Where 3 contracts are mentioned and you trade in stocks, a contract should represent 1/3 of your prospective investment. Example: you want to buy 400 shares of XYZ Corporation. You'll trade in increments of 133 shares.

Money Management by Walter Bressert

- All three contracts can be entered all at once, or incrementally, but they MUST be entered before the market takes off on the upside.

- **Contract No. 1: The Money Contract**

1. The first contract, called the Money Contract, is the most important.
2. Profits on the money contract should be taken as quickly as possible. Sell the Money Contract after a 3 wave count.
3. When the money contract (#1) is liquidated, your risk is lowered, you have profits and your break-even point has been lowered.

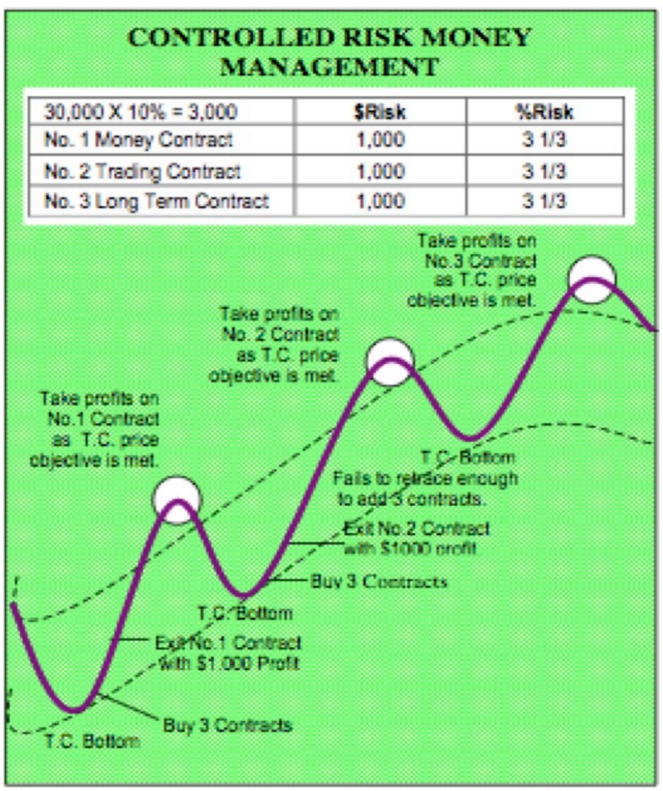
- **Contract No. 2: The Short-Term Profit Objective Contract**

1. The Short-Term Contract is designed to take profits within several weeks to a couple of months. Trading can be at the crest/trough of a trading cycle or a preset objective. Liquidate the contract as prices approach your price objective (wave count termination) or move stops closer and let the market take you out. This is easiest and involves little or no emotion.

- **Contract No. 3: The Long-Term Profit Objective Contract**

1. The purpose of the Long-Term Contract is to keep you in the market for the BIG moves. Assuming you have liquidated your other two contracts at a profit this will give you breathing room during any normal corrective phase. The purpose of the Long- Term Contract is to comfortably ride with the market until your long-term price objective is reached. This contract is the backbone of your investment.

2. **IMPORTANT** - As the initial correction is ending, three more contracts are bought for a total of four contracts. You now have two Long-Term Contracts, one Money Contract and one Short-Term Profit Objective Contract.
3. With the purchase of 3 new contracts, you repeat the same scenario outlined above. Liquidate the Money Contract and the Short-Term Profit Objective Contract as they meet your short term objectives (wave counts). The two Long-Term Contracts are held until the long-term objective is met, or the trend is no longer intact.
4. You keep repeating this scenario until the bull/bear market is finished or a major correction is anticipated.
5. If you fail to purchase 3 new contracts as a correction ends, you will have your Long-Term Contracts and can still participate on a primary direction move.
6. Should the market fail to reach your long-term price objective, fail-safe stops will liquidate your long term position. Assuming all goes well, the remaining Long-Term Contracts can be liquidated at different price levels as the long-term objective is met.



30,000 X 10% = 3,000	$Risk	%Risk
No. 1 Money Contract	1,000	3 1/3
No. 2 Trading Contract	1,000	3 1/3
No. 3 Long Term Contract	1,000	3 1/3