

YOURTRADING *solutions*

**Improve Your
Trading Through
Mindfulness**

**Should You Quit
Your Job?**



**Suffering Is
Running Away From
Suffering**

**Advice That's Costing Us
Billions**



Market Update
Matthew Sharratt

Can't Stay **Focused**
On Your Trading?
Are Yesterdays Losses
Influencing Today's Trades?

(CLICK TO LEARN MORE)

Trading Mind
software

Click Here!

"Can We
Talk? My
Step-By-Step
Trading
SECRETS
Could Be The
EDGE You've
Been
Dreaming
About..."

Click Here!

ULTIMATE
**SWING
TRADER**

SWING INTO
PROFIT...
in **Just 10 Minutes**
a Day!

Click Here!

Trading in the Trend

Enjoy outstanding results with this simple stock trading system

Get an Edge in Your Trading!

How to 'become' a trader that wins in any market or strategy!

Forex Trading for Winners

Take your Trading to a New Level With Stealth Forex Trading Systems

Stop Trading Your Money Away

You'll never make a good income trading. Build a real business!

Stock Trading Course

Trade Stocks with Confidence! Use these Proven Stock Trading Strategies.

Brain Forex Trade SyStem

Forex Trade System with Artificial Intelligence Price Predictions

Powerful Trading Strategy

Trade Forex and Stocks with Powerful Trading Strategy!

Amazing Trading Formula!

Remarkable new stock trading techniques revealed that anyone can learn.

**HIGH VELOCITY
MARKET MASTER™**



GET IN

GET OUT

GET DONE!

CONTENTS



MARKET UPDATE

Matthew Sharratt

Page 5

TRADING ARTICLES

Graeme Pearson

Improve Your Trading Through Mindfulness

Page 11

Louise Bedford

Should You Quit Your Job?

Page 13

Gary Stone

Advice That's Costing Us Billions

Page 15

Van K. Tharp, Ph.D.

Suffering is Running Away from Suffering

Page 17

Trading Success Story

An Interview with Ken Long

Page 21

REGULARS

Quotes to Inspire Page 26

Did You Know? Page 25

Trader's Library – Book Review
Page 27

FROM The Editors



Welcome to Issue 28 of the **Your Trading Solutions** eMagazine.

In this issue I have written an article on "Improve Your Trading Through Mindfulness" where I look steps to help eliminate reactive trading. Gary Stone shares his views on managed superfunds in "Advice That's Costing Us Billions". Louise Bedford's article "Should You Quit Your Job?" explores the pros and cons of becoming a fulltime sharetrader. In Van K. Tharp's article "Suffering is Running Away from Suffering" he looks at being more present and experiencing emotions raised during trading. Lastly we have another trading success story with an interview of Ken Long.

We have our regular Market Update with Matthew Sharratt from SCM Equities. Matt is offering all YTS eMagazine readers a full review of your portfolio and he will put a comprehensive investment plan together for you free of charge.

We hope you enjoy the current issue of the **Your Trading Solutions** eMagazine. If you have any comments or feedback, please direct them to: support@yourtradingsolutions.com

Your Trading Solutions is committed to assisting Traders to gain the right knowledge and to educate themselves to make informed decisions about financial matters.

All our love and best wishes to you for a continued happy and profitable 2012!

Graeme and Natalie Pearson



Note: Articles have been reprinted in the English language supplied

eMagazine Producers

Natalie & Graeme Pearson

Editors

Natalie & Graeme Pearson

Natalie@OrganisedForYou.com.au

support@YourTradingSolutions.com

Design

Natalie Pearson

Contributors

Louise Bedford, Graeme Pearson, Matthew Sharratt, Gary Stone, Van K. Tharp, Ken Long,

Contribution & Advertising Enquiries

Natalie Pearson

Natalie@OrganisedForYou.com.au

Important Message

All of the information contained in the Your Trading Solutions eMagazine should not be taken as financial, legal or accounting advice.

The producers, editors, contributors and any other associated parties expressly disclaim any and all liability and responsibility to every person or party, whether a reader or consumer of this eMagazine.

We do not endorse the views, statements, claims, strategies or ideas that are put forth in this eMagazine. We are merely relaying the information.

Any business or financial strategy or investment should only be applied after taking into consideration your own financial situation and you should seek professional advice before making any decisions.

We are not liable for any losses you may incur directly or indirectly as a result of reading the Your Trading Solutions eMagazine.



30 November 2012

Markets Report for November 2012

November Markets

S&P 500 +0.21%
XJO -0.17%

Heading into the last trading day of the month, both S&P500 and XJO are flat for the month. This doesn't paint the full picture, both markets traded down over 5% during the month only to recover in the last 2 weeks of trade.

Macro Snapshot

1. Fiscal Cliff Concerns
2. European Sovereign Debt
3. Palestinian / Israel conflict
4. US Q3 Earnings
5. Hurricane Sandy

U.S. Earning Season:

Let's focus on the Q3 earnings in this report. With nearly all S&P 500 companies reported, Q3 profits growth rate is flat. Although **70%** companies have reported earnings above the mean estimate, only **40%** have reported sales above the mean estimate.

Earnings growth for Q3 2012 is also flat after an eleven-quarter streak of earning growth.

Financials contributed most of the profit changes while **Energy** and **Materials** reported earnings declines.

Next quarter could be a real challenge for a number of reasons:

1. Revenues declining due to slower growth and the negative impact of the potential fiscal cliff.
2. The positive impact on company bottom lines from cost cutting is now reaching a diminishing level while wages may start rising.
3. The benefit of monetary stimulus is diminishing

On the valuation front, the current forward P/E ratio is 12.5 which are still below the past 10 year's P/E of 14.3.

SCM Equities International

Contact:

Dealing Desk

global@scmequities.com.au

Matthew Sharratt

Senior Advisor

matthew.sharratt@scmequities.com.au

+61 2 8226 8280

Alain Liao

Portfolio Manager

alain.liao@scmequities.com.au

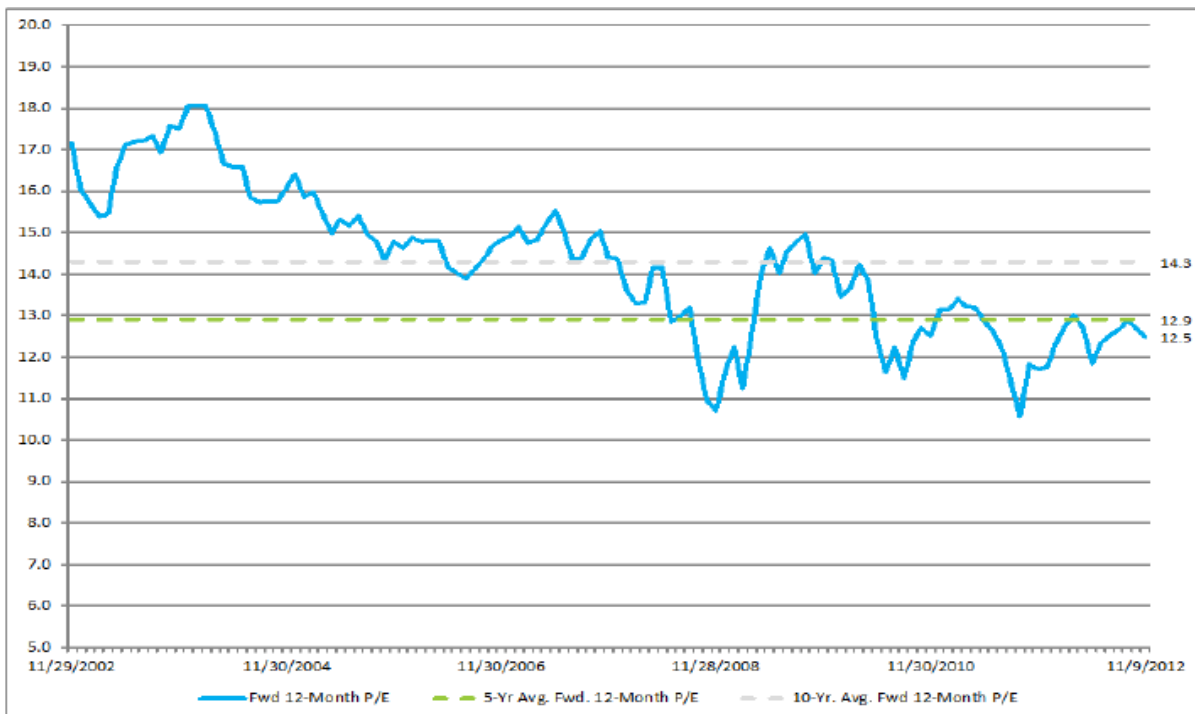
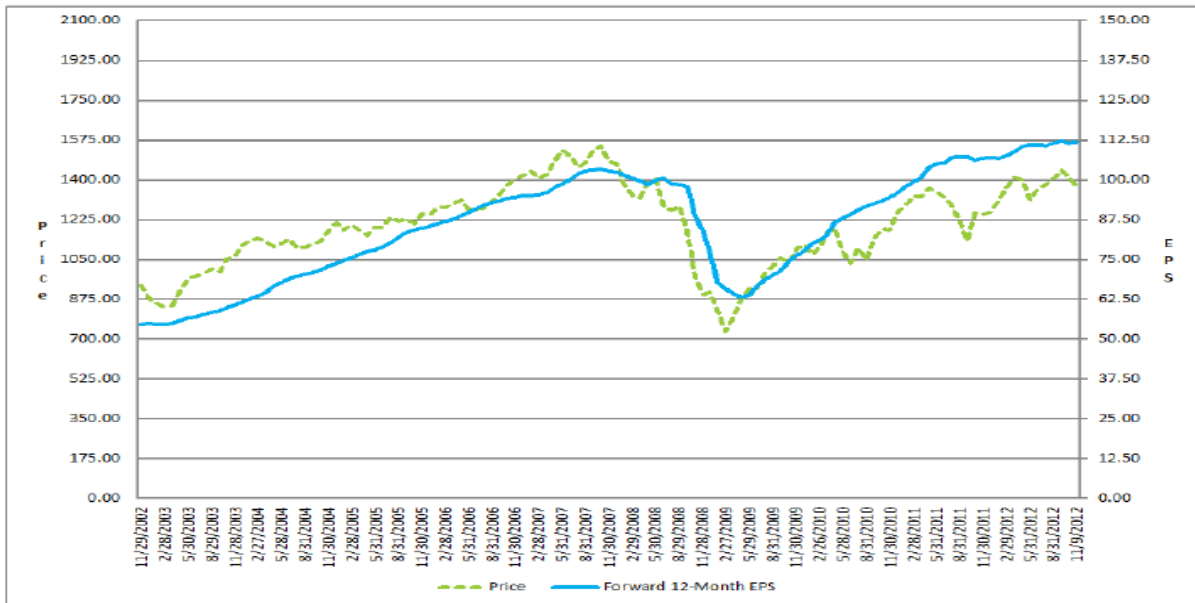
+61 2 8226 8284

www.scmequities.com.au

[AFSL 313 495](tel:6128226495)



S&P 500 Forward 12-Month EPS vs. Price: 10-Year



Source: Factset

While valuation is still relatively cheap, this could be the new mean for the market (10-12x) considering the economy is in the deleveraging/low growth environment. Therefore we would say the equity market is **fairly valued**.

Financial Sector

Financial sector has the highest earnings growth rate (16.3%) of all ten sectors and is also the largest contributor to earnings growth for the index, companies such as Travellers (35.5%),



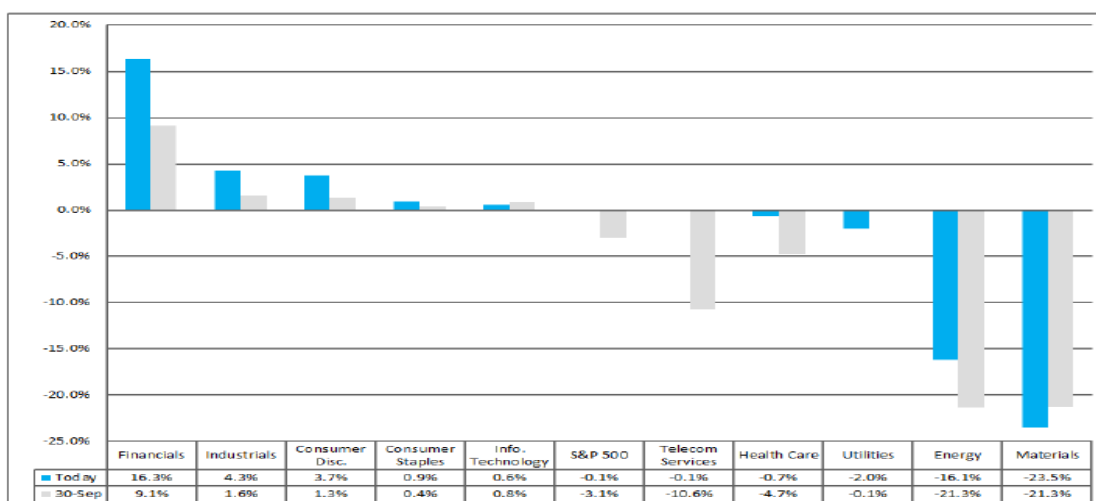
Goldman Sachs (30.0%), JPMorgan Chase (15.5%), and Morgan Stanley (14.6%) have reported significant upside earnings surprises.

The financial sector also have highest percentage of companies reporting sales above estimates (59%), it is significantly higher compared to the mean (40%). Despite the fundamental improvement, financial companies remain cheap. A few major banks are still trading below their book values. Bank of America (0.46) and Citigroup (0.57) are the most undervalued.

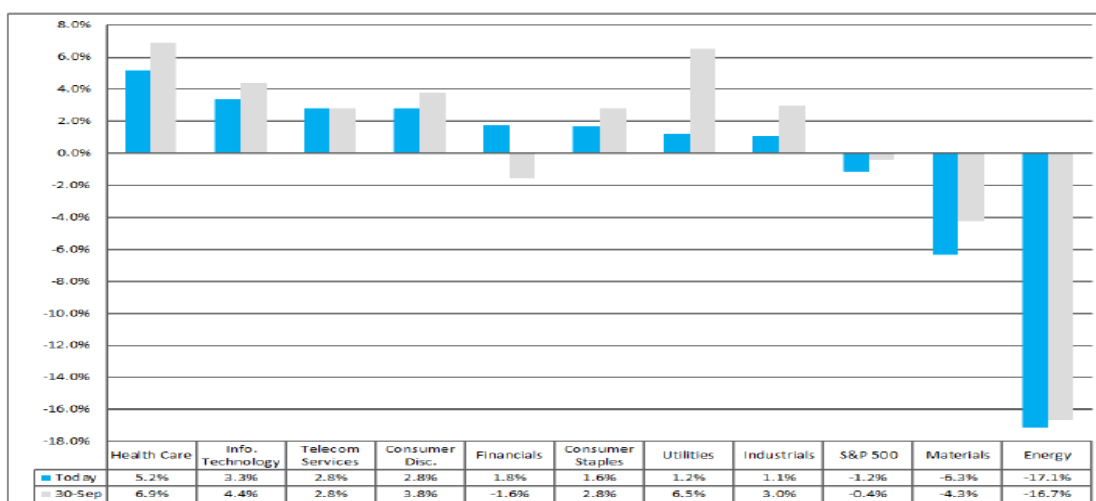
The housing market recovery also contributes to bank's profit; new home sales are up strongly (See our SCM Report – US Housing Recovery). Post GFC banks have restructured their balance sheets; it is fair to say they're in much stronger financial positions now.

Given financial sector is 1) increasing earnings 2) cheap valuation 3) housing recovery 4) stronger balance sheet, we think they offer great long term investment opportunities.

The short term concern over the fiscal cliff (lending activities are depressed because companies are not willing to be aggressive in times of uncertainty) may provide another good entry price.



Q3 2012 Revenue Growth



Source: Factset



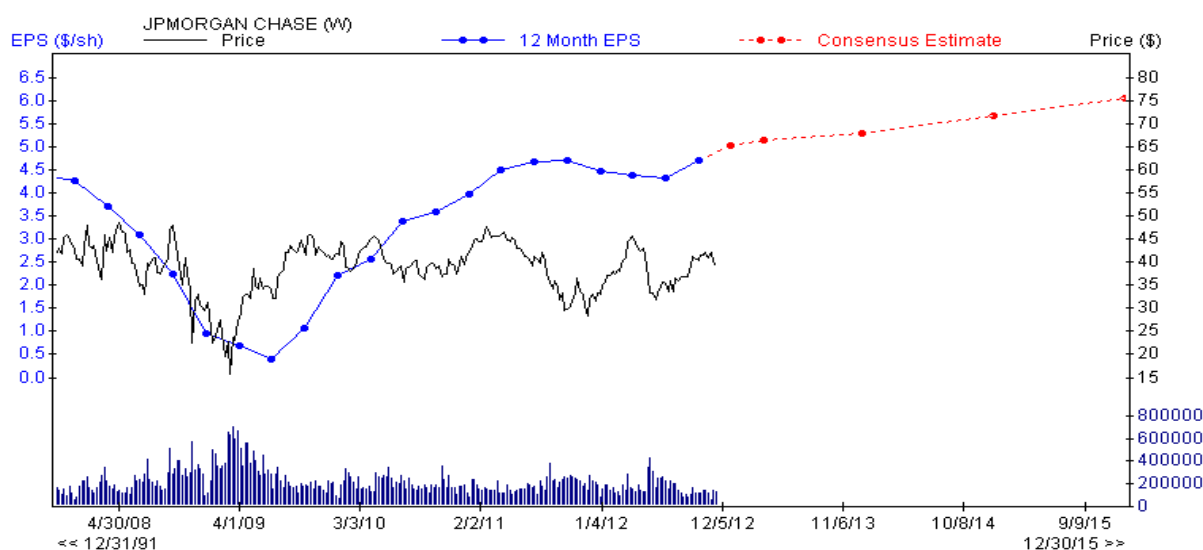
JP Morgan and USB remain our best picks in the banking sector.

JP Morgan (JPM) (LTP \$40.59) remains our number 1 pick in the Financial Sector. Valuations remain very attractive and its balance sheet is the strongest amongst its peers. It trades off a PE of 8, book value @ 0.84 and PS of 1.45 with an ROE of 11%.

Over the last 4 quarters we have seen profit margins and EPS accelerate.

Quarterly	EPS(\$)	% Chg	Sales (\$Mil)	% Chg
Mar-11	1.28	+73	28.8	-7
Jun 11	1.27	+3	30.6	+9
Sep 11	1.02	+1	27.1	+1
Dec 11	0.9	-20	24.4	-18
Mar 12	1.19	-7	29.1	+1
Jun 12	1.21	-5	25.1	-18
Sep 12	1.4	+37	27.8	+3

Source: Interactive Data Corp

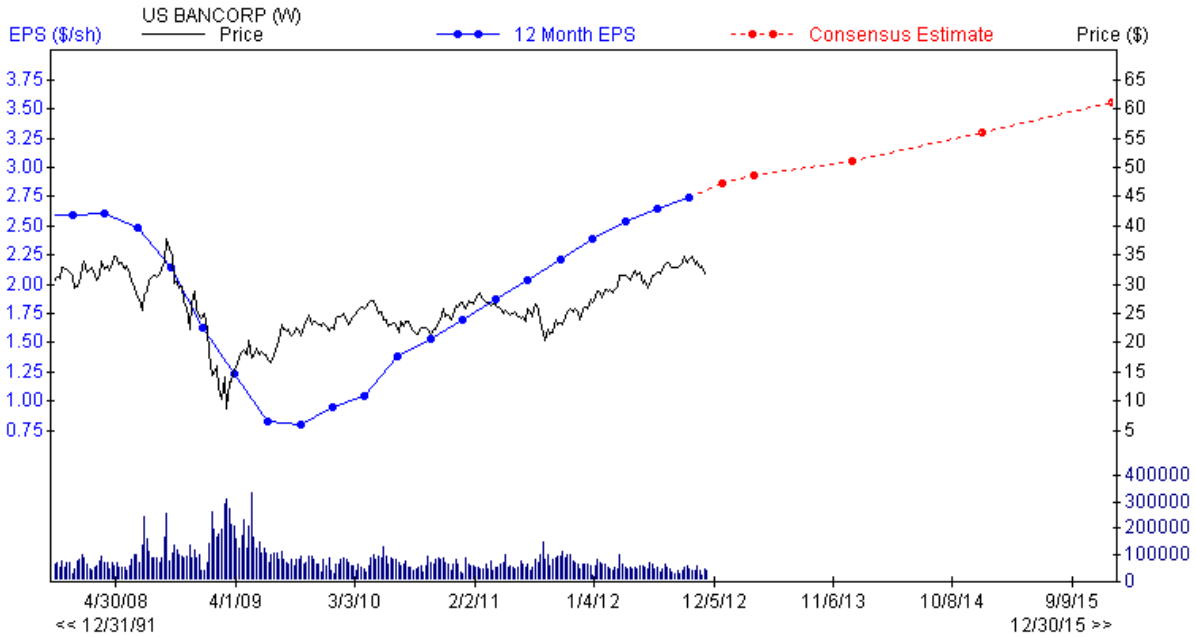


Source: Zacks

US Bancorp (USB) (LTP \$32.08) is our number one pick in the regional banks. It has a strong balance sheet and has positioned itself well in the Midwestern and western states of the US. Valuations are attractive, PE=11, PS=2.7 and PB = 1.78 (you are paying more for the stability USB offers). Earnings and sales have remained consistent of recent quarters.

Quarterly	EPS(\$)	% Chg	Sales (\$Mil)	% Chg
Mar-11	0.50	+47	5112.0	+4
Jun 11	0.60	+50	5265	+3
Sep 11	0.64	+42	5371	+4
Dec 11	0.64	+36	5651	+6
Mar 12	0.67	+34	5471	+7
Jun 12	0.71	+18	5583	+6
Sep 12	0.74	+16	5632	+5

Source: Interactive Data Corp



Source: Zacks

For more information on JPM or USB please contact our international desk.

About SCM Equities

SCM Equities are specialist in Australian and International investment services; they run Individual Managed Portfolio's for their clients and provide comprehensive economic and company specific research and recommendations. As a special offer for Your Trading Solutions subscriber, if you mention you are from YTS, they will conduct a full review of your portfolio and put together a comprehensive investment strategy for you free of charge.

Contact Matthew Sharratt or Alain Liao for further information.

Regards

Matthew Sharratt

Head of Global Markets



SCM Equities Pty Limited

AFSL 313 495

Level 11, 1 Chifley Square, Sydney NSW 2000

PO Box R995, Royal Exchange NSW 1225

T 02 8226 8280 F 02 8226 8255

E matthew.sharratt@scmequities.com.au W www.scmequities.com.au



Warning: This report provides general advice only and document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this report, you should consider whether the advice is appropriate for your individual financial circumstances and needs.

The report and any advice is subject to change without notice, but SCM Equities shall not be under any duty to update or correct it. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

General Disclosure

This research has been issued by SCM Equities Pty Limited (ABN 46 124 553 224, AFSL 313 495) (“SCM Equities”). It is intended for clients of SCM Equities only and may not be reproduced or distributed without the consent of SCM Equities.

So far as laws and regulatory requirements permit, SCM Equities, does not warrant or represent that the information in the report including any advice is accurate, reliable, complete or current (Information). The Information is indicative and prepared for information purposes only and does not purport to contain all matters relevant to any particular company or issuer. SCM Equities believes the information or advice in the report has been obtained from sources that are accurate at the time of issue, but it has not independently checked or verified that information and does not warrant its accuracy or reliability.

Important disclosure information regarding the subject companies covered in this report is available at www.scmlequities.com.au/disclosures.

Improve Your Trading Through Mindfulness

By Graeme Pearson

Mindfulness is a type of meditation. Mindfulness meditation is unique in that it is not directed toward being different to what you already are. Instead, it helps you become consciously aware of every moment. It teaches you to become unconditionally present. This is all done without any judgement.

Mindfulness is a useful tool that has many different applications. Mindfulness helps to be in control of your emotions and impulsive urges. It helps clear the filters which can interfere with trading and stop you following your plan and performing to your best.

Trading problems can mainly occur when emotionally reacting to a situation rather than following your rules. In times of emotional stress, which may be a result of seeing your account drop as a trade goes against you, you can react in ways that may not be in your best interest. The act of mindfulness can help in your trading by bringing greater awareness to what you are doing and make you more present to your actions.



The first step of applying mindfulness to your trading is to first identify any triggers of any emotional responses in your trading. Become familiar with what is going on for you when you have an urge to not follow your trading rules.

When you feel this urge to not follow your trading rules stop what you are doing and follow these steps:

Step 1 - Find a space that you won't be interrupted.

Step 2 - Either sit or lie down somewhere comfortable keeping your back straight as you can.

Step 3 - Close your eyes and begin to relax.

Step 4 - Locate where sensation of the urge seems to be in your body.

Step 5 - Without judgement observe the sensation. Get curious and identify as much as you can about it.

Step 6 - Just allow it to be present without trying to get rid of it. Welcome it to do what it needs to do.

Step 7 - As you become aware of any thoughts, simply let them go and continue to observe the sensation.

Step 8 - After a short time the sensation should ease to a point that it is difficult to even locate. At that point you can continue with your trading.



By introducing the skills of mindfulness to your trading you will learn how to slow down your thinking and discover hidden beliefs that influence your trading. Through the act of mindfulness you begin to unravel the deeply embedded neural pathways that give rise to self limiting beliefs resulting in poor trading. Until you learn how to manage your emotions and develop your mind to deal with uncertainty, you will never achieve your full potential in trading.

If you would like more information and exercises on mindfulness or would like support on your trading journey then free to contact me at graeme@yourtradingsolutions.com to help you become the best trader you can be.



About the Author: Graeme Pearson is a Professional Trader and Trading Coach for Your Trading Solutions. Since resigning from his Full-time job as a Mechanical Engineer back in 2006, Graeme realised that although he had reached his goal of financial independence something was still missing. Graeme found that he gained great pleasure in helping others and particularly when that help involved trading. Graeme now utilises his trading experience, Neuro Linguistic Programming and coaching training to combine mindset and methodology to help other traders become the best they can be. For more information about coaching contact Graeme at: graeme@yourtradingsolutions.com

Should You Quit Your Job?

By Louise Bedford

Before you decide to give your job the flick and trade for a living, let's take a look at the pros and cons of being employed versus full-time sharetrading.

Employment – The Dark Side

In my past 'working' life, I was the Sales Manager of a national team - or so it said on paper. In actual fact I spent the majority of my working hours contemplating raiding the office supply cabinet so that I could staple myself to death to avoid another pointless meeting. Ironically, in corporate life it seems that the harder you prepare for a meeting, the more likely it is to be cancelled.



The Positive Side of Working

Did the word 'pay packet' immediately spring to mind? If it didn't, then I'll hazard a guess that you've been receiving a salary as regular as clockwork for years...

With most jobs, it is possible to slack off for between one week and eight weeks without any adverse effects. Loyalty money is a terrific invention – you get paid just for turning up. A perfect holiday in an air conditioned, well lit cubicle, giving you time to relax, whilst having money deposited directly into your bank account... sounds like an advertisement for Club Med doesn't it?



Free pens, free liquid paper and free coffee also score high on the list of perks. If you're in a role that provides a company car and travel, benefits also include free petrol and frequent flyer points.

Trading for a living has its own drawbacks though...

Sharetrading Can be Lonely

As a complete extrovert, the solitary aspect of trading sometimes drives me to distraction. Some people have trouble adjusting to organising their own time.

Ask yourself a few pertinent questions before deciding to quit your job:

- Have you honed the necessary skills to make money regardless of market conditions ie if the market is going down or sideways, does your income suffer? If you do not know how to short sell, and trade options and warrants, in addition to shares, then you are destined to only make money while in a bull market. This is not sustainable.
- Do you have sufficient capital to continue trading, even though you may suffer a string of losses? Can you build your capital, and increase your position size, based

on your trading results? If you cannot add to your equity, inflation will ultimately bite you. Many traders begin their full-time trading career insufficiently capitalised.

- Do you have the discipline to follow a stop loss and exit a trade when it has turned against you? If you don't you will eventually self-destruct, it's only a matter of time.
- Have you been able to bank your primary source of income for at least a year, and live solely on the income derived through trading? If not, the pressure of trading for a living when you do quit your job may adversely affect your trading decisions.
- Do you have the support of your family? If you are responsible for the lives of others, it is essential that you have their buy-in to your goals. Many partners will inadvertently sabotage their loved ones if they do not share a common vision.

People generally quit their job prematurely to become full-time traders. There are no guarantees in this game. Even though trading for a living offers an unparalleled freedom, make sure you have developed the necessary skills prior to telling your employers that they are no longer required.

Trading Plans

Do you want to be in the top 5% of investors? Quick – grab a pen and paper and get writing. It is absolutely essential! Take heart from the words of Warren Buffett: “To invest successfully over a lifetime does not require a stratospheric IQ, unusual business insights, or inside information. What’s needed is a sound framework for making decisions and the ability to keep emotions from corroding that framework”. A trading plan can provide you with the framework that you need to succeed in the sharemarket.

Money is made as a by-product of following a sound trading plan, and adhering to the principles of money management. If you end up losing a significant proportion of your trading capital due to greed and ignorance, you can no longer trade, and you are out of the game.

Your plan must cover some basic issues such as your trading goals and objectives, which accounting structure from which to trade, and how you will handle your positions when you go on holidays. A trading plan must also cover 3 essential areas:

* Entry

* Exit

* Position Sizing

To help you pursue your trading goals, if you would like to download a trading plan template called a ‘Trading Plan Review’, there is one available for free from my website www.tradinggame.com.au. Simply enter the competition to potentially win a free Home Study Course, and you will also receive 1 month free forum access, as well as a copy of my Trading Plan Review. It will help you work through all of the vital issues that need to be included in a sophisticated trading plan to can give you an edge in the sharemarket.

Want to get Louise’s free 5-part e-course so you can excel in the markets? Register your details right now at www.tradinggame.com.au and you’ll never look back.

Louise Bedford (www.tradingsecrets.com.au) is a full-time private trader and author of *The Secret of Writing Options*, *The Secret of Candlestick Charting* and *Trading Secrets*.

Advice That's Costing Us Billions

by Gary Stone

Statistics indicate that super fund members paid \$1 in every \$8 from managed superfund investments throughout 2010-2011. Little wonder more and more Australians continue to take control of their own financial management.



Research conducted by Rainmaker Group throughout the 2010-2011 year found that superfund members were being slogged a massive \$2.4 billion in fees or nearly 10% of the \$25.9 billion invested in retail super.

Rainmaker found that a huge slice of the average Australian's tax break, their contribution to super, is consumed by commissions paid to financial advisers. The slice increases to about \$1 in every \$8 if personal insurance cover is also paid through the super fund.

If you take into consideration that these fees are deducted year on year for the life of an average policy which could be up to 40 years, the numbers become staggering simply because of the compounding effect of time.

Research conducted within the financial services industry also indicates that approximately 1 in 5 Australians (20%) will have used up the money in their super funds by the time they turn 70 – so much for a long and enjoyable retirement.

What does this mean for DIY investors?

Making the decision to manage your own super should not be taken lightly. The costs involved with establishing a self managed super fund, having it audited each year and the annual accountancy fees can be costly. But for those that do make the decision to manage their own super, there are potentially better returns on offer over the long term.



I have been known to get on my soapbox and campaign for individual Australians to take control of their financial future and consider how they manage their own money. The stats above may help you to understand why!

I also recognise that the share market has been a difficult place to be as an investor over the past 12 – 18 months and that many investors have seen little or no growth and many are even in drawdown. The positive though is that those investing in their skills will be in a position to capitalise on future market trends.

For those prepared to do some work and maintain a professional approach to their share trading and investing activities, the long term rewards and monetary gains can be significant and you can never move onto retirement planning too early.

It's no surprise the Self Managed Super Fund industry continues to gain popularity as it grows from strength to strength. Last financial year there were 33,000 new DIY funds established on top of the 460,000 existing individual funds for over 870,000 member trustees.

Gary Stone is the founding Director of Share Wealth Systems and leads the Research and Development Team. Trading and researching the markets since 1990, Gary is motivated by a conviction to help people do better. He has a strong belief that gaining knowledge in the market is not enough. "Investors need to be able to step into a set of repeatable and measurable processes that emanate from the market. Without a set of rigorous processes the probability of success is low". A contributor to media outlets such as Sky Business News, ABC Radio, Your Trading Edge Magazine and the Australian Technical Analysis Association, Gary is regarded as a well-researched and credible market commentator.



Suffering is Running Away from Suffering



by Van Tharp, Ph.D.

My transformational journey started in 1982. In that year, I started the Workbook for Students from A Course in Miracles (ACIM), and it took me four long years to complete the 365 daily lessons. There were times when I wanted to throw the book away and never look at it again. Sometimes, I'd go for a couple of months without doing the daily lessons. During those times, I felt a lot of pain. Conversely, whenever I was actually doing the lessons, I'd feel very little pain. Yet, for some reason, my ego would trick me into blaming the pain on the lessons, telling me, "See what happened when you did those lessons? You felt all this pain."



Today, I see something similar as I actively work with about 30 Super Traders. Super Traders in Part I of the program are supposed to work through 20 Super Trader lessons. They're also supposed to send me a weekly report on their progress, even if they haven't done anything during the week. The report lets me know what's going on in their lives and gives me ideas for suggestions that will help them overcome whatever roadblocks they might be facing. Those assignments don't sound so hard, do they?

When considering potential candidates for the Super Trader program, I look at a number of criteria, but especially at the answers to two key questions:

1. **Are you willing to work on yourself?** I can usually get a good idea of this by seeing them work on themselves in either the Oneness workshop or Peak 101; that's why attending one of those two workshops is a prerequisite for admittance into the program.

2. **Are you committed?** This has been a really hard one for me to measure. In fact, I've found I really can't do it, so I just have people fill out a commitment statement. If they can convince me that they're committed to doing the work, I usually accept them. However, there seems to be little if any correlation between my estimate of their commitment and what I see once they're in the program.

A few of the people currently in the program have never sent me a weekly report or completed even one lesson. They paid their money and signed a commitment letter but never did anything more. Usually, it's for one of two reasons: 1) they immediately ran into a roadblock and did a dance with it, or 2) they started the first lesson but became so scared of looking at themselves that it stopped them cold.



I've also had others who do some of the lessons; they progress nicely and send me reports, but then, all of a sudden, the lessons and reports stop coming. I send emails asking them at least to send me weekly reports so that I know what's going on, but very often, those messages go unanswered. Just as I did when I spent those four years doing the lessons from ACIM, they may have started thinking, "there's too much pain when I look at myself,"

and decided to stop. Almost immediately, pain and suffering began to surface, and they blamed it on the self-work they were doing.

My guess is that this also happens to many people who get the *Peak Performance Home Study Course*. They're really excited when they first order it, but when it arrives and they see how big it is and how much work it entails, they decide, "I'll do it later, when I have time." Meanwhile, their issues continue to dominate their lives as the thing that could help them just sits on the shelf collecting dust.

Then there are those who either skip parts of the course or simply stop doing the work entirely when they get to sections that really start to reveal their issues, usually with the excuse that "it's too hard." Later, when they're in a lot of pain, they start to think, "I never should have looked at that course; it brought up too much pain," when in reality, the pain was actually being handled and processed while they were doing the course. Issues were being solved. It's only when they stopped that their unresolved issues began to surface.

I believe that the Oneness Blessing helps in this regard by accelerating the pain processing that occurs when you work through the course. The blessing actually seems to change the brain by slowing down the activity of the temporal lobes (which make you feel separate from the world) and speeding up the activity in the frontal cortex (which, among other things, seems to heighten the possibility for communicating with your Higher Self). I've seen huge changes in my Super Traders since we started giving Oneness events as part of the VTI curriculum.

As you make changes, you get higher highs (feelings of absolute bliss) and higher lows (when the universe says, "you're ready to deal with this issue now, so look at it"). But when the higher lows are compared with the bliss of various awakened states, they seem awful. If you resist them because you only want the bliss, the resistance turns the issue into a Category 5 hurricane. What you resist tends to persist.



How can you become more present and aware? I could talk about some of the experiences of my Super Traders, but because I know "me" best, I'll talk about some of my own practices instead. My normal routine is to wake up and spend 20 minutes meditating on that day's ACIM lesson. I write down the lesson notes in my iPad. I meditate for about 15 minutes on the lesson and ask my Internal Guidance to comment. Do I really understand the lesson, or is there something I'm not getting? Typically, I get a great answer,

especially if I missed some important aspect of the lesson.

I also fill out a gratitude journal and a manifesting journal. I do some reading in a spiritual book like *A Thousand Names for Joy*, have a dialogue with my Internal Guidance, and do the five rites from the book, *The Fountain of Youth*. Sometimes that whole process takes several hours, but I usually feel incredible by the time I finish.

Sometimes, though, I skip a few days or even weeks, or I make promises to my Internal Guidance about what I'll do that day, only to remember the next day that I didn't keep any of them. When that happens, I feel terrible.

When I return for guidance, the conversation usually goes something like this:

Beloved, I didn't keep my promise to you, and I haven't even bothered to talk to you for four days.

Why are you living in the past? Are you here with me right now?

Yes.

Are we talking right now?

Yes.

Right now, in this moment, do any of those problems exist?

No.

Right now, talking with me, are you at peace? Do you feel joy?

Yes.

Then stop living in the past and the future. Right now, I am with you. Your suffering only occurs when you are in the past or projecting the past into the future. Right now, in this exact moment, you have everything you need, and everything is perfect. You are filled with peace and joy. Isn't that true?

Yes, it's always true.

So just realize that all your problems occur when you leave me and go into the past or the future. Just stay in the now.

What I've noticed about my dialogue with Her is that there is such unconditional love. She is always there for me, and She never judges me. I might feel guilty about not keeping promises to Her, but She says that that's only because I'm in the past. In the present moment, there is only peace and joy, and that's where She dwells.

Most people spend a great deal of time in the past and the future. That's where the suffering is. And the solution is very simple: Awareness. Be aware of the thoughts you're believing. Realize that you are not those thoughts, just the awareness of those thoughts. When feelings come up, don't run away; be willing to experience them. When you experience them, they disappear or even turn into joy. Suffering occurs when you run away from emotions. You don't want to feel them, so you avoid them and don't really experience them fully. This causes them to grow inside and attach to beliefs, which only reinforces them.



But as you clear out these issues and your level of consciousness grows, several things happen. First, you become happier. Your baseline level of happiness rises.

Second, your mind becomes quieter—and a quieter mind experiences less suffering.

Third, you can see the markets for what they are. When your mind is quiet, knowing what the markets are doing at any given moment becomes easy. Low-risk ideas seem to spring into your mind; what's more, those ideas seem to work out. That's what we call "trading in the now."

About the Author: Trading coach, and author, Dr. Van K. Tharp is widely recognized for his best-selling books and his outstanding Peak Performance Home Study program—a highly regarded classic that is suitable for all levels of traders and investors. You can learn more about Van Tharp at www.vantharp.com.

Trading Success Story

An interview with Ken Long

Q: How long have you been day trading now, and how did you start?

Ken: I've been trading for over 20 years. I started off with companies in sectors I was already trading on longer-term systems, and I wanted to improve my entries and exits on the signal day.

Q: How would you say your trading has changed over those years?

Ken: I think I've become both more systematic and more comfortable with my discretion. One thing that has really shaped my development is teaching. As I've become a better teacher, I've become a better trader. The more transparent I am about what I've done as a teacher and trader, the better my performance.

Q: Does psychology still affect your trading?

Ken: It remains by far the most important single component in everything I do. It's deeply embedded in my personal and family goals and objectives, the types of systems I design, the way I study and teach them, and the way I trade them in the moment. How I trade is tied to who I am—which is the central focus of psychology. Trading is craft and knowledge put into practice, and psychology is deeply involved in the sense-making that goes along with that. The journey toward mastery is a psychological one.

Q: You talk a lot about how you use statistics to inform you about the market and your trading, but not to make predictions. Why not?

Ken: There's plenty of evidence that markets are not normally distributed. Taleb and Mandelbrot describe the problems with using statistics to predict the behavior of nonlinear, power-law distribution processes. Too much faith in the predictive power of statistics can lead you to engineer all the slack out of your system, which would set you up for disaster when a fat tail event occurs. I'm careful to use statistics only to describe what has happened in order to define the range of normal behavior, to identify the boundary between rational and irrational exuberance, and to ensure I'm protected against adverse large-tail events.



Q: Does someone have to understand statistics to trade your systems well?

Ken: It helps, but it's not absolutely necessary. I think Dr. Michael Starbird's course on statistics from the Teaching Company does an admirable job of relating statistics to everyday life and should be part of every person's mental toolbox.

Q: How much experience does someone need to trade your systems?

Ken: I believe in making my systems as simple as possible, so they're actually designed to be traded by novices. Simplicity is a quality of the rules set. But simple systems can be difficult to trade for psychological reasons, especially if the rules you're trying to trade don't match your beliefs or don't make sense to you in light of your personal experience. I believe that your experience is useful to the extent that you reflect, analyze and learn legitimate lessons from it. Without reflection and analysis, experiences are shaped by our cognitive biases into untrustworthy memories. I like the saying, "perfect practice makes perfect." If you

begin your trading career with guided experiences in a framework that supports objective analysis, you can accelerate your learning curve.

Q: How much money does someone need to trade your systems?

Ken: Some of my shorter-term systems can be traded with as little as \$5,000 in a futures account, and I believe the swing and longer-term systems need a minimum of \$25,000 in order to take enough signals, because they often come in clusters.

Q: Are your mechanical systems really mechanical? Are they automated, or automate-able?

Ken: Each of my baseline systems can be traded mechanically. In fact, we hired one of the best Tradestation programmers in the world to completely automate six of my swing trade systems and the optional continuation pattern rule set that applies to all six. Because good programmers demand precise definitions, we refined the rules into a purely mechanical form. My long-term systems can also be traded purely mechanically, and different forms of my intraday Frog strategy can be traded mechanically. I'm constantly searching for ways to turn my intuitions about edges I think I see into rule sets that can be



tested objectively. The learning process of turning discretionary trading into rule-based systems has improved both dimensions of my trading. This week, we completed automating my favorite long-term system to the Tradestation platform, which takes advantage of new, expanded backtesting and system refinement capabilities. I'm very excited about these packages.

Q: Will there be any changes to your Mechanical Swing and Day Trading Workshop?

Ken: I'll be placing much more emphasis on worked examples and case studies to make sure that students get a chance to demonstrate their understanding of the concepts by practicing. The research I've been doing on experiential learning convinces me that this is the best way to transfer craft knowledge to others.

Q: At the recent Frog Boot Camp, you were talking about how the framework of the Frog system has helped you develop a new system called RLCO. How did that evolve?

Ken: The Frog system is based on defining the difference between signal and noise on intraday time frames. From there, I began to use descriptive statistics to frame intraday opportunities in a systematic, adaptive and disciplined way that relies on math and not on my judgment. The Frog minimizes the information you need to make decisions. When I saw that reducing the amount of information could still produce good trading, it made me very choosy about adding indicators back onto my chart. I like regression lines because they combine the insights of moving averages and the discipline of descriptive statistics. Combining the Frog with regression lines gives me a framework to pinpoint important critical states in different time frames. I think of critical states as moments when the market is under tension and ready to make a larger-than-normal move in either direction. This favors a direction-neutral trader and removes the pressure to be right about direction.

Q: Will your experience at the recent Frog Boot Camp affect your Mechanical or Discretionary workshops?

Ken: The Frog Boot Camp reminded me just how hard it is to express simple rules simply, and how hard it is to follow those rules when your own experience is whispering in your ear. Consequently, I'm going through my rules again to make sure I'm as clear as I can possibly be about the concepts. I'll also make sure we have case studies to practice on.

Q: We know you love coaching your daughter's soccer team as much as you love trading. Has coaching helped your trading in any way?

Ken: There's a saying among soccer coaches that the ball will bounce the way it will bounce regardless of your plans. The best soccer players combine preparation, conditioning and a robust game plan but retain the ability to adapt to surprises they find on the field. My daughter's team excels because of their teamwork and preparation, and those are qualities I prize in our trading mastermind as well.

Q: In your mastermind and at your workshops, you advocate keeping a trading journal. Why do you find them so useful?

Ken: We have so many cognitive biases that I think it's better to document, understand and protect against them than to try to eliminate them, which is basically like trying to eliminate human nature. Because psychology is so important to trading, the learning journal addresses those parts of the story not told by charts and patterns.

Q: What needs to be in a trading journal?

Ken: There are several things. You should include the key price information that allows you to generate an R-multiple calculation for the trade; the key decisions of each trade, with a snapshot of what was going on at the time; a rich description of your internal states; justifications for changing your rules if you do change them; an evaluation of your performance against your rule set as part of your daily debrief; an area for reflective thinking, which helps you make sense of your experiences; an area for committing to a particular action in writing; and comments on the results of your actions.



Q: Do you have traders at the live Discretionary workshop keep a trading journal?

Ken: Absolutely. I consider that to be the most important part of the workshop. If you can follow through with the learning journal, trading the systems are relatively easy. Holding an honest mirror to yourself and looking at your performance, warts and all, is much more difficult than following some rules. If you can't do that, you probably don't have the emotional resilience to be a trader.

Q: Your Discretionary workshop doesn't teach a completely discretionary approach. How would you describe what you do there?

Ken: I consider myself to be a systematic trader with discretionary tendencies. I use systems, rules and statistics to define the space where I can use my discretion. My decision framework is based on backtesting and math to make sure that I'm trading in an area where I have an identifiable edge. The more advantages I can accumulate for my trading area, the better off I am. Basically, I'm looking for a minimum reward-to-risk ratio of 2 to 1 so that my discretion has an opportunity to succeed, and I compare my discretionary performance against a straightforward application of the mechanical rules to make sure that the discretion is adding value. I think you have a chance to get the best of both worlds if you systematically look at both mechanical rules and discretion.

Q: Do you have any thoughts on what the market is doing right now? (note— answered on 8/22/2012)

Ken: I look at three different time frames to make that judgment. Here's what I see.

- Long term (months or longer): I classify the market as bull quiet, with 100% risk exposure to global equity markets based on the world market model. We're not yet oversold long-term, but were getting close to one-year and four-year highs. That's produced strong resistance in previous cycles, so I'm alert to the possibility that the intermediate trend may experience significant change. The U.S. large-cap value sectors have been strong for six months, but there's evidence of resurgence in the risk-on technology trade, as well as a shift in some global opportunities. Gold and silver are making stealthy bases and starting to show some strength.
- Swing term (days and weeks): We've just come out of overbought conditions on the 10-day basis. The regression channel is up, but not dangerously so. Volatility is remarkably quiet. A break above 142 in SPY would be very favorable because the next resistance levels are near 150, but a break below 138 would set up a test of the bottom of the regression channel near 132; consequently, a tactical swing trade in either direction would be perfectly natural. This is great for a short-term trader because there's a strong argument for a 5%-to-8% move in either direction.
- Intraday: This is defined purely by my Frog and regression-line statistics. We have plenty of tradable symbols in either direction across multiple market sectors and geographical regions, which gives us lots of intraday trading opportunities without overnight risk.

Q: Do you have an opinion on high-frequency trading? Is it affecting the markets, good or bad? Does it affect the way you trade?

Ken: It's certainly accounting for a significant amount of volume. Because it's rule-based, there's evidence of intraday patterns that kick in quickly and trap the unwary. I think it gives statistical traders an edge because algorithms don't have to have a human belief to trigger them. Sudden sharp moves favor the agile, as well as those who know how to leave the party before it's too late. HFT is the current favorite whipping boy for all things difficult in the market, but it can't possibly be to blame for all the things that people attribute to it.

Q: Can you tell us how your trading is evolving into the next state?

Ken: As I reflect more and more on my ideas for refining, expanding and integrating my systems, those ideas come faster and faster. I've learned from Van not only how to identify and change beliefs, but how to eliminate the need for them, or at least some of them. This creates a free space in which I can quickly explore ideas from all angles without preconceived notions of what to expect. That's opened me up to receive insights from many unexpected directions, insights I've been able to translate into effective systems. The mastermind has also moved my trading to new levels because it gives me the opportunity to work and play with traders who are committed to each other's success.

Interview Supplied by The Van Tharp Institute. Interview by R.J. Hixson. Ken Long is a successful trader, prolific system developer and outstanding instructor. His statistical and systematic approach to trading lends itself to profitable mechanical trading systems whose performance he has improved further through the judicious application of discretion. Ken Long retired from the Army as a Lieutenant Colonel and now teaches at the U.S. Army Staff College. He recently earned a D.M. in Organizational Behavior. He is a proud father of three, a husband, teacher, student, martial artist and active trader. Ken also instructs dynamic trading workshops for the Van Tharp Institute..



DID YOU KNOW?



Microsoft Corporation

Microsoft Corporation (NASDAQ: MSFT) is an American multinational corporation headquartered in Redmond, Washington that develops, manufactures, licenses and supports a wide range of products and services related to computing. The company was founded by Bill Gates and Paul Allen on April 4, 1975. Microsoft is the world's largest software maker measured by revenues.

Microsoft was established to develop and sell BASIC interpreters for the Altair 8800. It rose to dominate the personal computer operating system market with MS-DOS in the mid-1980s, followed by the Microsoft Windows line of operating systems. The company's 1986 initial public offering, and subsequent rise in its share price, created an estimated three billionaires and 12,000 millionaires from Microsoft employees. Since the 1990s, it has increasingly diversified from the operating system market and has made a number of corporate acquisitions. In May 2011, Microsoft acquired Skype Technologies for \$8.5 billion in its largest acquisition to date.

As of 2012, Microsoft is market dominant in both the PC operating system and office suite markets. In June 2012, Microsoft announced that it would be entering the PC vendor market for the first time, with the launch of the Microsoft Surface tablet computer. For the first time in 20 years Apple Inc. surpassed Microsoft in Q1 2011 quarterly profits and revenues due to a slowdown in PC sales and continuing huge losses in Microsoft's Online Services Division (which contains its search engine Bing). Microsoft profits were \$5.2 billion, while Apple Inc. profits were \$6 billion, on revenues of \$14.5 billion and \$24.7 billion respectively.

<http://en.wikipedia.org/wiki/Microsoft>

QUOTES To Inspire

"A common thread that runs through most major religions is the Golden Rule:

What is hateful to you, do not do to your neighbor: that is the whole Torah; all the rest of it is commentary..."

~ *The Talmud*



"Learned this, at least, by my experiment; that if one advances confidently in the direction of his dreams, and endeavors to live the life which he has imagined, he will meet with a success unexpected in common hours."

~ *Henry David Thoreau: Walden*

"Until you value yourself, you will not value your time. Until you value your time, you will not do anything with it."

~ *M. Scott Peck*

"You are neither right nor wrong because the crowd disagrees with you. You are right because your data and reasoning are right."

~ *Warren Buffett*

"A loss never bothers me after I take it. I forget it overnight. But being wrong — not taking the loss — that is what does damage to the pocketbook and to the soul."

~ *Jesse Livermore*

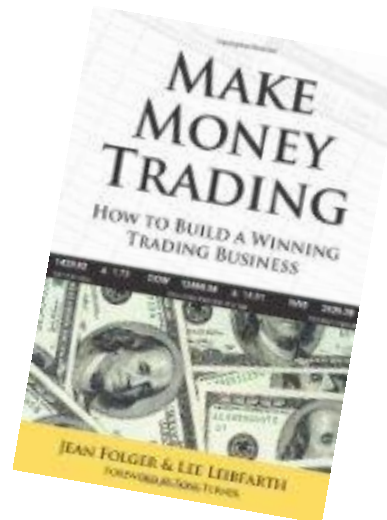


Each issue we will feature a Review from Amazon.com about a book that we would recommend for your Trading Library. If you would like to purchase the book each month simply click on the image and you will be taken directly to our Amazon A-Store to securely take your order.

Make Money Trading: How to Build a Winning Trading Business By Jean Folger and Lee Leibfarth.



Click directly on the image to purchase this book



Product Description

Want to be your own boss? Live independently? Take a more active role in managing your money? That's what a trading business can mean for you money, independence, and complete control over your finances. But without the proper education, about 90% of people will fail. That's why this book is essential to your trading success.

Jean Folger and Lee Leibfarth present an organized, top to bottom look at what it means to start, run, and ultimately succeed at the business of trading. As active traders with over 15 years of teaching and coaching experience, Jean and Lee wrote this book specifically to give you unlimited access to all the tools and skills necessary to becoming a profitable, self-

sufficient trader. Inside you'll find information that will turn you from a spectator to a full-time pro!

Gold mines and pitfalls of the Business of Trading: Learn what makes the markets tick to find the next big win, essential risk management techniques to protect your gains, and detailed information on how technology can be your greatest asset and make your life easier.

How traders predict the markets: Explore the tenets of technical analysis and how reading the charts can help you pinpoint the highest probability trades.

Secrets of disciplined trading: Discover the secrets to developing, testing, and building a successful trading plan to fit your personal style with tips on backtesting, optimization, and evaluation. Don't risk your money reinventing the wheel. Every detail you need to start or refine your trading business is in this book.

Packed with of examples, downloadable code, and worksheets, Make Money Trading is the ultimate resource for creating a winning trading business. Come discover what Jean and Lee already know the joys of being an independent trader..

Customer Review By Toni Turner

What makes a book worth reading? As a writer myself, I look for compelling, timely, and well-organized material presented in a reader-friendly style. As a trader and student of the financial markets, I look for valuable information that will make my journey in this arena a richer and more profitable experience.

To my delight, I've found that Make Money-Trading: How to Build a Winning Trading Business, has fulfilled my demands and expectations. Jean Folger and Lee Leibfarth have written an excellent and enjoyable book that offers a significant ROI (return on investment) in exchange for the time spent absorbing its high-quality content.

Make Money Trading moves forward in a logical and well-organized progression, from establishing overall trading business goals and defining objectives, to an evaluation process that includes historical modelling, forward performance testing, and live market testing. The trader s research and work in these areas, using the guidelines described in the book s chapters, should culminate in a fully developed trading plan. Of course, the plan s success will be put to the ultimate test in a live trading scenario that finalizes in a profit/loss statement.

Again, this book is all about the business of trading. It is up to the reader to explore and expand his or her knowledge of certain components of the process, such as candlestick trading technology, chart indicators and oscillators, volume signals and the interpretations of price patterns.

The challenge of coming to the end of a really good book is where to start how to put all the great ideas in the pages into action. Even though I've been a trader and investor for more than sixteen years, I continue to learn from others. I will go back through this book s pages

and revisit all the highlighted sentences and sections that drew my attention. Then I'll plan new strategies based on those ideas.

Was this book worth reading? Absolutely! Compelling, timely, well-organized and reader-friendly? For sure! I am confident that whether you're a trader or investor novice or more experienced market veteran *Make Money Trading* will act as a valuable tool to help you develop your trading career into a successful and winning business!

Taken from the foreword by Toni Turner President, ToniTurner.com and best-selling author of *A Beginner's Guide to Day Trading Online*, *A Beginner's Guide to Short-Term Trading*, and *Short-Term Trading in the New Stock Market*.



Trading skills can be one of the most difficult skills to acquire, yet how many traders take on a coach to help them with their trading? If we were to talk about any sporting endeavour which you wanted to achieve your best in then you would hardly think twice about taking on someone to help make it work for us, but trading, no, that seems to be different. Of course trading coaches may not be cheap, but in most cases they are a lot cheaper than the losses which many make in the markets.

A quote by Derek Bok sums it up nicely **“If you think education is expensive, try ignorance”**.

It is not difficult to make money in the markets, but there are many things you need to learn and you also may need to “unlearn”. It is learning to do what you learn intellectually, that ultimately proves so difficult. Knowing what you should do is not enough. That is where the coach comes in to help you not only to know what you should do, but actually do it.

A large number of losses exist through not following a profitable trading system and this is where the coach comes in to find out what is stopping you working in your own best interest.

Your coach will give you methods to follow to help strengthen your internal discipline and continues to work with you until it works for you. That is when the fees charged will be dwarfed in comparison with the money you can make from the markets.

Winners go for what they need. **If you think there is scope for improvement in your trading then you should do something about it. The first step is to decide that you are going to be a winner, and then just do it.**

Become the Best Trader You Can Be!

When would now be a good time become a successful trader and make massive profits from the market? Pick up the phone and CALL NOW on +61 400 482 653 or email me on graeme@yourtradingsolutions.com for more information on our transformational coaching. Graeme Pearson.

As Anthony Robbins says **“Never leave the scene of a decision without taking the first step”**

