

trader in action

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Thirteen years ago Justine Pollard bought her first three stocks recommended by her grandfather. Two years later she sold the shares after substantial increasing her initial capital. Today, Justine had completely shed all vestiges of her early start in the stock market.

For one, she doesn't take any recommendation from anyone when she trades. She relies on her own analysis of the market and individual share position.

She gave away fundamental analysis, which her grandfather applied in his stock selection process (she said she found it too time consuming).

Most importantly, Justine now trades with a plan that includes a stringent rule on stop loss levels.

"I don't open a position without determining my stop loss level first. A stop loss is my lifeline in the markets," Justine said.

Her trading routine involves ongoing review and tracking of the major markets – Dow Jones, Nasdaq and FTSE – which gives her a good understanding of what's happening around the globe.

She takes a top down approach in analyzing indices, sectors and specific stocks

She considers herself a 'directional trader' when it comes to trading the Australian markets, going long or short depending on the signals she gets from the markets. Her daily schedule includes checking the market performance through end of day data. She uses pre-set market scans, watch lists and alerts that enable her to track a short-list of shares and share CFDs.

"My system enables me to spend very minimal 'screen time', and I usually watch the market during the last hour or half hour. I don't spend a lot of hours watching the screen as I used to do," she said.

All these changes did not happen overnight or didn't come about without a hitch. Justine is the first to admit that her 'journey as a trader has its ups and downs.' She recalled how she struggled with her patience (or impatience) and psychology when she was just starting to trade.

"In my early days of trading my main challenge was patience. I expected trading to be a get rich quick scheme and wanted it all now, which was very far from the truth" Justine said.

Her fear of missing opportunities and the strong desire to be in the markets drove her to options trading.



Justine Pollard

"I found myself attracted to options trading. Everything seemed to happen very fast with options. I did very well in my first few months of options trading and started to become more focused on money rather than on good trading," Justine recalled.

What she didn't foresee was the damage that options trading would do to her. During September 11, her call/put options wiped out 10 per cent of her trading capital. She admitted it was a scary position and it forced her to stop trading for a few weeks.

"My good run with options caused me to overtrade, which is not a very successful activity in the market. After a year of trading these instruments and being stuck in front of a computer screen I realised that the effort involved compared to the reward received was not worth it," Justine said.

She ended up giving away options trading and she focused on shares, which evolved to CFDs when they became available in 2002.

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"I must be among the firsts to trade CFDs when they came to Australia through CMC. CFDs are great and I like them because I'm able to trade both long and short and a range of markets worldwide - all with one account," Justine said.

Justine said ongoing education and training are critical in her success as a trader.

"Trading education is very important. Not only education, but also having a trading plan. In order to develop a trading plan you need to educate yourself on all aspects of trading so that you can produce robust and sound plan.

There is just so much to learn and so many instruments to trade that you need to educate yourself on these and choose an instrument and develop a trading style that suits your personality and time frame of trading."

Today, Justine shares her years of trading education to budding traders through personal tutorials and select adult education classes in Newcastle .

With a relatively substantial trading capital built over the years, Justine now trades about 10-15 open positions simultaneously using two mechanical trading systems.

On top of her growing trading capital, Justine said, "trading has now given me the kind of lifestyle that I set out to have and wanted when I started trading.

I'm now ready to start a family – with our first baby on its way, and I wouldn't have been able to do this if I was still doing my old job."

JUSTINE'S GUIDELINES...

Justine shared the following guidelines that have helped her through her trading years:

Get to know yourself

Have a good look at yourself and your personality drivers. Understand how your personality influences the way you trade. Realise your strengths and weaknesses in the market and look at ways of overcoming your weaknesses.

Undertake regular exercise

The saying "healthy body keeps a healthy mind" is true.

Develop good trading habits

Develop a trading routine that you will undertake on a daily, weekly, quarterly and yearly basis to ensure that you create good trading habits in the market. This routine should include studying yourself and your trades to understand if you have developed good trading habits of simply trading with the trend, money management and if you followed your plan.

Measure your performance in the markets

Regularly study and evaluate your performance in the markets - win/loss ratios, average win size to average loss size, frequency, expectancy, equity curve and make the necessary adjustments if required.

Management of your trades is key

Money management is key to survival in the markets. Limiting your losses to a small percentage of your total trading equity and letting your profits run with a trailing stop loss will allow you to survive the markets.

Consistency is important

Don't continue to change the way you trade. Once you have found something that works for you stick to it and become consistent in the way you trade. To become successful and take the emotions out of trading you must make your trading systematic.

Never stop learning

Make every trade a new learning experience never stop learning. Make it a habit to regularly study yourself and your trading system. Spend time studying the top winning and losing trades and chart patterns. Make it a habit to read one book about trading every month.