COMPLETE TRADER'S EDGE · RESEARCH SHEET

Kristjan Kullamägi

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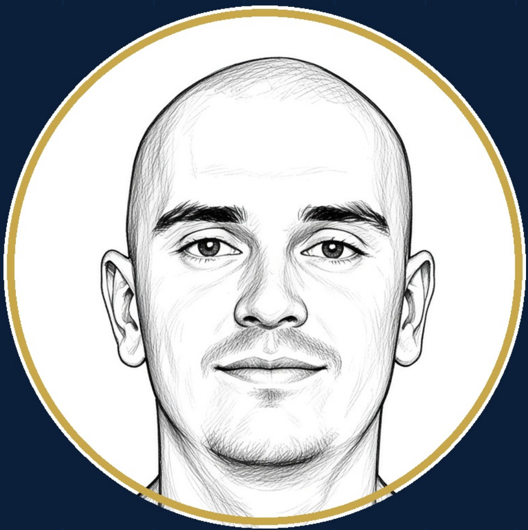


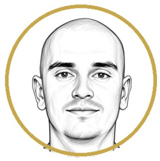
The $105 million that lasted a few days: the three setups, the risk architecture, and the rule he stopped following.

COMPANION TO

Market Wizards: The Next Generation

Jack Schwager & George Coyle, 2026 · Chapter 1
"From Living to Trade to Trading to Live"

Six pages. Facts and original analysis drawn from the published record.
This sheet is a companion to the chapter, not a substitute for it.



The record, and the shape of the curve

Every figure below is as reported in Chapter 1. Complete Trader's Edge has not audited the underlying account statements. The curve matters more than the peak: the steepest part of the ascent and the start of the collapse are about one month apart.

When	Account	What was happening
Summer 2010	—	Security guard shift, Nasdaq Stockholm building
Spring 2011	~$5,000	First live account, funded by security shifts
2011–2013	Three blow-ups	2 months, then 5 months, then almost a year
2013 onwards	Profitable	Fourth attempt, after roughly two years
January 2020	$3.5 million	Nine straight profitable years behind him
December 2020	$36 million	A gain close to 1,000% in one year
November 2021	$105 million	Last leg $65m to $105m in about six weeks
Mid-2022	~$45 million	Approximately $60 million lost from the peak
2023–2024	Profitable, modera	His own grade for 2024: D-minus

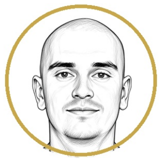
Why the 25% win rate is the wrong statistic

He estimates 25% to 30% of his trades win, and only calculated it because followers kept asking. Schwager's position is that the win rate alone is meaningless; what matters is expected gain per trade. Below is our own arithmetic at a 27% win rate with the loss capped at 1R by a stop at the low of the day.

Average winner	Expectancy per trade	Verdict
2.0R	-0.19R	Loses money
2.7R	0.00R	Breakeven
3.0R	+0.08R	Marginal
4.0R	+0.35R	Works
6.0R	+0.89R	Compounds hard
10.0R	+1.97R	The outlier years

The consequence

Below roughly 2.7R the method is a slow bleed. That single number explains two rules that otherwise look arbitrary: the stop must sit at the low of the day so losses stay small and uniform, and winners must be trailed on a moving average rather than sold into the first burst of strength, because selling early drags the average winner towards the breakeven line.



The three setups, as he defines them

He credits every concept to other traders and says he has never had an original trading insight. The episodic pivot and the breakout both come from Pradeep Bonde of Stockbee. He deliberately refuses to add a fourth setup.

1 The episodic pivot · his main strategy now

TRIGGER

A stock gaps sharply higher on surging volume in response to significant news. All three ingredients must be present: a major news item, a big gap up, and a huge increase in volume. If the volume explosion is absent he is not interested.

SCAN

Daily: stocks up at least 10% on high volume. Around 99% are discarded. Best sectors are technology, biotech and small caps. The ideal candidate is a neglected stock, sideways for months or years, suddenly trading 10x average daily volume.

ENTRY AND STOP

Above the high of the first 5-minute bar if opening volume is heavy enough; above the first 1-hour bar if he needs more confirmation. He always buys into strength. Stop at the low of the day.

CHAPTER EXAMPLES

Tempus AI, January 2025, AI healthcare app announcement, 10x average volume out of the gate, more than doubled in the following weeks. Peloton, August 2024, a beaten-down highflyer on a bullish earnings report.

2 The breakout · Bonde's momentum burst

TRIGGER

A leading stock in an uptrend forms a stair-step pattern: a leg up, a sideways consolidation, another leg up. He buys the break of the consolidation. Consolidations are usually one to three weeks.

UNIVERSE

The 1% to 2% of stocks with the largest upward moves over the past one, three and six months. Not turnarounds, not bargains.

ENTRY AND HOLD

Above the opening range, or above the high of the first 5, 30 or 60-minute bar. A longer interval means a worse entry price but a lower chance of a false breakout. Holding period three to five days, longer on the trailed portion.

HONEST NOTE

False breakouts are common and the success rate is well below 50%. It works only because the winners are far

3 The parabolic short · short only, never two-way

A+ SETUP

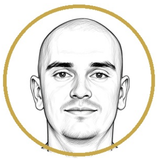
The stock is up three or four days in a row for a total gain of at least 300%, typically a small-cap pump-and-dump. NEVER day one, whatever the size of the move. Rarely day two. Usually the third or fourth day.

TRIGGER AND STOP

A sign of weakness: the opening range low breaking, or a break below a 5-minute bar if the stock is still climbing. Stop at the high of the day.

HIS OWN WARNING

Frustrating, several losses before you nail it, and capable of hurting you mentally and financially. He does far less of it now than in his early profitable years.



The risk architecture

The setups are published. The risk rules are where the engineering is, and there are only four of them. This is the section a small account should copy first.

1. **Risk 0.5% or less per trade, 1% maximum**
   Not a range he drifts inside. The 1% figure is a ceiling touched on some trades, not a normal setting.

2. **Stop at the low of the day on longs, high of the day on shorts**
   Always inside the day's range. This is what prevents any single trade producing a large loss.

3. **If the low of the day is further away than one average daily true range, skip the trade**
   He will not widen the stop and he will not tighten it. The trade is simply not taken. This is a trade FILTER, not a stop-placement rule, and it is the single most transferable thing in his method.

4. **Partial profit in days three to five, stop to breakeven, then trail on the 10 or 20-day MA**
   Exit on the first close below the chosen moving average. Which of the two depends on how extended the stock is.

Leverage and daily limits

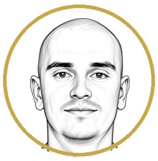
When conditions are good he uses margin at least half the time, but never moves from all cash to fully margined in one step; the transition takes weeks or months. He has no hard daily loss limit. If a day is going badly he gets fed up and leaves the computer, which he admits is a feeling rather than a rule.

The market regime filter

Two of the three setups need a rising market: four out of five stocks move with the index, so breakouts and episodic pivots taken in a downtrend get stopped out repeatedly. Only the parabolic short is indifferent to direction.

The rule itself

10-day moving average above the 20-day and both rising = uptrend, long setups allowed. 10-day crossing below the 20-day = caution. His own assessment: it keeps him out of bad markets about 80% of the time and in good markets about 80% of the time.



The 2022 collapse, in sequence

The most valuable material in the chapter. The method did not fail. He stopped following it, and it took nine months before he fully registered what he was doing.

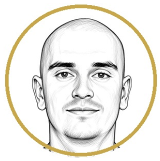
2020 **$3.5m to $36m**	Covid produced conditions the method is built for. Mask makers APT and LAKE gave episodic pivots in late February, then parabolic shorts the following week. Vaccine names long, Tesla long. All three setups fired repeatedly.
2021 **$36m to $105m**	The last $40 million arrived in roughly six weeks. He describes feeling completely detached from reality, certain he would reach $200 million within six months, seeing trading as a video game he kept winning.
NOV 2021 **$150m long exposure**	Leveraged long against a $105 million account, a number he remembers because he remembers bragging about it to a friend.
DEC 2021 **The indicator turned. He ignored it.**	He came into December aggressive and stayed aggressive through a downtrending 2022, taking exactly the setups his own rule says not to take in that environment. He knew it at the time.
MID-2022 **~$60m lost from the peak**	About half was the surrender of open profits as November positions ran back to their stops. The rest was an accumulation of small and mid-size losses. No single catastrophic trade.
HIS OWN COUNTERFACTUAL **90%**	Had he simply followed his 10-day and 20-day moving average rule, he estimates he would have avoided 90% of those losses.

The pattern Schwager flags

Kullamägi's worst trading period followed his best trading period, and Schwager says this is not a coincidence. It recurs across multiple Market Wizards interviews. Marty Schwartz reduces size after unusually strong profits for the same reason he reduces it after bad losses. Two mechanisms: winning streaks breed complacency, and a period in which everything is working is by definition a period of unusually high exposure, because nothing has been stopped out.

What he changed

If he is heavily long and the market starts stalling, particularly if the 10-day moving average turns down, he now sizes down and comes off margin rather than waiting for the stops to do it for him. He also knows his big drawdowns arrive after especially good runs.



The pre-trade test · printable

Seven questions drawn from how he describes his own process. Run them before capital goes anywhere. Question seven is the one his record argues for most strongly, and it is the opposite of what most traders do after a winning streak.

- [ ] 1 Is the general market in an uptrend by the 10-day and 20-day rule? If not, no long setups today.
- [ ] 2 Is this stock in the top 1% to 2% of movers over one, three and six months, or is it gapping on real news with a volume explosion?
- [ ] 3 Where is the low of the day, and is it further away than one average daily true range? If yes, skip the trade.
- [ ] 4 What is the risk in currency terms, and is it 0.5% or less of the account?
- [ ] 5 Have I personally verified this setup across hundreds of historical examples, or am I borrowing someone else's conviction?
- [ ] 6 Am I taking this because it meets my conditions, or because I have not had a trade in a while?
- [ ] 7 Am I coming off an unusually good run, and should I therefore be smaller rather than larger?

Four things that transfer, and one that does not

Transfers: the average daily true range filter, the market regime rule, verifying a setup yourself across hundreds of examples before trading it, and the monthly review of a screenshot database. Does not transfer: the results. He put in 60 to 80 hours a week for a decade, has a tolerance for extreme volatility he acknowledges is unusual, and traded a regime that rewarded high-beta momentum. His own first piece of advice to aspiring traders is not to do it.

One caveat on the screenshot database

He saves only the setups that worked, deliberately. That is defensible for pattern recognition and poor for a trading journal, where the losers carry most of the information. Keep both.

Source: Jack Schwager and George Coyle, Market Wizards: The Next Generation (Harriman House, 2026), Chapter 1.
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