

Jack Schwager's Guide to  
Winning *with* Automated  
Trading Systems

Course Manual

Jack Schwager

***An Overview of  
Trading Systems -  
And Why You Should  
Use Them***

***The Most Important Lesson  
of the Market Wizards***

# ***Benefits of a Mechanical Trading System***

Six basic advantages of trading systems:

- Eliminates emotion
- Eliminates need for constant decision making
- Ensures consistency of approach
- Risk control
- Same approach can be applied to many markets
- Approach can be tested for statistical reliability

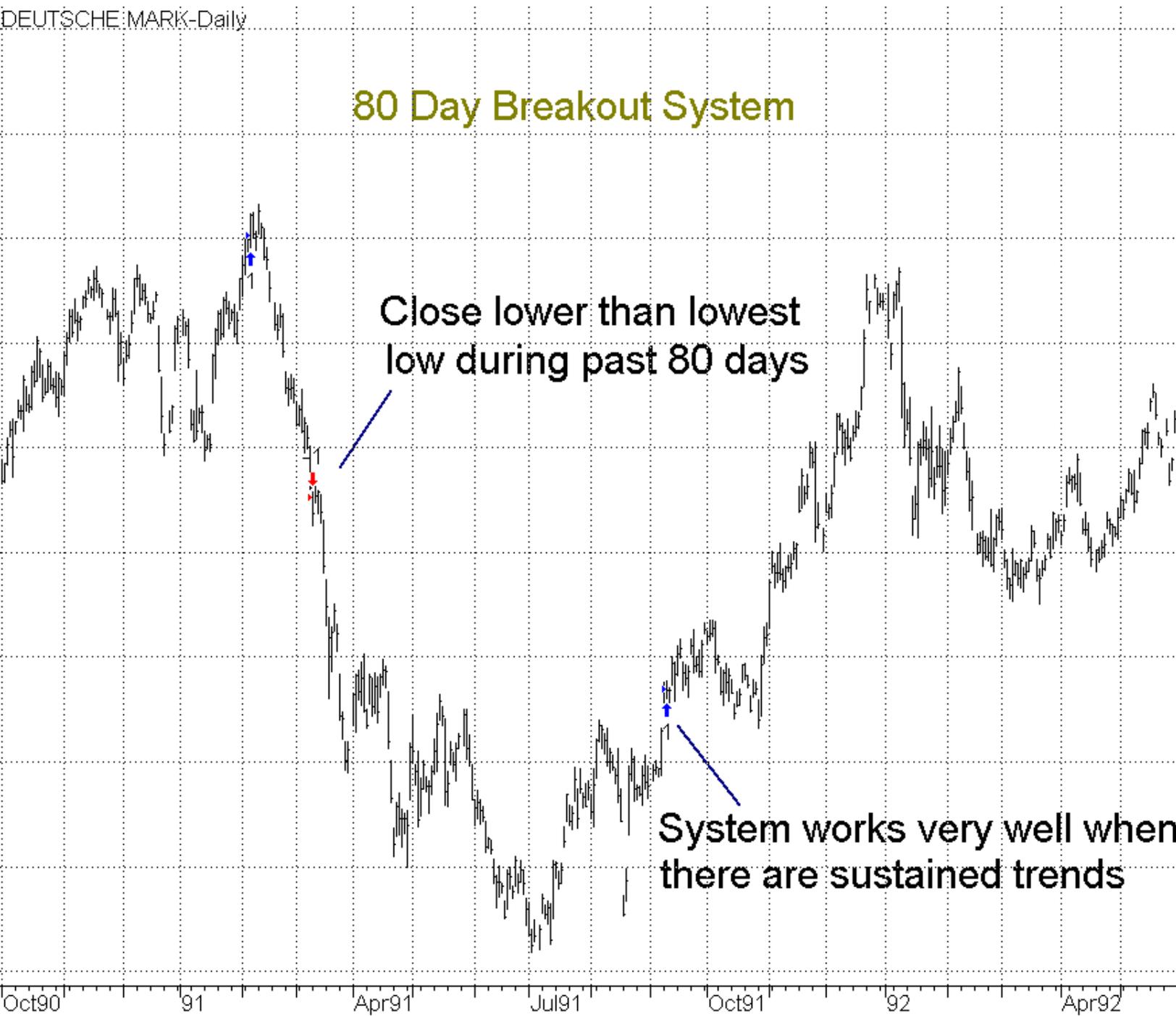
***Defining and  
Illustrating the  
Leading Types of  
Trading Systems***

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## 80 Day Breakout System

Close lower than lowest low during past 80 days

System works very well when there are sustained trends



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**By definition, a trend-following system  
always surrender a significant portion  
profits before a reversal signal is rece**

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Trend-following systems will witness strings of whipsaw I  
during choppy, trading range type markets

