

3 STEPS TO BECOMING A COOL TRADER



by Dr. Barry Burns
Top Dog Trading
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Dr. Barry Burns
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Wealthstyles LP
1534 N. Moorpark Rd, #222
Thousand Oaks, CA 91360-5129
(866) 878-9209

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HAPPY BIRTHDAY TO ME!

Well, here it is my birthday (actually the day after as I write this) and I had a wonderful time with my loving family. Got some great presents (the best gifts are the home-made ones from my kids as you other parents know!) and went out and enjoyed some delicious Thai food (I absolutely love Thai Iced Tea – nectar from the gods!).

As I was about to blow the out the candles of my double chocolate birthday cake I had to make a wish.

Gosh, what do I want? There's really nothing I *need*.

For years now my family has stressed out about buying me presents because I don't need anything. I'm quite satisfied and the last thing I need is another "thing."

So I've asked that instead of buying a material gift that will sit around and take up space, they instead donate money to one of my favorite charities.

Either sponsor a child through "Save the Children"

<http://www.savethechildren.org/>

Or give a blind person sight through the "Seva Foundation"

<http://www.seva.org>

I tell them, "If you have the choice between giving me a neck tie which I can buy for myself, or giving sight to a blind person, please give the blind sight!"

Here's a question for you:

If you could give sight to a blind person for \$50, would you do it?

Guess what? You can!

Every five seconds someone in the world goes blind. And every minute a child goes blind. But, get this: 80% of the world's blind people could see again if they had access to adequate eye care services!

I digress, but please let that into your heart, visit the above web sites and consider taking action.

Anyway, back to my birthday and the moment of blowing out the candles ...

So as I was ready to make my wish, which I hadn't thought about up to that moment, I decided that my wish was not to get anything more this year, but to GIVE more this year than I have any other year.

So here it is, the day after my birthday, and though it's a very small beginning, I'm GIVING away this brief, but very important Special Report to you. I hope you enjoy it, and more importantly, I hope you find it helpful.

INTRODUCTION

This report is entitled "3 Steps to Becoming a Cool Trader."

What I actually mean by that is that I'm going to share some ways to take the pressure off of you so you can trade from a calm, centered, "cool" state of mind.

Trading is a very emotional endeavor because money is a very emotional thing for us. Best friends, husbands and wives and even very religious people sometimes find themselves compromising their values because of money.

So when it comes to trading, all of your "psychological baggage" about money will surface in ways you may have not known, and may not even recognize when it does arise.

I've seen many people consistently trade with success on a simulator, but when it comes time for them to trade with real money, all of a sudden success eludes them and they find themselves back in the loser's camp.

Some recognize this occurs because of their own issues with money – usually the fear of losing it. Others aren't that self-aware and blame their broker, or something or someone else.

The fear of losing money is not actually at the core of trading failure.

After all, money is only pieces of paper.

It is what money MEANS to you that is important – that is what you fear losing.

It may be fear of

- Losing your car
- Not being able to put your kids through college
- Losing your house.

But that's not even really it.

Money means more than that to you.

- For many, especially men, the type of car they drive is connected with their ego.
- Not being able to put your kids through college is humiliating, and every parent wants their children to look at them with admiration.
- Losing your house is not just losing a place to live – it's losing you HOME – a place of security and memories and comfort. Losing your home may also be emotionally charged with the sense of being a “total loser” of a person!

Those are some incredibly strong emotions! When you realize this, you begin to understand that a lot is at stake. It strikes at your deepest emotional needs of security, social standing, and your very sense of self.

All that is weighing on your success as a trader ... at least it is in many people's minds!

Most people are not aware that this type of psychological pressure is on them. But it is alive and well in their subconscious. Until they are able to address these issues, they will have a very difficult, if not impossible time, finding success as a full-time trader.

STEP 1: TRADE PASSIONATELY

“Choose a job you love, and you will never have to work a day in your life.” - Confucius

If you don't LOVE trading, then stop right now and forget about it! Why would you do something you're not passionate about, when you could use that same time to do something that you ARE passionate about?

Some people trade only because they want to make money. That's a HORRIBLE reason to learn trading.

Usually those people dramatically underestimate the difficulty of learning to trade. They see it as a potential “get rich quick” scheme (though they would normally never actually utter those words).

They think they can become a consistently profitable trader, making a steady income, within a few weeks, or, God forbid, at most a few months.

But trading is a career of skill, it is a path of mastery. And like anything that must be mastered, it takes time and you must pass through 3 stages.

Bruce Lee, the great martial artist, said it this way:

“Before I learned martial arts, a punch was just a punch and a kick was just a kick.

When I studied martial arts, a punch was no longer just a punch and a kick was no longer just a kick.

Now I understand martial arts, and a punch is just a punch and a kick is just a kick.”

To generalize it, the path of mastery leads through these 3 stages:

- At first it looks easy and simple. This stage is short-lived as you soon begin to realize all of the complexities of the subject matter you’re studying.
- After you put in a lot of time and study, the subject matter appears very difficult and hard. You encounter the issues that others have wrestled with during the history of your subject: the struggles, the various theories and approaches, the different answers to the questions. You also find that the reality of the situation isn’t as simple as it was in your imagination. You begin to encounter all of the “exceptions” to the things you learn ... and that not everything works in the real world, all the time. This stage lasts the longest and most people never pass through it to the third stage.
- When (if) you finally master your subject, you realize it was simple all along (though not easy). You are able to filter out all of the “noise.” You find your own unique way, which may be a bit different than the way of others who have mastered the same subject. While the end result is that now the subject seems simple to you, there is no way to get to this simple clarity without going through the personally chaotic experience of stage 2. It is the wrestling with all the issues of stage 2 that creates a master.

This path is not easy. It is a long and arduous struggle. It is the opposite of “get-rich-quick.” It is for this reason that you should not even begin the journey unless you truly love trading. Because if you’re just doing it for the money, you will not survive stage 2. You must enjoy the process, and not be doing it merely for the end result.

The key is that the PROCESS must be rewarding for you.

The best test of your passion is this:

“Would you trade if there were no money in it?”

Respond to that question honestly, and you’ll have your answer.

I can honestly say that I would. I love it that much. I would do it as a game for fun even if there was no way to make money.

If you can say the same, then by all means, pursue your passion for trading and go through the 3 stages, and enjoy the process.

STEP 2: NEVER GIVE TRADING 110% - ONLY GIVE IT 90%!

“The less tension and effort, the faster and more powerful you will be.” – Bruce Lee

In competitive endeavors like sports and business we're usually coached to give 100% ... or even 110% (which is impossible, but I guess they say that to make a point).

There's only one small problem with that. It doesn't work.

Actually there's another problem with it also – it leads to a miserable life.

Getting obsessed about one thing, like trading, leads to a very unbalanced life. Trading is socially isolating. The studies I've read indicate that the people who are the happiest, are those who spend time with family and friends and give a lot of their time contributing to the happiness of others.

Becoming obsessed with lines, bars, indicators, and numbers on charts does not make you happy.

If it's your passion, then great! Work on it and enjoy it. But don't make it your entire life. Don't obsess over it to the neglect of balancing your life by enjoying people and giving to others.

Life is not about trading.

It's fun. But it's not the most important thing in your life, so guard yourself from BEHAVING like it is.

Your family, friends and even strangers come first. Trading should never be at the top of your priority list.

People mistakenly think: “Oh, I'll focus on trading for a while and give it 110%, and then when I master it, I'll get back to my family and friends.”

Aside from the issue of managing proper priorities, this approach won't even help you master trading faster!

Jay Novacek (former tight end for the Dallas Cowboys) told of an experiment conducted by his college track coach. He told them to run 800 meters as fast as they

could and recorded their times. Later he told them to run the same 800 meters, but this time to run it at 90% their top speed. Jay was amazed that their times were better the second time (from the book “Mind Gym” by Gary Mack and David Casstevens).

“Trying too hard” creates tension in the mind and body. Whether it’s running or trading, you cannot perform optimally when you are tense and anxious because you are fighting yourself. You perform best in a relaxed, focused state.

My own track coach taught me that same lesson. I was a good runner, but he helped me become a better runner by teaching me to “run relaxed.” He showed me how I was tensing muscles that were not moving me forward (arms, neck, back), and were therefore stealing energy that could be focused into my running. The more I relaxed, the faster and farther I could run.

STEP 3: DON'T PUT ALL YOUR EGGS IN ONE BASKET

“Put all your eggs in the one basket and --- WATCH THAT BASKET.” – Mark Twain or Dale Carnegie (both said it around the same time)

So which is it? Put put your eggs all in one basket or don't?

Some people believe greatly in diversification. It's been a stalwart principle of investing wisdom for decades and most recently as a way of wealth as taught by Robert Allen under the title “Multiple Streams of Income.”

Others believe the key to success is to focus on one thing to the exclusion of all others. The famous trader Jesse Livermore lamented that he should have stayed away from all other endeavors except trading because he lost money in everything else. Warren Buffet is famous for saying: “Wide diversification is only required when investors do not understand what they are doing.”

So again, which is it?

When it comes to investing, I'm not in a position to agrue with Warren Buffet of course. If you're an excellent and skilled investor, you don't want to be over diversified. You want to only hold the best of the best. Of course most people, even most professional money managers, don't out-perform the S&P 500 each year. So you better be really good if you're going to follow that advice! It works for him, but most people don't “understand what they are doing” as well as Warren Buffet!

When it comes to one's general financial situation, I'm definitely a proponent of diversification, of multiple streams of income.

Sometimes people ask me if I make all my money from trading.

The answer they want to hear is “Yes.”

The answer I want to give is, “No, I’m not stupid!”

This is hard for a new trader, or an unsuccessful trader, to understand, But experienced and successful traders always understand this. In fact, I’ve never met a successful trader who hadn’t diversified their income into real estate and/or other business ventures.

One of the basic money management principles I was taught by all of my mentors was to take a portion of my profits **OUT OF MY TRADING ACCOUNT** at predetermined intervals (every 3 or 6 months generally) and get that money working in another financial vehicle.

The purpose of this is several fold:

- Cash is king. You want to have enough cash on the side should you need it for emergencies.
- Trading is great, and it’s fun, but it’s always risky. The market can do anything at any time. You can have a long stretch of success for years, and then get hit by a catastrophic event out of the blue (think terrorist attack, war, depression, etc.). It doesn’t happen often, but it does happen and it will happen again.
- As you make more money and move up in the tax bracket, you’ll likely want to put a portion of that money into investments that will help with your tax situation.
- Starting or financing a business can be a lot of fun and has tremendous potential to provide an extra income stream and/or a big cash payout if you sell the company or take it public.
- Trading can be exhausting. There will be times you don’t feel like trading, want to go on extended trips, or just get away from it and enjoy life for awhile. Trading doesn’t provide a passive income. But there are other ways to put your money at work that do. It’s nice to have multiple streams of income flowing into your bank account each month without you having to work.

Diversifying your income can also help your trading results tremendously. Knowing that you have money coming in from other sources every month takes the financial pressure off of you to be successful in trading. This allows you to relax and actually perform better at your trading.

The more you **MUST** make money at trading, the harder it will be to do so. As discussed in step 2 above, trying too hard creates stress that is actually self-defeating.

CONCLUSION

While this special report didn't provide any specific trading advice (I provide plenty of that elsewhere), I hope it reaches some people who need to hear these things the most. If that's not you, but you know someone who could benefit from this, please send them to the page where you downloaded the report and invite them to get it too here: <http://www.topdogtrading.com/?p=960>

Perhaps at my age I'm getting a bit reflective, but my impetus for writing this report was born out of my communication with many trading students around the world.

I see so many of them trading just for the money, trying too hard, and not leading balanced personal and/or financial lives. Some of them are so obsessed, agonizing over every little move of the market, every minute turn of an indicator, every nuance of the latest course they're taking, that it is impossible for them to succeed.

As long as they are filled with such anxiety and internal tension, there isn't much I can do for them.

The successful traders I know tend to only trade for a few hours per day. Some of them only trade until they get 1-3 trades and then they stop for the day.

As for myself, I only trade 2-3 hours per day. I go to the gym 6 days each week. I eat a light, low calorie diet. I have a discipline of practicing tai chi and doing meditation. I spend time with my wife and kids (the best part of each day).

I find all of these things help me in trading AND in my entire life. They help me relax, stay balanced, and enjoy life.

In summary, I've found that doing things that lead to a happy life, will actually help you become a happy (profitable) trader!

Wishing you all the blessings and happiness that life has to offer.

Warmly,

Barry Burns

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http://www.topdogtrading.com/free_course.html

"Life is what happens while you are busy making other plans." – John Lennon