

S P E C I A L R E P O R T

# HOW MUCH IS YOUR SELF-TALK COSTING YOU?



**Someone is listening - and it's YOU!**

A Special Report by best-selling  
author Louise Bedford

## HOW MUCH IS YOUR SELF-TALK COSTING YOU?



Congratulations on receiving this Special Report entitled – **How much is your self-talk costing you?** **Michael Berman**, has already shared some valuable ideas with you about the importance of mindset and being a success.

This report will complement these ideas and leave you with specific strategies that you can implement right now to improve your wealth mindset.

Michael and I are definite that this report will help you find that one thing that might be amiss in your life. These subconscious impulses could be sabotaging your results as a trader, and as an investor. You see, the way we approach one thing is the way we approach everything. If you can get your mindset to become a 'wealth mindset', you'll attract wealth in all areas of your life.



I'm **Louise Bedford** - a trader, as well as best-selling author of 4 books on the sharemarket.

You're now in a unique position. You can either read the report, absorb the mindset secrets that will push your trading to the next level

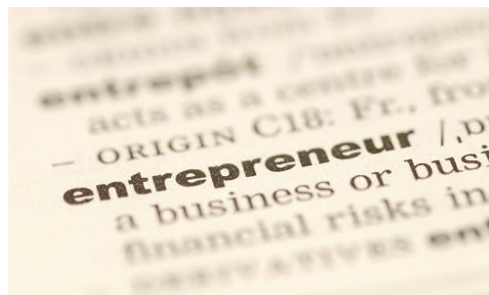
... or you can ignore it.

It's your choice.

However, I know that you have a trader's blood pumping through your veins. If you truly want to pull your finger out and achieve the results you deserve... read every word.

Contained in the information that I publically before with our inner our Mentor experience the

Mentorees, before you even get into the Mentor Program.



next few pages is have never released I've only ever shared this circle of elite traders from Program. I want you to principles that I teach our

The Mentor Program is the most hard-hitting trading education on the planet, crammed into 6 thought-provoking months. It will provide you with the ability to turn your trading around, and give you everything you need to be a superb trader, across every time frame, and with every instrument. Now you have a chance to gain an insight into how these traders think, act, and behave. Trading is the quintessential small business. What it takes to succeed in the markets is what it takes to succeed as a trader.

## HOW MUCH IS YOUR SELF-TALK COSTING YOU?

By reading this Special Report, cover to cover, you'll be one step closer to attaining the mindset you need to increase your wealth mindset.

### Is your business out to 'get you'?

To some of my traders, often it can seem as if the market is alive and is out to hurt them. Logically, you know that a share won't drop from a great height because it knows that you bought it the day before... but sometimes it sure can feel that way. You may realise that as soon as you announce a sale that all of your clients won't come down with glandular fever - but it sure seem like this when your shop is empty and you've spent a small fortune on advertisements.

It's a tough truth to swallow, but your own hand has perpetrated any damage that you have experienced as a result of being a player. The enemy lies within.



Luckily, **so do the seeds of your own greatness.**

I have put together this Special Report because I'm frustrated. I'm frustrated that so many people are putting a cap on their potential, and frankly... I'm angry enough to do something about it.

It's my quest to make sure Chris Tate's and my trading community spreads their wings, expands their minds, and continues pushing the

boundaries.

You see, you're allowed to live this life. Heck, you're *meant* to live this life to the fullest of your potential. Don't let anyone tell you any different. There's a lot of rubbish out there in the market place telling you that you have to work really hard, retire at 60, and give your entire soul away to an employer. But really, it's not the way it is. There's an easier, more fulfilling, more passionate way to live.

If you're sick and tired of the grind, but you know you have the heart of a trader and a trader – this Special Report is for you.

Get ready to be inspired, as well as being given mindset bombs that will totally alter the way you think about the markets. Alright. Enough throat clearing... let's begin.

### Let's Get Started...

People's love affair with money has always fascinated me. Want to see normal people do completely bizarre things? Add some money and watch the games begin.

How about the friend that disappears after you loan them some money. What's going on there? Or the siblings that create merry hell at the reading of their father's will. Or

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the bloke with the secret bank account that he isn't telling his wife about. And then there's the girl who spends too much to impress people she doesn't like, with money she doesn't have.

See ... it makes ordinary people just crack up!

So is money bad? Of course not. Then what the heck is happening?

Money, in and of itself, is meaningless... until we empower it. We give it meaning and it's our own thoughts and emotions around money that determine whether it's a positive or negative force in our lives.



I guarantee you this – change your views towards money and what it means to you, and you'll change your results as a trader.

When we realise that money is just a way of keeping score, and it's nothing more than a tool – we detach from its power over us. We stop its control over our thoughts and our actions. Plus, ironically, this attitude paves the way for more of it to enter our lives.

Some of the most greedy, money-hungry people I have ever met have barely any of the stuff.

Yet some of the most generous, philanthropic people (who don't continually talk about their lack of money) – are some of the most financially wealthy people on the planet.

So which comes first? The attitude about money, or the money itself?

Having trained hundreds of successful traders, and seen them at every stage of their wealth development, I can definitely answer this one. The attitude towards money comes first. The way a trader thinks, always precedes their actual share trading results.

In reality, some rich people are poor and some poor people are rich. It's just a matter of time until reality catches up with their mindset.

### **When does money go from being a positive, to a negative force in our lives?**

- 1) When it becomes an obsession, and it's one of the last things you think about before going to sleep, and the first thing you think of when you wake up.

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- 2) If you judge the integrity and calibre of the people you meet by their bank account, their clothes, or the car they drive.
- 3) If you judge your self-worth by your bank account, your clothes, or the car you drive.
- 4) If your sense of self is seriously compromised when you either make a lot more money, or lose a lot of money.



- 5) If you are more concerned with money than you are with your health, your relationships, your engagement in new projects, or your enjoyment of a nice night out.
- 6) When it negatively impacts your most meaningful relationships.

- 7) When money becomes more important than principles.

I'm not for one minute suggesting that there is any problem with being seriously financially wealthy, if that's your goal. However, I am saying that our views about money can sometimes get out of kilter and damage our emotional well-being and our relationships.

So... how do your views about money affect you?

### Your Views on Money

There are so many things to be fearful of in the markets. Fear of taking a loss, fear of learning a new skill, fear of failure, fear of what others think of your decisions – the list goes on and on. To be successful in the sharemarket you must overcome these fears, and strive to achieve trading excellence. To quote Lao Tzu (born in 604BC and known as the Father of Taoism), “Conquering others requires force, conquering oneself requires strength”.

There is one other predominant fear that people struggle with in the markets – the fear of success. Can you visualise how your life would be if your net-worth doubled, or tripled? This skill is essential in order to attain your goals. To attain greatness, you have to have the courage to visualise it.

Traders brought up in a religious environment may also struggle with the question of ethics. Is it OK to be rich? Is there a higher level of nobility in suffering and being the revered ‘battler’ who is almost worshipped within Australian culture?

You will need to come to grips with these issues in order to develop wealth. Money doesn't change people – it only amplifies their natural predisposition. If it is in your

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nature to be kind and good to your fellow man, then money will assist you in this goal. Your contributions to charity can be more significant.

Depending on your upbringing, you may have different views on the value of money and what it can mean to you personally. Often inspired from a religious basis, many traders inadvertently sabotage their own livelihood because of their view that money is evil. This can be on an unconscious level as even though we are surrounded by materialistic goals, some people allow statements to creep into their conversations that can be detrimental to their financial well being. Have you ever heard that “Money is the root of all evil”, or if you see an expensive car driving past have you thought to yourself “They must be drug dealers”? If so, your views about money may be seriously affecting your trading results.

One of the simplest ways to stop these types of thoughts from affecting us is to make them explicit. By spelling out exactly what your beliefs are, you may be able to boost your awareness and then eventually diminish their hold over your life. This exercise will help you do just this.

### Exercise 1 – It’s Your Turn...

Fill in this section of the course without thinking about each statement in great detail. Even if you think some of the areas discussed overlap, complete each statement shown. Just use the first words that come into your head.

People who have money are:

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My mother always told me that money:

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If I had enough money I would:

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Money tells people you:

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I use money to:

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## HOW MUCH IS YOUR SELF-TALK COSTING YOU?

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Money allows you to:

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If money was no object I would:

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Money is:

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Dad thinks money:

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The best thing about money is:

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The richest person I know made his/her money by:

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Money comes to those who:

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In my family, people who have money are:

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Money can help:

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The worst thing about money is:

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People with money are:

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If someone doesn't have much money they are:

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Enough money will let you:

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If I had lots of money, people would:

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My family thinks money:

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Eventually, I hope to have enough money to:

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The scariest thing about money is:

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Money lets me:

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I really want to use my money to:

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My main influencer in the field of money is:

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When I was a kid there was never enough money to:

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Have a look at your list of thoughts about money. Are there any themes present that you feel may help or hinder your progress with trading? Where did your thoughts about money come from? Do you feel that any of these ideas are holding you back as a trader? Take some time to detail your thoughts about money here:

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### Exercise 2 – What Do You Really Want?

With the pressures of life, sometimes it can be difficult to focus on our true heart's desires. If you ask any child what they want, usually they are able to spell out exactly what they are hoping for. They are uncannily in tune with their own emotions, hopes and dreams. You need to tap into this fountain of inspiration. Complete this exercise to help you work out what is really important in your life to your Inner Child. Don't over-think this exercise and put down something like 'World Peace'. Make it personal, selfish, and relevant to you. Complete as many 'I wants' as you can.

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

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I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I want: \_\_\_\_\_

I really want: \_\_\_\_\_

### Exercise 3 – What’s Standing in Your Way?

Let’s have a look at the things standing in your way of getting this wish list. Have a look at the main desires on your wish list that you haven’t yet achieved. Choose your most important wish from this list. Think about this specific ‘want’ and look at any barriers that you have to achieving this desire by completing the following list:

I can’t because: \_\_\_\_\_

I can’t because: \_\_\_\_\_

I can’t because: \_\_\_\_\_

I can’t because: \_\_\_\_\_

I can’t because: \_\_\_\_\_

I can’t because: \_\_\_\_\_

I can’t because: \_\_\_\_\_

I can’t because: \_\_\_\_\_

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I can't because: \_\_\_\_\_

I can't because: \_\_\_\_\_

I can't because: \_\_\_\_\_

I can't because: \_\_\_\_\_

I can't because: \_\_\_\_\_

I can't because: \_\_\_\_\_

I can't because: \_\_\_\_\_

I can't because: \_\_\_\_\_

I can't because: \_\_\_\_\_

I can't because: \_\_\_\_\_

I can't because: \_\_\_\_\_

I really can't because: \_\_\_\_\_

Either you will need to overcome these barriers, or you will need to alter your goals. There is no other way around it. To achieve whatever you really desire in life can be yours, so set your goals and work to overcome your barriers.

It doesn't take a mountain to make most people give up on their goals. Mostly – a piece of gravel will do. What excuses are you feeding yourself? At the end of your days, are you going to tell yourself that you just couldn't achieve success because you couldn't get a baby-sitter? Or because your spouse wouldn't let you? Come on... you're better than that.

By spelling out what you feel is stopping you, you have a chance to step back and realise just how petty some of those excuses are.

If some of those reasons are legitimate, take some time to highlight those, and create some action plans to address these issues right now.

### Exercise 4 – Use Affirmations

Self-belief sets the professionals apart in every endeavour. If you weren't lucky enough to escape childhood and adolescence with a high belief in your own abilities, there are still ways you can cultivate this enviable quality. Using affirmations can help you toward your goals.

### What is an Affirmation?

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An affirmation is a short, positive, powerful statement that you repeat on a regular basis. Many of our actions are guided by our self-talk and our subconscious. The conversations that we have with ourselves in our minds can either encourage or discourage habits for success in the sharemarket. Affirmations can help to block out those nagging voices that sometimes tell us that we're destined for failure, and substitute positive thoughts in their place.

According to many professional psychologists, affirmations can reprogram our subconscious patterns and lead to a higher level of success in any field. From my experience, I believe this includes share trading.

Here are some guidelines for setting affirmations. If you have already written down some of your affirmations, you may wish to alter just a few of the words to have them gain more impact.

### Step by Step Guide

1. Have a specific goal in mind.
2. Once a day, write it down, 15 times in a row, using this type of format for at least 1 week:

I, (insert your name here), will get/do/accomplish (insert goal here).

I, (insert your name here), am an exceptional trader. I follow my trading plan every time I trade.

3. You could also emotionalise the statement and speak about the goal as if it has already happened. The more emotional you can make it, the more vivid the impact on your subconscious. For example:

*It feels great to have achieved (insert goal here).*

*Every time my stop is hit, I exit calmly and decisively.*

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4. If your goal has an artificial time frame imposed, make sure that you are being realistic with your desires. For example, winning the next 400 metres Olympic freestyle event is hardly practical if you can hardly dog paddle.
5. Don't state that you 'want' something to happen (your subconscious already knows this), or that you will 'try' – as you're already trying. Make the statement concrete and positive.
6. Write down your affirmations on flashcards and pin them up on your mirror or carry them with you to read while you wait for appointments. Combine reading the affirmation with an every day routine, such as cleaning your teeth. If you find that you're no longer reading the cards after a few weeks, re-write them onto different coloured cards. Alternatively, you could add some new ones, or alter the others slightly, to keep your interest in the task.

### An Example

Here is a statement made by one of my fellow traders. He believed that it was an affirmation, but there were a few alterations required to make it even more effective:

*I must believe in my judgement and myself if I expect to make a living from trading.*

To change this into an effective affirmation, he could state:

*I believe in myself and I make an exceptional living from trading.*

or:

*I make such a good living from trading because of my judgement and self-belief levels.*

or:

*I choose to trade for a living and I believe in myself.*

You have the power to alter your levels of self-belief. Affirmations can help you to achieve the goals that you desire.

## HOW MUCH IS YOUR SELF-TALK COSTING YOU?

I want you to think carefully about some practical affirmations you can use to develop your own trading skills. You may be able to do this if you get a bit of quiet time by yourself without interruption for a few hours.

### Affirmation Exercise

Write down three key affirmations that will guide your trading development. Once you feel that you have come up with some beauties, double check your affirmations in relation to the guidelines I have laid out. Record your responses here:

Affirmation 1:

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Affirmation 2:

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Affirmation 3:

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**Now that you've written down your affirmations, keep reading to hear how a professional trader thinks, feels and acts in this not to be missed interview...**

## Develop the Mindset of a Professional Trader

### An Interview with Chris Tate



No discussion of money mindset would be complete without hearing Chris Tate's views. I've included an interview with Chris so you can compare the way you think with how a professional trader views the world. Even if you're never intending to trade - you need to listen to this man. He's turned his views about wealth into cash - so there's a lot to be learned from his thoughts.

Chris Tate is a trading veteran of 30 years and one of the first people to ever release a share trading book in Australia. He has had an extraordinary impact on thousands of traders.

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Best-selling author of 'The Art of Trading' and 'The Art of Options Trading in Australia', his brutally honest approach and meticulous pursuit of excellence, ensure that exceptional traders all around the world quote his market comments.

Chris has seen all types of markets, traded practically every instrument available, and shown others how to profit from every market condition. He is in constant demand for his keynote speaking skills due to the outrageous success of his presentations for every major share trading exchange in Australia.

Chris has the skills to help you to increase the probability of radically jump-starting your returns. Unlike most other trainers who teach theory and "what should be", Chris is one of the few people who truly understands what does and what doesn't work in the sharemarket.

If you're seriously after a gigantic financial breakthrough in your own trading results, you need to listen to absolutely everything that Chris has to say.

### **When did you start trading?**

I've been trading for about 20 years. I started trading my own account in the early 80's. I began my trading career during a bull market, without knowing what a bull market was, or realizing that a bull market made everybody a trading genius. I have managed money for clients in the past, but that was many years ago. These days, I trade only for myself.

### **How often do you trade?**

I used to trade aggressively, but these days, I trade on a weekly rather than a daily basis.

### **How did you get interested in trading?**

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I originally trained as a research scientist in the field of immunology, and initially worked in industry. While I attended university, I had many friends who had studied economics and finance. When we would get together socially, they would talk about the stock market, which was a mythical thing I knew nothing about. While I really enjoyed science, it was not something I wanted to spend all of my life doing. So, I just started dabbling in the markets, a little bit at first, but I eventually became hooked.

### **Coming from a science background, you were probably used to becoming well versed on a given subject. Did you feel a need to read a lot of books to prepare for trading?**

Information dissemination for trading in Australia during the 1980's was quite poor. There were neither a lot of texts available, as there are now, nor were courses offered to bring you rapidly up to speed.

It was simply a matter of going in and starting to trade. I learned to trade in the school of hard knocks. It really just cost me money to learn.

### **What was your trading approach initially and how did it change over time?**

Like everyone, I took a fundamental approach and thought that it was important



to understand the fundamentals of the companies whose stocks I was planning to trade.

As a scientist, I had thought that building a large pool of knowledge would give me an edge, but I found out early on in my career that fundamental analysis did not necessarily pan out. The markets were not consistent with that paradigm.



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I gradually shifted toward being more technical and much more mechanical in the way I approached trading.

### **Did your training as a scientist help in any way?**

I suppose one of the joys of having been trained as a scientist is an understanding of the scientific method.

In many ways, I approached trading as a very large experiment. I continually formed hypotheses of the way I behaved and the way the markets behaved, and literally tested each one with my own money. I tried to weed out the unsupported hypotheses, but in the end, I concluded that many of my ideas had no utility whatsoever.

### **They were of no use at all?**

Largely. Understanding the fundamentals of the company had no utility. That realisation led me toward looking at group dynamics, group theory, decision-making, and how individuals behaved as a herd.

More importantly, I started looking more closely at how I behaved in response to the markets. The markets provide a feedback system. What I found most important was the way I perceived the changes in the market and the way I reacted to these changes.

### **How did you react to changes in the markets? What psychological obstacles did you overcome?**

I went through the classic problems that all traders go through, such as taking advice from others. I tended to believe that those who gave advice knew what they talking about, when they did not. It feels good to give up responsibility to a higher authority, but that doesn't work well.

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I used to think it was a good idea to average down, which isn't a good idea. I learned that money management was a key to consistent trading. When I first traded, I was very aggressive, and very much driven by testosterone. Testosterone tends to make you dumb. It clouds the perceptions you need for trading.

### **How did you learn to do technical analysis?**

I received no real formal training. I just seemed to drift towards it. My training as a scientist taught me to view problems in spatial terms, and technical analysis was consistent with that viewpoint.

As a scientist, I tended to want to reduce markets to a few simple components and make judgments. Reductionism can only go so far before you actually must come back and look at the market as a complete system. One needs to make a judgment on the complete system, rather than on just part of it.

Once I made that realisation, I no longer felt the need to know about markets in-depth and make prognostications on fundamental parameters, such as big market cycles, the work index, monetary policy, and where we were in the economic cycle. These factors cloud what the market is actually trying to tell us.

### **Do you feel that there's a lot more subjectivity in technical analysis than a scientist would prefer?**

There is, but what you have to fall back on are a few very robust ideas. I must admit, the only things I have learned over the past 20 years of any utility whatsoever are three simple maxims:

- (1) If the market is trending up, you buy;
- (2) if the market is trending down, you sell, and
- (3) always manage your risk.

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I have come full circle from not knowing a lot, but being desperate to know everything to having passed through that part of the curve where I felt I did know everything. I've now come back to taking a very simple approach.

### Do you think traders make trading more difficult than it should be?

Most people who engage in technical analysis often cloud what's going on with an arsenal of tools that are really quite irrelevant. Oscillators or indicators fall into two types: They indicate either trend or sentiment.

Many traders try to make it more complex than that.

$$\begin{aligned} & \left(\frac{1}{C_1 S}\right) I_1 - \frac{1}{C_1 S} I_2 + \\ & + R_2 \left(\frac{1}{C_2 S}\right) I_2 - \frac{1}{C_2 S} I_3 + 0 - \frac{1}{C_2 S} I_5 + \frac{1}{C_3 S} I_6 - \\ & + \left(\frac{1}{C_3 S} + R_3\right) I_3 - \frac{1}{C_3 S} I_4 + \frac{1}{C_2 S} I_5 + \frac{1}{C_3 S} I_6 - \\ & 0 + 0 - \frac{1}{C_3 S} I_3 + \left(\frac{1}{C_3 S} + R_4\right) I_4 + 0 - \frac{1}{C_3 S} \\ & + \frac{1}{C_3 S} I_3 + 0 + \left(\frac{1}{C_2 S} + R_5\right) I_5 + \\ & + \left(\frac{1}{C_1 S} + \frac{1}{C_2 S}\right) I_6 \end{aligned}$$

They add layers of complexity that are analogous to a Russian Babushka Doll, where you pull the top off one doll, and there is another one underneath it.

You pull that top off again, and there is yet another one, and it goes on in an endless cycle.

Continually overlaying price with an enormous battery of information is like loading one doll on top of another. Doing so obscures the actual price.

We seem to go through a cycling of very trendy indicators. They come into vogue for some time and they shift out. This goes on and on. For example, someone will make a variation on a moving average and that will become the next hot thing for a year or so, but then we move on and find something new and trendy.

There is a dramatic tendency to try to obscure what the market is telling you and a desperate and probably futile attempt to bring predictability and order to what is essentially a chaotic system.

### Why do you think that is?

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I think it is because we live in a rules-based society. People struggle with the fact that markets are largely unknown in what they will do.

The markets go in the direction they want to go irrespective of where you want them to go. All of this direction of energy toward better prediction is just a basic human desire to find order, but we can't actually bring order to a chaotic system. We are really just passengers riding the market. We have to go where the market takes us.

### **We have to go where the market takes us?**

We really do. An analogy I like to use is to say that trading and the markets are



similar to surfing.

A surfer tries to look for a good wave to ride. You go out into the water and put yourself on the surfboard and wait for a good wave. There are many different kinds of waves.

There are waves that will take you all the way to the shore. Other waves are merely small perturbations that just simply lift the board a little bit and get you nowhere. Occasionally, you will encounter a wave that will pick you up and slam you into the sand, and there are those rare ultimate waves that you will tell your friends about for years to come.

You can't predict when the next wave will arrive, and you can't predict what the next wave will be like. That's impossible.

However, you can predict that there will definitely be another wave, and that when you encounter it, you will have your surfboard pointed in the right direction to take advantage of it.

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One doesn't need predictability. It's quite possible to look out at the ocean from the beach for the entire day and see nothing happen. On other days, it is constant activity from the moment you hit the water until the moment you drag yourself out very cold and exhausted at the end of the day.

Trading is just like that.

All we can do is merely equip ourselves with the skills we need to catch the next wave. One doesn't know when the wave will come or how big it will be. But, one knows a wave will arrive eventually, and when it does, one needs to be ready to take advantage of it.

### **Is trading more art than science?**

It is important to remember that money management rules are key.

One must stick with money management, which engenders survivability. Your method must have a survivability element so that if you literally wished to select stocks by throwing darts at a board, you would continue to survive in market to market. The longer you survive, the more chance you have of making money. The more money you have, the longer you survive.

The longer you survive, the more money you make. A cascade occurs.

With that said, there is another aspect to trading. One must have a set of rules in order to identify a trading setup. These rules are more arbitrary than money management rules.

A stock can follow one of many possible patterns out of the entire universe of patterns. Sometimes the price action will mimic your rules, other times it will not. The trick is to be able to accurately identify when a pattern mimics your rules and take advantage of that opportunity.

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### **What specific money management strategies do you use?**

Mine are really quite simple. I simply adopt a minimal percentage risk, such as 1%. I use a volatility-based, efficient sizing methodology, which is average true range. It also has a built-in pyramiding component and a profit reinvestment component. It's really quite simple.

I subscribe to a philosophy put forth by Leon Lederman who won the 1988 Nobel Prize for Physics. He postulated that if an idea is too long to fit on a T-shirt, then it's probably wrong. It's really quite simple. It's not rocket science. I think many people are often extraordinarily disappointed that trading isn't rocket science. Having a Nobel Prize and an IQ of 190 doesn't guarantee that you will be able to trade.

**Right. In *Market Wizards*, Tom Baldwin said, "The smarter you are, the dumber you are; the more you know the worse it is for you."**

That's probably true. There are probably very few rocket science type traders in the world.

I think William Eckhardt is an exception. He comes from an academic mathematical background. But, even if you look at his method, it is very robust. The statistics behind it are very robust.

### **What are some of the psychological issues that traders must overcome?**

I think that humans are not programmed very well for success. I can only speak from the viewpoint of my own cultural background, and I don't know if you have the same cultural approach in the United States. Here in Australia, we have an idea called the Tall Poppy Syndrome.

If you are a tall poppy and you stand out above other people, you need a large harvester to come along and cut your head off, so that you are the same height

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as everyone else. I think that reflects people's deep subconscious desire to be uniform.

There is a natural herd instinct to be uniform and not stand out. Going against the tide is very difficult for people. That's to be expected because humans, like other primates are herd based.

### **What are some other psychological issues?**

There is also a desire for self-sabotage in people. I'm a great fan of Jungian psychology, especially the concept of the shadow. One needs to come to terms with the shadow, and you need to come to terms with how your subconscious drives behaviour. This is something that all traders must go through.

Real trading doesn't actually occur in the markets. The markets are merely a technological aggregation that we put together to facilitate our trading.

Trading actually goes on between your ears, and as such, it's necessary to examine what goes on between your ears. Such an examination is necessary in order to make significant progress. This is true of any profession that requires high performance.



For example, if you look at the top 10 tennis players in world, they have almost identical backgrounds, yet there is always one person who is number one. That difference surely must come down to the way they think, the way they perceive themselves, their freedom of thought, and the freedom of action that they have. Whether it is subconscious, intuitive or a true conscious understanding, traders must be aware of elements of their subconscious that will attempt to hold them back.

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(Editor's Note: In Jungian psychology, the shadow is an archetype passed on genetically across the generations. It consists of the animal instincts that humans have inherited in their evolution from lower forms of life. Jung believed that healthy individuals must integrate the good and bad aspects of themselves.)

### **Many traders seem to secretly believe that trading is not a legitimate profession because it is not like a traditional job.**

No, it's not. I think that's a function of a clash with traditional ideas, such as the Protestant work ethic. Work has a certain tone and tenor to it. There is a traditional notion that suffering and toil are good for you, in some sort of strange way. Trading does not fulfil those criteria. This causes a tension between those who hold on to traditional notions of work and those who have become traders.

The tension prevents people from wanting to move forward because it's easier to remain part of the general population, part of your family, or part of your ethnic group. I have found that I've struggled with this tension myself and others have told me they have also.

Traders move through a similar progression.

They trade to a certain level, and then repeatedly explode and come back. A wonderful prototype of someone who went through this progression is Jesse Livermore. He had the capacity to literally take two beans and a loaf of bread and trade them into a massive fortune. He would trade, explode, and come back, trade, explode and come back, and so on. Now, eventually he experienced terrible consequences in that he committed suicide.

That's a terrible endpoint to the journey, but for most people self-sabotage simply brings them back to where they were when they started, a point where they feel most comfortable.



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### **In a Jungian sense, do you believe that humans have an innate motive for self-sabotage?**

Yes, very much so. I think there is a complete lack of understanding about the shadow parts of people's character that causes them to do things that are not in their best interests.



Successful traders, in contrast, generally see the world in a balanced way, and have a unified view of the world. They have been able to integrate the shadow's self-sabotaging motives with other aspects of their personality. By doing so they have removed that potential for total destruction.

It seems to be a theme that traders get to a certain size, something happens, and they eventually blow up. Very well known traders have reached a critical mass, and then something happens. There seems to be a short-circuiting.

Now, whether that prevents people from wanting to move forward because it's easier to remain part of the general population, part of your family, or part of your ethnic group. I have found that I've struggled with this tension myself and others have told me they have also.

People who win tens of millions of dollars in the lottery seem to go through a progression that is pertinent to understanding this issue. They acquire a great deal of wealth, their lifestyle changes, and they become quite acquisitive in buying things, but after five years or so, they seem to be back to where they started from.

This may happen because as they move through this progression, they have such enormous tension within themselves, and such great difficulty and friction, that they subconsciously behave in ways that bring them back to an environment where they felt more comfortable.

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The environment in which they are generally more comfortable is the one in which they were socialized. It is hard to break away from it.

### **Did you have the equivalent of blowing out your account a couple times?**

The quick answer to that would be 'yes'.

### **Did you come upon this Jungian explanation while trying to figure out why?**

Yes, this approach has really taken hold personally in the last 10 years. It developed while a lot of events coalesced in my life simultaneously. I had to sit down and think about how I had arrived at this point, why I was there, and how I



was going to move on. I think that I had a little bit of an inherent advantage because of my background as a scientist.

In addition, Asian culture had influenced my philosophical and spiritual beliefs at an early age. My spiritual beliefs are different from Western spiritual beliefs. It

is based upon the individual. The individual makes himself or herself aware, and decides how he or she fits into the big scheme of things.

Western spirituality, in contrast, is often based on the power structure the church, which tells how and where people fit into the world. Asian spiritual beliefs are directed towards the individual. My guiding philosophy is that people are always where they are in their life because of a series of circumstances that they have conspired to generate.

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Now whether they do that subconsciously or consciously doesn't matter, because the end result is the same. What is more important is how you arrived at that point and how you move on. One must realize that you got yourself to that point. It is a watershed moment, a moment in which you decide what the next step will be. What goes on in your life from that point on is a function of what happens there and then, and I think self-realisation is something that takes time and a great deal of effort.

### **What do you mean by self-realisation?**

One can distinguish between a shallow "pop-psychology" sort of motivation and motivation resulting from true self-realisation. In Australia, there are trading coaches who I see as merely "professional presenters." They take an extremely motivational, yet shallow, approach to teaching people how to trade. Their seminars involve listening to loud music, group hugs, or breaking boards as in martial arts.

I find that kind of motivational approach very unsophisticated because it doesn't compel the individual to make a pivot shift in his or her psyche, nor does it bring a self-realisation as to where they are. Their idea of increasing motivation is like giving two year olds too much sugar and caffeine, and having them run around all afternoon in a hyperactive state until they fall in the corner in tears. These people do the same thing.

A sharp distinction needs to be made between the childish "pop-psychology" sort of motivation, and the big change inspiration that self-awareness brings. It's very hard to get people to that point of self-awareness and inspiration because it's often quite uncomfortable and painful. Whereas shallow and transitory motivation makes you feel happier because you had a big hug with a stranger, heard some loud music, gave each other a massage, or successfully walked over hot coals, the motivation resulting from life-changing events is more permanent.

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Life changing events for traders are much deeper, more personal, and result in a more powerful understanding than these shallow events.

### **If people are motivated by higher-order needs, then why do you continue to trade? It seems as if you have enough money?**

That's an exceptionally good question. I think it falls back to the notion of how much is enough? That's the really deep question. I've gone through phases in my life where I've actually given away all of my possessions because I no longer viewed money as an entity in and of itself for my life. But, that has long past. These days, my longer-term trading activities concern wealth maintenance. I'm now motivated to pursue other activities as well. I focus on trading mentor programs and the charities I support. Trading is now a means to an end to do other things.



Once you reach a certain point in your life, money and the pursuit of possessions actually loses its attractiveness. The money no longer means anything to you. I have friends who judge themselves by what car they drive, which I view as unfortunate.

I feel sort of depressed on their behalf that the external possessions that make them feel important guide their sense of self-worth. The pursuit of money really doesn't "float my boat". It doesn't do anything for me. So now, I'm more motivated to teach and do other things that give my life meaning in that they help other people.

I'm a great believer that when you have been blessed with privilege and luck, it is one's obligation to do something with the gifts you have been given. As

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providence has smiled upon you, you should do something to assist others for whom these things have not been as easy or that the door has not opened in quite the right way.

It is incumbent upon people to actually do that, and I think it's quite selfish and childish when people don't look beyond the bounds of their own lives to assist others.

**When you first got involved in trading, did you consider how the wealth you achieved could be used to help you change society? Was that always a motivation in the back of your mind?**

Yes. I've never been a "money person." Initially, I went through a very acquisitive phase, when I first started and found success, but that didn't last very long. I actually find wealth really boring, and difficult to manage and maintain.



It becomes a very mechanical thing. Having a large account to trade becomes a mechanical thing, and many people who take up trading do so in the belief that they will swap one job for something different. But, if they don't actually have the

understanding that they take up trading to change, all they simply have done is traded one job for another job. There is no change. All that changes is your working conditions. You now work from home instead of going to the office.

You're now directly responsible for most of your decisions, as opposed to being part of a hierarchy, but you have still just swapped one job for another.

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There's been no spiritual change and no change in your lifestyle. You don't use your additional freedom to spend more time with your family or do anything of value whatsoever.

### **Right, so values are at the heart of your motivation?**

I think values should be at the heart of everyone's motivation.

Now, having said that, it is somewhat of an idealistic statement, but I actually think that success is easier to achieve if it's actually value driven, rather than simply being a loose acquisition of rules that really bridges to the simple statement that you're going to screw everyone around you. I don't think that such a viewpoint is sustainable.

There is a logic that says there is always someone bigger and nastier than you, and one day, if you're not careful, you'll actually meet him or her. And if you have a completely amoral non-spiritually driven approach to life, I think you will run into that bigger and nastier person much sooner than you might think. That's the way the world is. It relates to the idea of karma. The universe tries to balance itself out. It is easier and much more rewarding to do good things.

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