So, who are the real winners at this game? Who are the "real" All Stars? And, how do you properly measure your own performance to reach real greatness in the markets? I'm going to let Monroe Trout answer this for us. Who is Monroe Trout? Monroe is a retired hedge fund manager. He retired near his 40th birthday. He retired with a net worth supposedly well north of 100 million dollars. And he did it by putting together over a decade of huge results. Huge results are good, but they usually come with great risk. Not Monroe's fund. It was always ranked amongst the top for taking the minimal amount of risk on a monthly basis. He did it with technical analysis. His expertise was pattern recognition backed by statistical analysis. His approach was structured, focused and disciplined. Unlike the mutual fund "All Stars," he made money in both rising markets and declining markets. He made thousands upon thousands of very small "trades" that had statistical edges. And, by using exit strategies that were optimized to lock in these edges, he made himself, and more importantly his investors, very wealthy.

Monroe was featured in the book New Market Wizards, published in the '90s. He was quoted as saying **"I sincerely believe that the person who has the best daily Sharpe ratio at the end of the year is the best trader."** What is a Sharpe ratio? It's a statistical measurement that combines performance with risk. The higher the ratio the better. And trust me, last year's "All Stars' " Sharpe ratio was (be nice now) not very good. Trout's ratio was amongst the best year after year. Why? As he further states, the two top reasons for this is "we do good research so we have an edge, and we have a rational approach to money management." Not rocket science here. But trading methods that have a statistical edge, combined with superior, disciplined, structured exit strategies/ proper risk control, made this man amongst the wealthiest in the country and has created wealth for him and his family that will likely last for generations to come.

Look at what this man has accomplished using "statistically proven" entry patterns combined with great exit strategies. And now compare this to the "All Stars" who are in the newspapers sticking out their chests because they only lost 8-25% last year. The real winners in this game are the ones who put in the performance year after year and do it while minimizing risk. Just like Monroe Trout did.

Look at your own trading and compare it to Monroe's. You must be trading multiple strategies (or multiple variations of one or two strategies) that have a statistical edge. And then, you must be locking in that edge. **And finally, you must have the ability to put together a proper portfolio that minimizes both intra-day risk along with overnight risk.** Monroe Trout was able to do it. He supposedly lived and breathed the markets for over a decade and the reward was his success. Not success that let him wear a suit in USA Today after losing people's money. Real success that allowed him to grow his money and his investors money year after year. He did it by not only focusing on returns, he did it by focusing on "daily risk." **By controlling the risk, he controlled the returns.** A lesson we can and should all learn from.