

Tina Logan's



Advice to Novice Traders

TINA LOGAN
Trader's Roadmap
Training and Coaching for Traders

PO Box 2046, La Jolla, CA 92038
Phone: (858) 232-3879
www.tinalogan.com

TERMS & CONDITIONS - WAIVER OF CLAIMS

By purchasing training products and/or follow-up training, or receiving complimentary educational products and services, from Tina Logan, Trader's Roadmap, or Tina Logan, Inc., you understand and acknowledge the following terms and conditions:

The content provided in these training courses is for your use only. Neither printed or downloaded versions, nor any follow-up instruction or materials, are to be copied, shared, sold or distributed to any other individual or entity without written permission from Tina Logan. You acknowledge that you are not an agent of, or acting on behalf of, any seminar or other company that provides competitive training or products.

All content in these training materials, and any related materials provided with them today or in the future, is for educational and illustrative purposes only and does not constitute either investment advice or buy/sell recommendations. The author, Tina Logan, is not a stockbroker, broker dealer, or investment advisor. She makes no recommendation either to purchase or sell any particular stock, bond, option, or security of any kind. No content, examples, or information provided shall be construed as a recommendation, solicitation, prediction, or advice for your own actions in, and dealings with, the stock market.

Trading in the stock market involves a high degree of risk and you may incur financial losses if you engage in such activity. These training courses and commentary were designed and intended to assist recipients in increasing their knowledge of the stock market and applying the techniques and strategies learned. Users are advised to apply prudent risk and money management techniques in order to protect their capital.

Any or all strategies may be subject to change as needed with market conditions. The dynamic of the markets often requires that traders change their methods and systems over time. Therefore, what the author is utilizing currently may differ in the future as market conditions change and/or as the author tests new systems and learns new, more effective methods. Past performance is not indicative of future results.

These materials represent the author's knowledge and interpretation of the stock market, and trading methods and techniques, at the time they were developed or revised. Charting is partially a skill and partially an art, and some of the content of these materials is subjective in nature. There is no guarantee that these strategies, techniques or systems will suit your trading personality, but rather are intended to serve as a model.

It is your responsibility to review, practice and put what you have learned to use. Becoming a great trader requires commitment, focus and discipline. Your mentors and tutors cannot be responsible for these things. It is up to you to do the work required.

The above terms, conditions and waiver of claims were provided and acknowledged at the time of registration for complimentary products, or the purchase of products and services, either in person or at one of the following web sites: www.tinalogan.com, www.tradersroadmap.com.

SET YOURSELF UP FOR SUCCESS

It can be overwhelming for a new trader trying to learn such a broad field as the stock market. That brings up the question, "How do you eat an elephant?" The answer is, of course, one bite at a time! Learning to trade successfully is similar. It needs to be tackled a piece at a time because the mind can only absorb so much information at once.

"Genius is one percent inspiration and ninety-nine percent perspiration."

~Thomas Edison

Schedule Study Time

Schedule time each week to study and apply what you have learned. It is difficult to study technical material when there are distractions around, so ideally it is time that can be devoted solely to developing your trading knowledge and skills. Block out the time in your schedule so it is fixed instead of "flexible." Set your own pace. Everyone learns in different ways and at different speeds. However, set yourself some assertive enough goals so that you don't procrastinate.

The amount of time devoted to study will vary from one person to the next depending on things like: trading goals (e.g., monitoring investments versus active trading), work schedule, family and other obligations. At a minimum, about 30 minutes per day and two hours on the weekend is recommended. If you aspire to trade quite actively, you'll probably need to double, triple, or even quadruple that amount depending on your goals and aptitude for the subject matter.

Take Action Immediately

Do not delay in getting started. There is a difference between being *interested in* something and being *committed to* following through. I've seen statistics indicating that approximately 87% of Americans who purchase an educational book do not read past chapter one. Good intentions do not lead to accomplishment; there must be follow-through on those intentions. Successful people do what other people are not willing to do. If you want to be a success instead of a statistic, you must move to action and stay focused on, and committed to, your goals.

Don't take Shortcuts

When studying new material, read *every* sentence on *every* page the first time through. Even if you already have some experience, or think you know the information on a given topic, I recommend that you review it anyway. There may be a bit of information or a trader tip that you are not aware of that may make a significant difference in your trading.

Review Multiple Times

You are encouraged to review books and other learning materials as many times as is necessary for you to understand and retain the information. For example, after reviewing my course materials a few times, you'll be surprised how far you can advance in your understanding of chart analysis, stock selection and trade management.

Practical Application

As you review each lesson in a book or training course, stop to do some practice. For instance, if you are studying the lesson I offer on trendlines, stop to practice each step. Also make sure to complete any practice sets that may be included at the end of a lesson. Practice the charting techniques and look for patterns in various market conditions (up, down and sideways). When you are reviewing the lessons I offer on organizing your work, stop and set up your forms, chart templates, watchlist tabs and so on.

No amount of reading, study and browsing charts will give you the set of skills that comes from actual trade execution. When you are ready, start taking some trades. You may choose to start with paper trades, or using a simulated trading account if your broker offers this feature in their platform. When you start trading with real money, start with small position size (e.g., 100-200 shares) and increase the size as your trading improves.

***“The mediocre teacher tells. The good teacher explains.
The superior teacher demonstrates. The great teacher inspires.”***

~ William Arthur Ward – Author, editor and pastor

THE JOURNEY TO BECOMING A TRADER

If you have not already done so, you will quickly discover that there is much to be learned if you wish to become a master trader. Listed below are the many aspects of this business that must be learned. The good news is that I offer training that covers each of these areas and I invite you to embark upon my training courses.

- **Technical Analysis (Charting)** – Proficiency in analyzing and interpreting charts provides the core skills from which trade management and successful trading strategies evolve. This foundation should be built first before traders attempt to implement strategies and execute trades.
- **Trading Platforms** – Aspiring traders who fail to embrace and implement the tools and features of their charting software and broker's platform will find themselves at a severe disadvantage.
- **Stock Selection** – Traders must learn to identify price setups that form on charts. The goal is to learn to recognize *high probability* trading opportunities. A trader with a skilled eye will find quality setups that offer the best chance of success and bypass the mediocre or poor setups. Traders must learn to be patient and aim for quality trades.
- **Risk and Money Management** – Traders who fail to protect their capital will not last long in this business. This is one of the most important elements for success.
- **Trade Management** – Learning how to manage entries, stops and exits is the application side of trading. Everything that precedes trade management is just theory. Only by actually taking trades will you really grasp the meaning of what you've learned and settle into a routine and trading style that is best-suited to you.
- **Trading Strategies** – Disciplined traders follow rules. A good trading strategy will have a set of written rules based on strong principles that have proven to be reliable.
- **Trade Evaluation** – We learn from our mistakes. Don't make the common error of taking one trade after another without stopping to evaluate what went right and what went wrong with the last trade(s). This is especially important in the early stages of learning to trade.
- **Emotional Control** - Psychology plays a pivotal role in successful trading. Inability to gain control of strong emotions such as greed, fear and anxiety has led to the demise of many aspiring traders. By developing a strong foundation, and getting your work organized, you'll be surprised how much more control you gain over your emotions. Emotional control also comes with selecting a trading style and strategy that is suited to you. And, of course, with experience comes emotional control.

- **Top Down Analysis** – Learn to analyze the bigger picture. The broad market, economic and global issues, and individual sectors and industry groups may have a dramatic impact on the price movement of individual stocks.

Neglecting any one of these areas may have a negative impact on your profitability. For instance, being a great chartist is not enough if you take too much risk or have poor trade management skills. And even if you are very proficient at managing your trades, if the setups are in stocks that are laggards, or stocks in weak sectors, the setups may fail to follow through.

GREAT TRADERS SHARE COMMON CHARACTERISTICS

Trading is a difficult but rewarding business. To succeed at it you'll need to be committed and persistent. I have spent many years working at the business of trading. I've also been training traders for several years. From my own experience, as well as through observation of others, I offer some general advice that may help you in your endeavor to become a successful trader.

Some of the key attributes and characteristics that are common among successful traders are listed in Table 1.1. Aspiring traders who don't exhibit these attributes and characteristics will likely join the majority of those who do not succeed at trading. If you don't already possess all of these traits and qualities, work very hard to develop them, especially if you intend to trade for a living.

If you do not have a passion for this business, I suggest finding another profession. It is difficult to master trading if you love it. That difficulty is compounded if you do not. This business is not a quick path to riches. It takes time to develop the knowledge and skills necessary to achieve consistent success.

TABLE 1.1: COMMON CHARACTERISTICS OF GREAT TRADERS	
A strong desire to achieve	Organized
Passionate about the business of trading	Detail-oriented
At least minimally mathematically inclined	Persistent
Ability to develop and implement a plan	Confident
Self-control	Disciplined
Let go of the ego	Self-motivated
Entrepreneurial	Ability to focus

Notes:

Survival of the Fittest

Nowhere is survival of the fittest more commonplace than in the stock market. Most aspiring traders do not survive in this difficult business for even one year. You are up against some of the brightest and best financed minds in the world—all day, every day. Diving in without knowledge and preparation is a recipe for disaster.

Many entrants run out of money before they understand the business, develop a strategy, and apply it with discipline. Others are scared off when they realize this is a business and requires a lot of work. Still others have no idea of the significant role that psychology plays in their success. Their emotions get the best of them and they seek a less treacherous profession.

The Elusive Holy Grail

If aspiring traders would spend less time in search of the Holy Grail of trading, and more time refining their trade management and strategies, practicing good risk management methods, and developing discipline, there would be a lot more successful traders in this business. Chasing the Holy Grail is similar to playing the lottery. Many people will spend \$20 each week on lottery tickets where the odds are many million to one that they will *not* win. And yet if they would invest that same \$20 each week in the markets over many years and manage it well, they would ultimately have the millions of dollars that they seek through lottery tickets.

The sooner novices recognize there is no Holy Grail in trading, the sooner they can move toward becoming profitable traders. There is no perfect setup, no perfect indicator, and no perfect trading strategy. There is no magic trading system or software that will do all the work. The closest thing I've found to the Holy Grail is to do the following: *trade high probability methods with good risk and money management practices.*

If you truly wish to find the Holy Grail of trading, you need to simply look in a mirror. The Holy Grail lies within you!

Set Reasonable Expectations

Learning to trade successfully does not happen overnight. Just like you would not expect to take an accounting class and call yourself an accountant, or read a book about the heart and become a heart surgeon, you should not expect to become a master trader in short order. There is a lot to learn—both about the markets and about yourself. This is not a “get rich quick” business; but for those who persevere, the rewards can be tremendous.

Notes:

As a general rule, it takes about three to five years to achieve consistent success as a trader—at least the kind of success that is lasting rather than fleeting. And that is if you work at it diligently, correcting mistakes along the way and continuing to refine your trading skills. I will help you trim that learning curve—for most of you by a year or two if you complete all of my course materials. However, you still must pay your dues to earn your right to a seat among those who make it in this business. A few years from now you may look back and say, “What a journey it has been learning to trade successfully,” or you may look back and say, “I sure wish I’d learned how to trade.” One thing is guaranteed: the next few years will come to pass whether or not you learn to trade.

I’m not suggesting that you won’t experience any success until you have spent a few years learning. It is common for traders to have some winning streaks early on. But there will also be some rough patches where you’ll get knocked down. It is those times that will determine if you survive to become consistently profitable. You’ll have to pick yourself up, dust yourself off, and get right back in the trading chair. You’ll learn from your successes and from your mistakes. Over time, you’ll develop routines, get more disciplined, learn to be patient, and become more precise with your trade execution.

I’m also not suggesting that it will only take a few years to learn everything you need to know. You should be able to acquire the core skills needed within that period with diligent study and practice. However, your learning will continue for all the years that you choose to remain in this business. It is a challenging, mentally stimulating and dynamic industry.

Repetition is the Mother of Skill

Unless you have a photographic memory, retention of what you learn does not usually come from a one-time review. It comes from study and practice, and then more study and more practice. For instance, when I discover a good trading book I read it at least twice, and often three times or more. (The spines of some of my great trading books are broken from excess use.) If I’m learning a new software program, I will review the tutorials or other training materials a couple of times and then spend time working with each feature until it becomes second nature.

Avoid the “Knowledge Rich but Execution Poor” Trap

Many traders find themselves in the trap of moving from one book to another, and from one training course to another, in the hopes that more knowledge will somehow turn them into great traders. Usually they just end up with a head full of theory, a lot of money spent on learning, and very little hands-on experience.

Knowledge is not power. It is the application of knowledge that is powerful. There comes a point where you simply must sit down and start taking trades. What ultimately makes you a trader is time spent in the chair applying what you have learned. There is an old Chinese proverb that you may recognize: *I hear and I forget - I see and I remember - I do and I understand.*

Education is Ongoing

The markets are very dynamic and you must learn to adapt and change with them. Even after you have developed your core skills, you should expect to always be learning and improving. In addition, there is a certain amount of reading and analysis you'll do on a regular basis just to stay on top of the current economic conditions, domestic and global events that may impact the markets, etc. Just like in the medical, computer, and many other fields where professionals are required to take continued education courses to stay current, trading is the same. You'll always be learning and staying in tune with changes in the markets, the economy and the geopolitical environment.

Pick your Battles – Focus on what is Important

It is easy to spin your wheels and feel overwhelmed trying to learn and absorb the magnitude of information available about the markets. Many traders fall into the trap of believing, "if I just learn this one other thing, then I'll trade." They learn and learn, jumping from one strategy or school of thought to another, but they simply don't spend the time applying what they've learned.

Some traders buy lots of books and training materials with the good intention of reviewing them, but they are still sitting on the shelf. Remember, the books you don't read can't help you!

Just as important as study is application. You'll learn a tremendous amount from analyzing the markets in real-time and actually taking trades and evaluating how they follow through. You'll learn so much from your mistakes *and* your successes.

I challenge you to ask the following questions when determining the topics that deserve your precious hours of time and energy:

1. Is this the best use of my time right now?
2. Can I apply this?
3. How will this improve my trading?
4. How will this make or save me money?

I cannot *make* you a winning trader. I can give you tools to *become* one. You may make yourself one if you will do the required work.

Notes:

COMMON MISTAKES TRADERS MAKE

Most traders have made several of the mistakes mentioned below at one time or another. I seem to recall having made every one of them at one point in my trading career. You may recognize several of your own mistakes here.

If you are brand new to trading, don't just gloss over this list. These mistakes are costly and frustrating. Even knowing about them, you will probably still fall victim to several of them at least once. That is not what is important. What is important is that you recognize the mistake once you've made it. Awareness is paramount to initiating change. Catch your mistakes and take the needed steps to avoid repeating them.

Following are some of the most common errors traders make:

- **Inability to take losses.** You must learn to exit a languishing or losing trade when necessary or you will not succeed in this business. Traders become long-term investors when they hold a long position into a downtrend hoping it will hold at the next lower support area (and vice versa for a short position).
- **Trading highly volatile stocks.** It is easy to get caught up in a runaway stock and underestimate the volatility. After a run up, often you'll get caught in a downdraft and take a severe loss. Successful traders learn to recognize periods of low or high volatility and plan their trades accordingly.
- **Trading too much position size.** If you are losing money, take smaller positions until you are managing your trades well. If you are just beginning to trade, start small and build up to full position size as your experience increases.
- **Buying false signals.** Price manipulation occurs in the stock markets. Many intraday breakouts become fake-outs. Traders often find they have been pulled into a trade on what started as a breakout but failed to hold up until the close of market.
- **Being impatient.** Stocks and the markets will be there tomorrow, and next week and next month. Don't rush into trades just to get invested. Make sure you have a plan for your trades before entering. Be prepared to wait for good setups and good entries rather than jumping into mediocre ones.
- **Following and/or relying on other traders.** Avoid following others into stocks unless they meet your criteria and you know how to manage the trade. Learn how to select and manage trades yourself.
- **Holding on to losers while getting rid of winners.** In most cases, you should be doing the opposite. Get rid of losers and use the capital on other high probability trades.

- **Using “hope” as a strategy.** Having no trading plan and buying risky stocks in the hope that things will go your way is a quick route to failure in this business. Hope is not a strategy.
- **Overtrading or under trading.** Many traders just trade too much. Try taking fewer trades, but selecting better setups and managing them well. Conversely, some traders trade too little and miss opportunities because they are in cash too much or fear pulling the trigger on a trade.
- **Giving gains back.** It is common for traders to make profits during a strong run, then give them all back (and sometimes take a loss) when the market changes direction.
- **Buying falling stocks.** As a general rule, trying to nail single bottoms (falling knives) in a downtrend is a low probability way of trading.
- **Averaging down on a losing position.** Why should you buy more shares of a loser? If your house were on fire, you wouldn't try to put it out with gasoline would you?
- **Failure to use protective stops.** Many traders take significant losses because they don't use stops, or they set them incorrectly. Some lower their stop as it is approached in order to avoid having to sell a bad long position (I call this chasing a stop downhill).
- **Chasing stocks.** If a stock is already moving, you'll probably buy at or near the swing high (or sell near the swing low for a short position). If you miss the first move, you can enter on a pullback or during a period of consolidation when the reward-to-risk ratio is more favorable.
- **Lack of organization and structure.** This is a very common ailment for many traders and includes the following: having no trading plan; failing to commit adequate time to research, managing open positions, and evaluating closed trades; not following a written set of rules for trading; having no structure for daily/weekly routines and tasks.

In order to become a great trader, first you must survive the early years. About 90% of aspiring traders fail because they make one or more (often many) of these common mistakes. Therefore, all of these mistakes are addressed throughout my course materials.

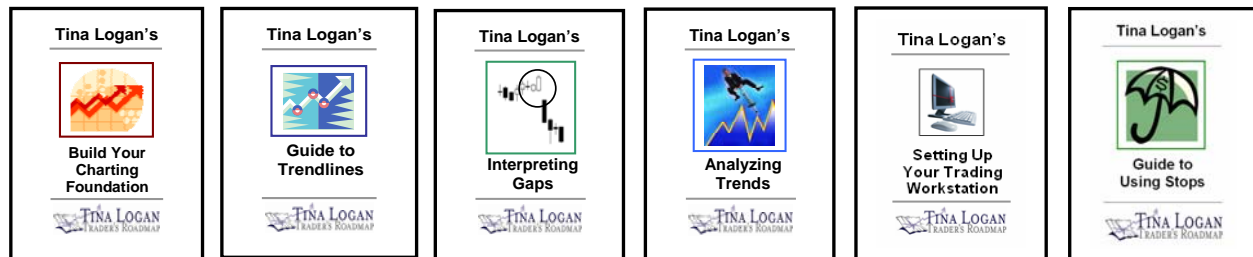
“Mistakes are a fact of life. It is the response to error that counts.”

~Nikki Giovanni

Dear Valued Customer:

I truly hope that you have found this free lesson to be very helpful in developing your organizational skills. Feedback from customers is valued and helps me to improve the products and services offered. If you have any questions or comments regarding this lesson, please e-mail me directly at: tina@tinalogan.com.

If you enjoyed this product, you won't want to miss out on the additional training I offer. In my private tutoring course, I provide in-depth instruction on technical analysis, organizational techniques, trade management methods, specific trading strategies, stock selection and advanced techniques. I am in the process of converting all of that training to individual detailed courses that you can study at your own pace from the comfort of your home. Several e-Books are available now on the web site with several more to be released throughout the next few months. We have your e-mail address on file, so you will be notified as new products become available.



These and other products can be viewed at: <http://www.tinalogan.com/tandp1.html>

I also periodically add free content to the "Free Stuff" page on the web site at www.tinalogan.com. You may also find some helpful tips on the FAQs page.

I wish you the best of luck with your trading and am pleased to help you achieve your trading goals.

Sincerely,

Tina Logan, President
Tina Logan, Inc.
www.tinalogan.com