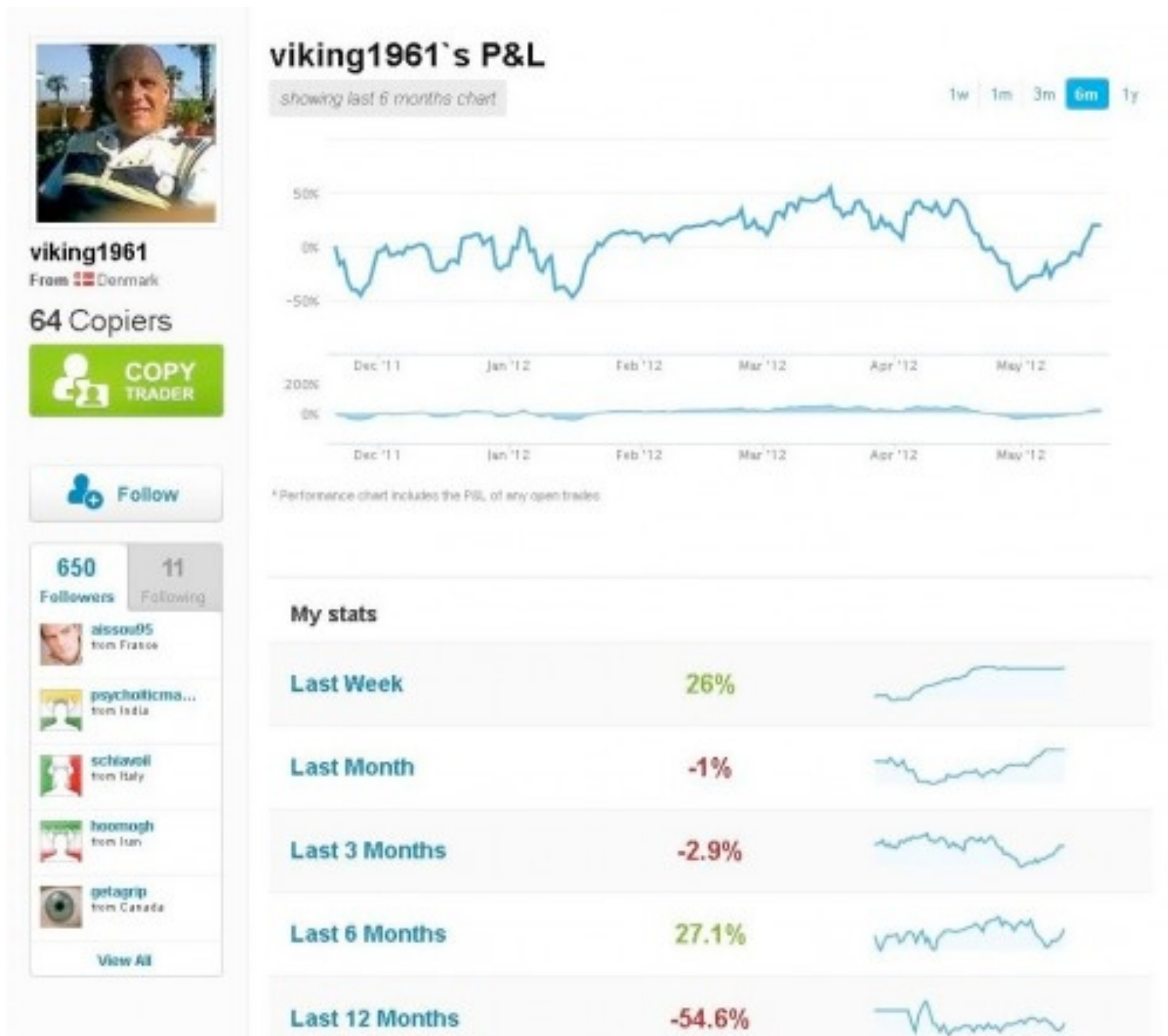
“Stop Loss” and “Take profit” can be set in your profile under “Open trades”.

6. Look for consequence and stable growth without sharp drops - Compare the gains charts
 Observe the profit and loss lines – the smaller the gaps, the better. The gains should be steady – it means that the trader sees the big picture and understands both fundamental and technical analysis

| User | Copiers | Weekly Drawdown | Daily Turnover | Profitable Weeks | Gain  |
|-----------------------------------------------------------------------------------------------------------|---------|-----------------|----------------|------------------|---------------------------------------------------------------------------------------------|
|  about a month ago | 1 | 16.2% | 3.8% | 50.0% | 2.37%  |
| Steady gains and small gaps = more stability | | | | | |
|  about 7 hours ago | 1 | 0.6% | 14.3% | 85.7% | 11.4%  |
|  about 13 hours ago | 0 | 7.5% | 7.4% | 50.0% | 7.98%  |
|  about 13 hours ago | 0 | 6.0% | 6.5% | 58.3% | 4.97%  |
| Sharp movements = unstable trader | | | | | |
|  6 days ago | 0 | 4.0% | 4.4% | 41.7% | 7.22%  |

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 ANDREYBBRY@GMAIL.COM SKYPE: ANDREYBBRY

7. **Look for steady gains in individual trader's charts!** The smaller the volatility of the line the better as it shows that the trader is stable consequent in his approach



As we can see the gains of this trader are not very steady over the previous year. He has been successful during the last year but in a year's perspective he has lost 54.6%. Of course fluctuations are normal aspect and there are no traders who can constantly keep winning.

8. **Switch the time frame of statistics!** By default the time is set to 6 months. But before deciding on copying make sure to check the situation also on 12 months period.

The screenshot shows the eToro website interface. At the top, there is a navigation bar with 'Rankings', 'Markets', 'WebTrader', and 'More'. Below this is a search bar and a 'Fund Your Account' button. The main content area is titled 'Last 3 Months Rankings' and includes a dropdown menu for the time frame, which is currently set to 'Last 3 Months' and is circled in red. Below the title is a table of trader rankings with columns for Copiers, Max Drawdown, Average Exposure, Profitable Weeks, and Gain. The table lists several traders with their respective statistics and small line charts showing their performance trends.

| | | Copiers | Max Drawdown | Average Exposure | Profitable Weeks | Gain |
|---|--------------------------------------------|---------|--------------|------------------|------------------|--------|
| 1 | Malso about 14 hours ago | ↑ 4651 | 9.3% | 8.7% | 66.7% | 12.2% |
| 2 | santoshtiwari about 21 hours ago | ↑ 3620 | 18.6% | 13.0% | 83.3% | 41.9% |
| 3 | babczyk | ↑ 2181 | 8.8% | 5.1% | 50.0% | 5.1% |
| 4 | mfmfuzz about 21 hours ago | ↑ 1989 | 17.3% | 31.5% | 66.7% | 182.5% |
| 5 | NMarijus a day ago | ↑ 1387 | 17.4% | 8.0% | 66.7% | 22.1% |
| 6 | caraj51 about 22 hours ago | ↑ 1185 | 29.8% | 16.0% | 75.0% | 103.5% |
| 7 | Hschinner | | | | | |

9. **Risk management.** Every trader has a different approach and risk tolerance. Often the high gain indicators come in hand with high risk strategies which are used to open many short term positions which might not be suitable for all copiers.

How to know if the trader has a good risk management?'

Julio Rus Fernandez
People > Malsolo

Malsolo
Julio Rus Fernandez
Spain

0 Followers
0 Copiers

Key Statistics
View full stats

| | |
|---------------------|--------|
| Gain | 0.31% |
| Profitable Weeks | 66.67% |
| Max Weekly Drawdown | -0.75% |
| Low Risk Trades | 100% |

Time period of all data: Last 30 days
Updated as of 03/28/2013 12:00 GMT

Who to follow
Showing the top ranked users

- roby26 (0 Followers) Follow
- dmihaylov (0 Followers) Follow
- rohaann42 (0 Followers) Follow

View All

Refer Friends
Get \$100

Live Feed Show: All Trades Discussions

Write your ideas (use \$ before market ticker, e.g. SEURUSD, \$AAPL, \$GOLD etc.)

Share pages using "OpenBook It!"

Poor-Kid share your views my friend for every one to see etoro.tw/1GjERmH
40 minutes ago from Egypt

Malsolo Bought USD/CHF @0.9511
about 6 hours ago from Spain

Malsolo Sold EUR/GBP @0.8460
about 7 hours ago from Spain

Badges **NEW!**
10000 copiers

Bio (highlighted in red):
Hola compañeros, mi nombre es Julio y soy trader a tiempo parcial desde hace 4 años. Estudio el precio con analisis tecnico y fundamental al 50%. Uso poco apalancamiento, me agradan los patrones de velas japonesas y el price action. Un saludo.

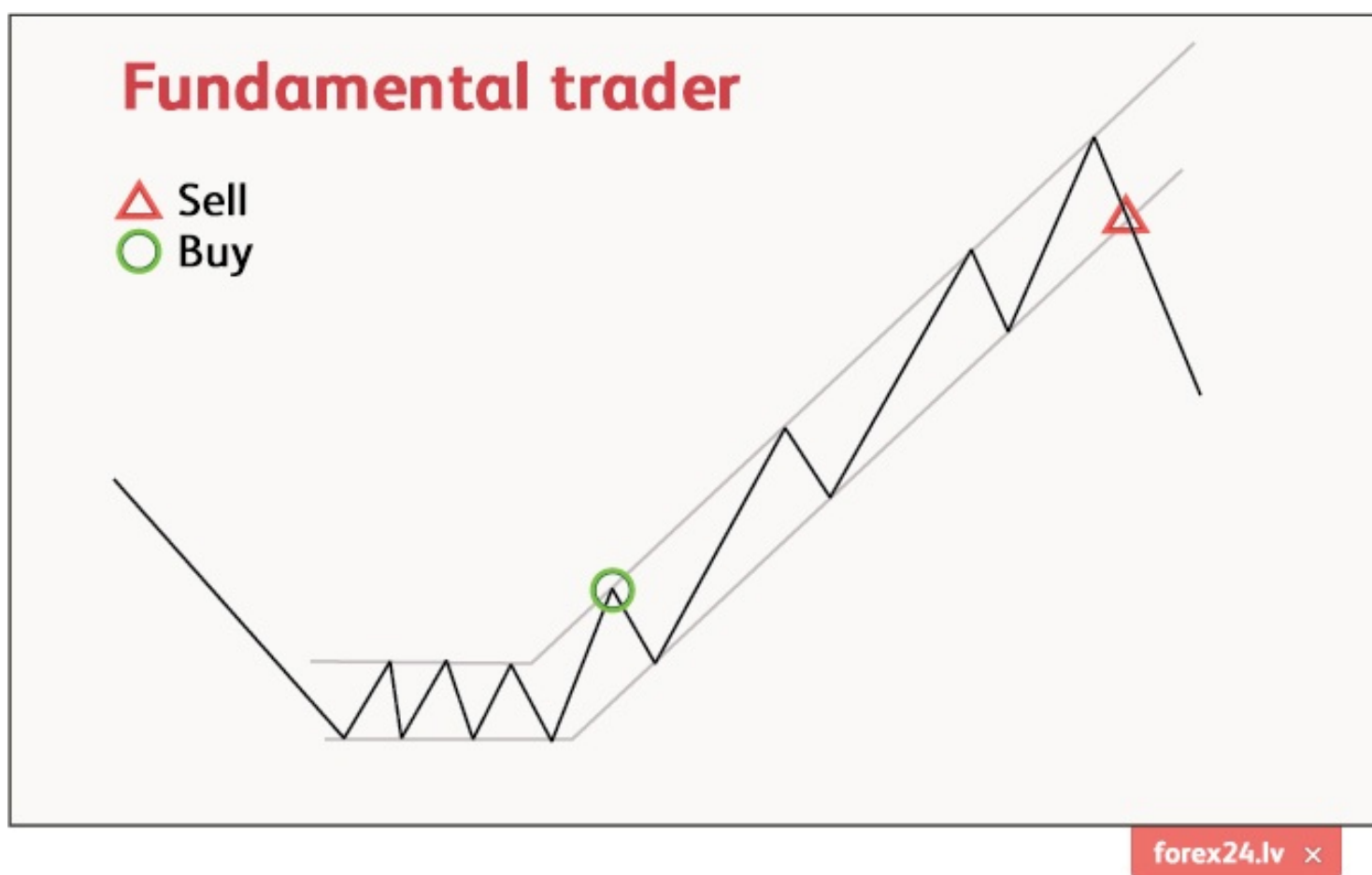
Hello mates, my name is Julio and I am part-time trader for 4 years. Study the price with technical and fundamental analysis to 50%. Use little leverage, I like candlestick patterns and price action. A greeting.

The best traders describe their style and risk appetite in their profiles. You can also see his past and open trades under Portfolio > Open trades, where you should watch out from old open losing trades with far stop losses. Besides that you can read the conversations on the traders wall where normally his copiers have asked different questions regarding tactics etc.

Which trading style is suitable for you and how to minimize risk?

Most traders consider themselves members of one of two major categories: **technical traders** and **fundamental traders**. Experienced traders think of the technical and fundamental aspects of forex as intertwined. In other words, what you see on the chart (technical) didn't just appear by chance—it is there for a reason (fundamental). One type of analysis without another gives limited perspective and opens windows for unforeseen risks. So one of the goals when looking for a trader is to find one who takes both these analyses into account.

Fundamental traders use fundamental analysis, which we can loosely describe as the study of economics (especially interest rates) to trade the Forex market. They believe that currencies will eventually become stronger or weaker in response to their underlying economic strength or weakness, and due to changes in interest rates and monetary policy.



In the chart we can see a common situation when a fundamentalist does not take the maximum profit out of a trade. He had difficulties foreseeing the best time for closing the trade and closed it when it was not on the highest point. That's where technical analysis can help as it can predict the price movement patterns even in small timeframes.

THE END

We hope this e-book gave you some new insights and understanding about the forex trading and Social Investment Networks.

Thanks and good luck in trading.

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