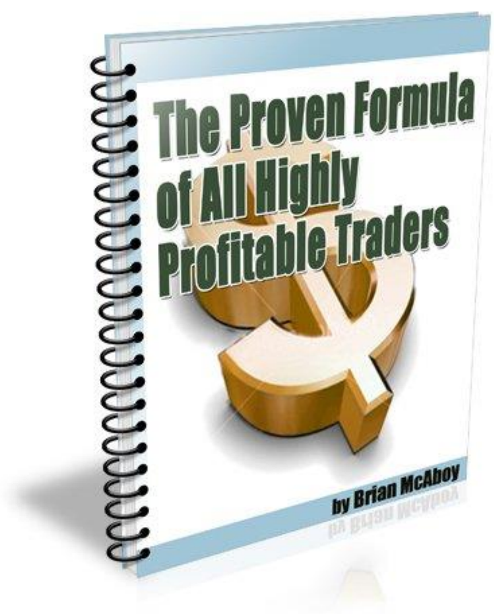
The Proven Formula

Of ALL

Highly Profitable Traders



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In this short report, I will share with you the proven formula of ALL highly profitable traders, and how you can utilize it to achieve your own greatness in trading.

DO NOT overlook this or dismiss it, as it is simpler than you might think. Often, the reason that traders don't realize their goals is because they aren't following through on one or more parts of this formula.

There have been greats in all the different arenas whether it is Forex, Stocks, Commodities, or Options. There is one thing that ALL the true professionals have in common. After reading this report, if you read their stories you'll find that they've all followed this formula whether they realized it or not.

I'm not talking about the early success that some traders encounter – the kind that doesn't last or is difficult to repeat. We're talking about the traders that have reached the level that you could take away their sizable accounts and start them over with just $10,000 and in very short order they'd have their account right back up in the highly respectable range.

This is because they know what they're doing. They've gotten good enough and they know this formula well enough that they wouldn't be afraid to lose it all and start all over from scratch.

Here is the key to making the formula work - you must differentiate between your trading system and your trading operation.

Your trading system is what you use to select trades to enter, and directs your decisions on entry, exit and trade size. The "system" is a specific method or software or signal service for the purpose of picking trades and executing them.

Your trading operation is your the entire trading activity and includes the system, your environment, and your practices and procedures.

The masters of trading focused on developing and refining their system, but **they also kept a very high priority on developing and refining their operation.** This is why so many traders fail to duplicate the success of the great traders that they read about. The followers focus on the system and don't put the same emphasis on the operation as a whole.

This really is the crucial part and apparently the most difficult to accomplish – UNLESS – first of all you're aware of it and then secondly how to go about it.

This report is going to show you the formula and how to truly optimize your trading operation, so that you can finally get on to realizing your desires and goals. What is intended here is to give you the overall framework and the "blueprint" to follow. Of course there is considerably more detail involved in building your trading operation.

The end-goal of your efforts is to become consciously competent in your trading – you are successful, you know that you're successful, and you know what makes you successful.

That's what makes the masters truly masters. While they might not have followed this formula exactly in the order presented here, they did stick to this formula. Also, you'll note in their stories, when they got away from focusing on their operation was when they encountered struggle and a substantial drop in their success rate. All of them realized this and when they got back to it, they returned to their previously proficient level.

At the end of this brief report is a one-page summary of the formula, so that you can print it out and keep it handy.

The Proven Formula

1. Determine your personal objectives.

This is where you take the time to determine your desired lifestyle – with a very concentrated focus on how you spend your time. This may take a bit of time and present some challenges if you're not completely happy with your life as it is.

If you truly want success, you must want it for a reason. Most likely that reason is that you AREN'T satisfied with your life as it is.

Two important steps to take right now are to:

1. Figure out what you want so that you can give your mind what it needs to focus on and direct you toward that.

2. Lower your resistance to allowing the realization of your desires. Why do you think you are where you are now? It is largely due to the internal and external programming of our minds throughout our lives. This resistance is what keeps us from realizing our dreams or at the very least makes their realization difficult.

Most people have the first challenge in that they've given up on their dreams. Often, they stopped dreaming altogether or at the very least don't give themselves permission to dream. They simply look at where they are now and say "Yeah, right".

Get clear on what you really want out of life and then allow it in. Whether you believe in the Law of Attraction or not, there is quite a bit of useful and helpful information within these teachings to help you get clear and then open up to allowing things into your life. The exercises in the Law of Attraction Videos are quite unique, practical and enjoyable.

You've only got one shot at this life, and it is worth your while to consciously pursue making it great.

2. Determine your trading objectives

Once you've created a fairly clear vision of what you'd like you're life to look like, then you need to see how trading will fit in regarding your time involved in the activity. This really does need to come before the money part.

Next you need to decide if you are going to have your trading provide the regular income beginning fairly early on or if you want to do this only for a few years, during which time you'll keep most or all of the profits in your account with the intention of amassing a nice sum to do other things with. Perhaps a combination of both – this is your personal decision. Now put some numbers and target dates to it.

One matter that is very important here and in other aspects of your trading is your comfort zones and how it all makes you feel. If you are operating too far outside your true comfort zones, then this will present obstacles to realizing your goals. Stretching them a bit can be fine, but too far can be detrimental.

3. Choose a strategy that meets the objectives of both

There is ample information available today on the wide variety of strategies for trading, and is well worth your time to research what's already been established with the intention of find a strategy that meets the personal and trading objectives that you've determined will work for you.

It happens quite often that a person will get introduced to trading by someone or an organization that follows a particularly methodology and strategy. Not knowing any better from be new to all this trading stuff, he or she will simply continue to follow that course because their focus is on the money to be made.

There are quite a few different ways to trade and whether you'd prefer a full-time involvement in trading or just part-time and the end of the day or even just weekly, there are strategies that will allow you to trade in a manner the meet the time involvement requirements that suit you. Again, lifestyle and comfort zones first, then the strategy.

4. Make sure you have the resources to pursue this strategy (both time and $)

A common cause of business failure is starting under-capitalized. In order to reach a long or medium term goal, it requires that you have sufficient capital to accomplish two things: first to start the business and operate it, and then second, to get through the development stage (which includes the learning curve).

The various strategies have different capital requirements to effectively execute them, and having those resources available at the start only makes good business sense. If you find that the requirements for strategy you've chosen exceeds your current resources, then seek another strategy, wait until you have the capital or find another source for your capital.

The above comments also apply to your time availability. Will you have the time available to get your trading business off the ground and then to operate it? Your strategy must fit both. If not, then keep searching until you find what has the likely chance of working for you.

5. Find a proven trading system that fits your strategy.

Now that you've selected a general strategy, you need to have a system to let you effectively select, enter and exit those trades in a profitable manner.

Regardless if you are a trend-follower, a position trader, a contrarian, an options trader, trade Elliott waves, pick the tops and bottoms or whatever you may chose to be your trading style, you aren't the first one to do this. Don't re-invent the wheel, look for those with a system that have already proven it to work and then learn their system.

There are specific systems already established to trade every general style of trading, so simply go on the hunt (or go shopping, whichever terminology works for you) to find an already working system.

IMPORTANT!!! Just because you've found a strategy and a system, don't just jump in and start trading live money with it just yet! This is where many traders make their first and biggest mistake. There's something very important to do first.

6. Back-test and analyze the system to confirm that it meets your objectives and with your resources.

You wouldn't buy a car without first taking it for a test-drive would you? NO!

You wouldn't buy a house without being able to walk through it and then have it inspected first, right? Of course not.

The biggest mistake that many traders make is that they get busy with a system before they've run it through its paces and confirmed that it has a reasonable likelihood of producing the desired results.

Understand, this happens primarily for three reasons:

1. Most new traders are so anxious to get making money that this isn't even a thought that enters their mind
2. Many new traders aren't aware that this is method is available
3. Quite a few traders are aware of back-testing, but don't really know how to go about it and don't know specifically what to look for in the results – beyond if the system is profitable.

Unfortunately for those that skip this step, this is where your confidence and discipline will begin to fail. Without this confirmation, as soon as things don't go as expected with your trades, your confidence in your system will drop and your ability to stick to it will falter. Once your discipline wanes, your results are likely to diminish rapidly. This starts a vicious cycle that many traders have great difficulty getting out of before it is too late.

There are specific methods for back-testing, and how technical you want to get should be determined by what information you need out of the analysis and how much time you wish to devote. You should keep it as simple as possible, since the more involved it gets, the less likely you are to do it.

For the purposes of this confirmation, basic back-testing and analysis are all that is necessary and would present the most efficient use of your time. There are specific basic criteria that you want your system to meet, so make sure that you include these core metrics during your back-testing.

One additional and enjoyable exercise to use at this point now that you've clarified your general time involvement with trading and how much you expect to make based on your back-testing and analysis, take a quick minute to check one thing: is your system likely to pay you what you feel your time is worth?

Take your monthly income from your trading analysis results and then divide that by the hours you'd be putting in each month. See if that number is satisfactory to you.

Here's a simple example. If my goal is to make $5,000 per month as a full time trader, then $5,000 divided by 40 hours per week and then again divided by 4.3 weeks per month average. That makes for a pay rate of $29.07/hour. Now keep in mind that you'll have costs and taxes too, so you will want to factor in these costs as well. After all, the only thing that matters is what ends up in your bank account to spend, right?

7. Optimize your trading operation

This is where the masters achieved their greatness and all those that failed to emulate their success missed the mark.

Once you have a system that you have proven to yourself with real market data and you know what it can and can't do, now you have to pay attention to everything that affects your execution of that system.

First thing to do is to practice your system and develop your skills with it and your proficiency at following it very well.

Second is to study and expand your knowledge of trading and your understanding of how things work, what may or may not influence the markets (and subsequently your system's performance in your chosen markets), and how you can further optimize your system.

Third and just as important is to test and refine your entire operation. You want to approach your system and your execution with a focus on what works, and what works best. The system itself will not make you money. It is how you use it and what you do or don't do that will make the difference in your results.

You want to identify and reinforce those factors and conditions in your trading that support you and help you trade better, especially those things that make good execution easier. If you find anything that is causing you difficulty or influences you in a negative way, then you need to pay attention to it and take action on it.

In this step, you must pay close attention to your entire operation

8. Create rules as you encounter ANYTHING that affects your trading.

This is another critical measure in making it the distance to greatness. The masters were all human and made mistakes on their way to the Promised Land. The primary action that got them all the way there was paying attention, learning from their mistakes and then taking action to ensure that they wouldn't repeat them. Unfortunately for them, they had to discover the mistakes on their own and suffer through the losses before they saw what was going wrong. You have the opportunity to learn from their mistakes without the hard lessons – if you will take advantage of it.

The great traders are/were human and had to deal with the emotional challenges of trading, just like you. This can be one of the most challenging aspects of trading. Rather than try to forcibly control, fight against or ignore your emotions, it is much better and easier to find the root causes so that you can take action. First step is to identify the root cause or source of the influence and then to put measures into place to control the influence that is triggering your emotions.

Emotions and their sources can be a complex matter and can be difficult to sort out by yourself, especially when you're caught up in them. Most often it takes the help of someone outside of you to help you understand what's going on and what to do about it, especially since everyone is unique.
The important matter is to take action to counter any detrimental influences to your trading, especially those that create emotional challenges. There are things you can do, so don't just accept that trading and struggling with your emotions is how it is supposed to be. Do something about them and keep making progress in your trading growth.

An example of this is Nicolas Darvas, who made over $2,000,000 in the stock market back in the 50's. Even after perfecting his system and making $500,000, he found that he was susceptible to the hype and hot tips from his broker. He went so far as to create a rule for himself that he would not get on the phone with his broker or visit the broker's office. All communication was via cable, because Darvas knew that he could get all the information he needed this way.

Rather than deny his humanity, Darvas recognized it and took the necessary steps to control not his feelings, but the environment and his practices that would trigger his emotions.

Make certain that you do the same. Identify your susceptibilities and be aware of the common mistakes in trading and those factors that may influence your operation. Remember, the system does not make you money by itself. A solid operation and good execution built around a tested and proven system are what make for a profitable trading business.

Conclusion

This formula has been proven time and again by the masters of trading. If you will simply follow this formula, you will give yourself the best possible chance of finding your own greatness and realizing your goals.

Focus on your operation, not just the system for picking trades. Regularly analyze and refine your system and especially your execution of it. The profits will come from the good execution of a working system.   You achieve consistent execution by building a systemized and standardized operation around the system.

The main thing is to pay attention to what works and what doesn’t. Then you must act.

Drop or change what doesn’t work, and when you find what does, then optimize it.

I hope you’ve enjoyed this report and find it useful.

Cheers

Brian McAboy

About The Author

Brian McAboy is a trader, degreed Mechanical Engineer, Certified Quality Engineer and Business Coach.

His strengths in Mechanical Engineering were in processes and systems, and while a Quality Engineer, his strengths were in the Quality process, operations, documentation and training. All throughout his career, Brian has kept the focus that people are at the heart of every operation and specifically focused on supportive leadership that develops and empowers people.

Since becoming a trader back in 2000, his focus has been on the personal side of trading and in 2005 began creating resources for traders to help them deal with the personal challenges of trading and to accelerate their development into solid traders.

The Proven Formula of ALL Highly Profitable Traders

1. Determine your personal objectives

2. Determine your trading objectives to match well with your personal objectives

3. Choose a strategy that meets the objectives of both

4. Make sure you have the resources to pursue this strategy (both time and $)

5. Find a proven trading system that fits your strategy. Focus on one.

6. Back test and analyze the system to determine if it meets with your objectives with your resources. If it won't meet your objectives during back testing, then it isn't likely to in live trading. If this one meets your criteria, then implement it. If it doesn't, find another one and repeat this step until you have a system that works at the very least with historical data.

7. Optimize your trading operation. Once you've found a trading system that works for you, now you must pay attention to your execution. The system is the machine. How you make use of it is what determines your success. – this is the cycle that makes it work

   a. Practice – develop your skills and proficiency

   b. Study – expand your knowledge and understanding

   c. Test and refine – continuous improvement with focus on what works best

8. Create rules as you encounter ANYTHING that affects your trading. Write them down and incorporate them into your operation.

Focus on your operation, not just the system for picking trades. Remember, the system by itself won't make you money. The profits will come from the good execution of a working system and this is where focus on your operation makes all the difference.

The main thing is to pay attention to what works and what doesn't. Then you must act.

Drop or change what doesn't work, and when you find what does, then optimize it.