

Steve Ward



# Tradermind

Get a mindful edge  
in the Markets

WILEY

# **TraderMind**

**Get a Mindful Edge in the Markets**

***How to Train Your Mind, Manage Your Emotions,  
Enhance Your Decisions and Maximise Your Profits***

**Steve Ward**

**WILEY**

This edition first published 2015

© 2015 Steve Ward

*Registered office*

John Wiley & Sons Ltd, The Atrium, Southern Gate, Chichester,  
West Sussex, PO19 8SQ, United Kingdom

For details of our global editorial offices, for customer services and for information about how to apply for permission to reuse the copyright material in this book please see our website at [www.wiley.com](http://www.wiley.com).

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, except as permitted by the UK Copyright, Designs and Patents Act 1988, without the prior permission of the publisher.

Wiley publishes in a variety of print and electronic formats and by print-on-demand. Some material included with standard print versions of this book may not be included in e-books or in print-on-demand. If this book refers to media such as a CD or DVD that is not included in the version you purchased, you may download this material at <http://booksupport.wiley.com>. For more information about Wiley products, visit [www.wiley.com](http://www.wiley.com).

Designations used by companies to distinguish their products are often claimed as trademarks. All brand names and product names used in this book are trade names, service marks, trademarks or registered trademarks of their respective owners. The publisher is not associated with any product or vendor mentioned in this book.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. It is sold on the understanding that the publisher is not engaged in rendering professional services and neither the publisher nor the author shall be liable for damages arising herefrom. If professional advice or other expert assistance is required, the services of a competent professional should be sought.

*Library of Congress Cataloging-in-Publication Data*

Ward, Steve, 1969-

Tradermind : get a mindful edge in the markets / Steve Ward.

pages cm

Includes bibliographical references and index.

ISBN 978-1-118-31854-6 (paperback)

1. Investments—Psychological aspects. 2. Speculation—Psychological aspects.

I. Title.

HG4515.15.W368 2014

332.601'9—dc23

2014028284

A catalogue record for this book is available from the British Library.

ISBN 9781118318546 (paperback)

ISBN 9781118316733 (ebk)

ISBN 9781118316740 (ebk)

ISBN 9781118994924 (ebk)

Cover Design: Wiley

Cover Illustration: © Shutterstock.com/Roman Ya

*To Sabine, Oliver and Casper  
Mum, Dad and Debs  
"Team Ward"*

# Contents

[About the Author](#)

[Performance Edge Consulting Ltd](#)

[Foreword](#)

[Acknowledgements](#)

[Introduction: The Evolution of \*TraderMind\*](#)

[The Challenges of Trading and Investing](#)

[Beyond Skills and Strategy](#)

[The Rise of Trading Psychology](#)

[The New Contenders: Neuroscience and Mindfulness](#)

[\*TraderMind\*](#)

[What's in Store?](#)

[Getting the Most From \*TraderMind\*](#)

[What Brings You To This Book?](#)

[Final Words](#)

[1 What is Mindfulness?](#)

[What is Mindfulness?](#)

[Equanimity: Approaching and Acceptance vs.  
Avoidance and Aversion](#)

[Impermanence](#)

[Mindfulness in the Markets](#)

[From Buddha to Boardroom to Battlefield - the Rise  
of Mindfulness](#)

[The Benefits of Mindfulness](#)

[\*TraderMind\*: Mindfulness-Based Trading and  
Investing](#)

[Developing Mindfulness](#)

## [2 Developing Your Mindfulness Muscle](#)

[How Mindful are You?](#)

[Developing Your Mindfulness Muscle](#)

[Mindfulness Practice – Mind Fitness Training](#)

[How Long Will It Take?](#)

[Turbocharge Your Mind Fitness Development](#)

[Practicalities FAQ](#)

[You Have To Do Your Own Press-Ups](#)

## [3 The Attention and Awareness Advantage](#)

[Awareness, Attention and Automatic Pilot](#)

[Awareness of Self: Accessing Choice and Flexibility](#)

[Awareness of the Environment: Situational Awareness](#)

[Awareness of Others: Sentiment and the Empathy Edge](#)

[Attention, Attention, Attention](#)

[Trading in the Zone](#)

[Attention Deficit Trait](#)

[Training Your Attention and Awareness: Building Metacognitive Muscle](#)

[Applied Metacognition](#)

## [4 Thinking About Thinking](#)

[Thinking About Markets and Trading](#)

[Cognitive Awareness](#)

[How Do You Stop Thinking About a White Bear?](#)

[Letting Go of the Struggle](#)

[Working With Thoughts – Acceptance](#)

[Cognitive Utility – The Lens of “Usefulness”](#)

[Cognitive Fusion – Attachment to Thoughts](#)



[Cognitive Defusion - Changing Your Relationship With Your Thoughts](#)

[Sit Down, Stand Up - Focus On Effective Action](#)

[Reappraisal - Mental Flexibility](#)

[Memories - Thoughts from the Past](#)

[When to Follow Your Mind](#)

[Three Steps to Managing Thinking](#)

## [5 Embracing Emotions](#)

[Emotions and Trading: A New Paradigm](#)

[Emotional Awareness](#)

[Embracing Emotions - From Avoidance to Acceptance](#)

[Emotional Regulation - Affect Labelling](#)

[Emotional Regulation - Reappraisal](#)

[Emotional Regulation - The Mindful Moment](#)

[Embracing Emotions in Practice - Running Profits](#)

[STOP Struggling and Embrace Your Emotions](#)

## [6 Managing Urges and Impulses](#)

[Urges and Temptations](#)

[What is an Urge or Impulse?](#)

[Mindfulness Training and Urge Reduction](#)

[The Changing Nature and Impermanence of Urges](#)

[Insights from Addiction Therapy](#)

[Urge Surfing](#)

[Impulse vs. Intuition](#)

[Boredom Trading and the Challenge of Quiet Markets](#)

[Crucial Moments and Effective Behaviours](#)

## [7 Trading With the Body in Mind](#)

[Trading Signals From the Body: Physiological Analysis](#)

[Affective Decision Making](#)

[Feeling the Markets](#)

[What Separates Analysts From Traders?](#)

[Can You Really Trust Your Gut?](#)

[Developing Your Intuition and Gut Feel, Reconnecting the Mind and Body](#)

[The Embodied Brain](#)

[Managing Energy, Becoming a Trading Athlete](#)

[Reconnecting](#)

## [8 Habits, Behaviour, Action](#)

[Action Creates Results](#)

[Habits - "Frighteningly Subtle, Incredibly Powerful"](#)

[Building Patterns of Effective Action](#)

[Committed Action](#)

[Habit Releasing and Learning New Skills](#)

[Flexible Response](#)

## [9 Turning Towards Difficulty](#)

[The Difficulties of Trading](#)

[Stress, Pressure and Trading Performance](#)

[Resilience, Trader Toughness and Mind Fitness](#)

[Approaching vs. Avoiding](#)

[Exposure and Adaptive Toughness - Shifting the Curve](#)

[Burnout and the Exhaustion Funnel](#)

[Turning Towards Difficulty](#)

[Effective Action for Difficult Times](#)

[Seven Ways to Turn Towards Difficulty](#)

## [10 The Mindful Trader and Investor](#)

[The Mindful Trader and Investor](#)

[Developing Mindfulness - Mind Fitness Practice](#)

[10 Ways to Incorporate Mind Fitness into Your Trading Day](#)

[Looking Back](#)

[Looking Forward](#)

[\*TraderMind: Mindfulness-Based Trading and Investing\*](#)  
[Training Programme](#)

[Overview](#)

[Mindful Attention and Awareness Scale](#)

[Week 1 - Attention, Awareness and Automatic Pilot](#)

[Week 2 - Thinking About Thinking](#)

[Week 3 - Embracing Emotions](#)

[Week 4 - Managing Urges and Impulses](#)

[Week 5 - Trading With the Body in Mind](#)

[Week 6 - Habits, Behaviour and Action](#)

[Week 7 - Turning Towards Difficulty](#)

[Practice Record](#)

[Week 8 - The Mindful Trader](#)

[Review](#)

[What Next?](#)

[References](#)

[Index](#)

[End User License Agreement](#)

## **List of Illustrations**

[Introduction](#)

[Trader meets market.](#)

[Chapter 1](#)

**Figure 1.1** The three dimensions of applying mindfulness in the markets.

**Figure 1.2** The five components of *TraderMind*.

## Chapter 2

**Figure 2.1** Mindfulness is the outcome of mindfulness practice.

**Figure 2.2** The four stages of the *Mindfulness of Breathing* practice.

**Figure 2.3** The deliberate practice learning loop for *TraderMind* mindfulness training.

**Figure 2.4** Kolb's *Model of Learning* (adapted) from mindfulness-based cognitive therapy.

**Figure 2.5** The three axioms of intention, attention and attitude (IAA).

## Chapter 3

**Figure 3.1** Attention builds awareness, which leads to choice and flexibility and enhanced performance.

**Figure 3.2** The three dimensions of awareness.

**Figure 3.3** Mindless reacting.

**Figure 3.4** Mindful responding.

**Figure 3.5** Where attention goes, energy flows.

## Chapter 4

**Figure 4.1** The effect of cognition on your trading experience.

## Chapter 5

**Figure 5.1** The information-processing pathway in the brain.

**Figure 5.2** What makes an emotion?

**Figure 5.3** Observing emotions, accepting vs. avoiding.

**Figure 5.4** Emotions are an outcome of our perception of events.

## Chapter 7

**Figure 7.1** TraderMind advocates an integrated system of brain, body and mind, an interconnectedness that is required to optimise your trading of the markets.

**Figure 7.2** Feelings scores resulting from US study of portfolio managers and analysts.

**Figure 7.3** Percentage chance of parole in relation to time of day.

**Figure 7.4** The four key components of managing energy.

**Figure 7.5** Ernest Rossi's ultradian rhythms.

## Chapter 8

**Figure 8.1** Enhancing your performance may require you to move from short-term avoidance and comfort to short-term acceptance and discomfort.

**Figure 8.2** The three building blocks of "self".

**Figure 8.3** The performance funnel.

**Figure 8.4** The three stages of performance.

**Figure 8.5** Leveraging effective action through commitment.

**Figure 8.6** Values-based trading – building on the value of professionalism.

**Figure 8.7** Driving committed action through values and goals.

## Chapter 9

**Figure 9.1** It is not the events that happen to us that matter, rather how we respond to those events.

**Figure 9.2** The role of perception in the stress response.

**Figure 9.3** The stress-performance inverted-U curve.

**Figure 9.4** Adaptive toughness - shifting the curve.

**Figure 9.5** The exhaustion funnel.

**Figure 9.6** The 3-minute breathing space.

**Figure 9.7** The Kubler-Ross change cycle.

**Figure 9.8** The reversal of the motivation process.

## **About the Author**

Steve Ward has over 20 years of teaching, training and coaching experience, having started out working in sports and performance psychology with elite athletes and teams in over 30 different sports and with high performers in the corporate sector.

Since 2005 he has focused on working with traders and fund managers from investment banks, hedge funds, energy companies, asset management funds, leading proprietary trading groups and with independent traders across the globe. He utilises a unique blend of performance psychology, neuroscience, behavioural finance, mindfulness-based approaches and neuropsychology coaching in his work, with a focus on providing practical techniques and strategies.

Steve is the author of *High Performance Trading: 35 Practical Strategies To Enhance Your Trading Psychology and Performance*, was the consultant trading performance coach to BBC TV's *Million Dollar Traders* series, co-managed a team of 45 professional proprietary traders in London and has written for many leading trading publications. He has also traded stock indices and FX on his own account and is a member of the Association for Coaching, Association of Contextual Behavioural Science, Society for Neuroeconomics, Association of NeuroPsychoEconomics and Society for Neuroscience.

## **Performance Edge Consulting Ltd**

Performance Edge Consulting Ltd is a trading psychology and performance consultancy which offers specialist coaching and training services to banks, hedge funds,

energy companies, proprietary trading groups, asset management funds, independent traders, brokerages, exchanges and trading education providers. Find out more at [www.performanceedgeconsulting.co.uk](http://www.performanceedgeconsulting.co.uk).



## Foreword

When Steve Ward wrote his first book 6 years ago on High Performance Trading, (packed with practical strategies), I thought he had covered all bases! I have known Steve for a number of years and wondered what more he could possibly add. Steve is a gifted communicator and powerfully intuitive coach. This has attracted some of the world's most outstanding traders and fund managers as clients. You see, it does not matter how much experience or success one has had in the business of trading the markets, everyone can use objective feedback or coaching to keep concentration levels up and performance on track. Challenges have increased with an expanding amount of information, stimulus and distractions. Steve once again has delivered a compelling book that combines a thoughtful read with “bang-for-the buck” practical strategies for time pressed traders. In fact, the more experience you have the more you will appreciate this gem of a book.

Four counterintuitive points jumped out at me that illustrate a different way of thinking about things that Steve brings to light.

A common cliché newer traders hear is, “trade your plan” along with the need for “discipline”. Steve reframes our thinking with the concept of “impermanence”. Winning and losing runs are impermanent. Changes in the market are impermanent. Thus, “rigidly sticking to your trading plan once the conditions have changed...is like a sports team sticking to a game plan that is not working”. Holding on to the idea of impermanence can help you be more flexible. Steve's focus is to develop your mindset to make decisions that reflect the current market environment . . . which is always changing.

Awareness . . . flexibility . . . discipline . . . three overlapping yet independent issues.

Another interesting point that Steve has researched is why smart people can underperform. The crux of this comes from the environment we are in – one charged with high amounts of information and sensory overload. Too much stimulation results in distractibility and impatience. Steve offers some short and practical tactics through mindfulness exercises to re-center and focus. The positive emotions experienced as a result of these simple tricks are a great tool for combating this “Attention Deficit Trait”.

Steve offers a whole section on the trading difficulties and challenges that even the industry's star traders encounter: extended losing runs, changes in market conditions, stressful life events . . . Not only will his tools help you develop the resilience required to deal with these events, but he also provides a satisfying answer as to why emotions can still be attached to an event and thus how to free oneself in order to move on. “How can I get rid of the memory of the big loss I took earlier this year?” . . .! The cost of this book is a small price to pay to learn the answer to that common question (!)

Lastly, a most wonderful but yet another counterintuitive reframing: Emotions! How many times have traders been told that emotions are bad, emotions get in the way of trading, successful traders are less emotional. . . . yet Steve explains how emotions are essential to the decision making process and how they keep our brains focused on critical information. Emotional factors in decision making can serve a purpose. In classic “Steve Ward” fashion, he grounds his guidance in solid neuroscience research and scientific explanations.

Only a masterful communicator and coach can additionally present an 8-week mindfulness training program in just five

pages at the end. Home Run!

Linda Raschke  
LBRGroup, Inc., CTA  
Chicago, Illinois

# Acknowledgements

The visible results of any individual performer are often an outcome that is enabled through a more invisible support team. In my case, as author of this book, the people in that team are numerous and I would like to take this opportunity to thank them for the contributions they have made and for the support they have provided in enabling me to produce this book.

Firstly, a huge thank you to the core members of “Team Ward”, my beautiful wife Sabine and my two amazing sons Oliver and Casper for their love and support through what must have seemed like the writing of the longest book ever.

Secondly, to Linda Raschke ([www.lindaraschke.net](http://www.lindaraschke.net)) for the time she has given both in providing her expertise and experience in the form of feedback during the writing progress, and then for going above and beyond the call of duty by agreeing to write the foreword to this book.

Thirdly, to all the traders and people involved in the institutions I work with, who provide me with the opportunity to utilise my skills and expertise but who also teach me a great many things, and whose interactions enable me to get the rich insights that I am able to share with the readers of this book.

Fourthly, to the people who have been the front runners in moving areas such as neuroscience and mindfulness-based approaches to the fore, the developers, researchers, authors and trainers who have influenced my work over the years and whose outstanding work this book is built upon.

Finally, to the team at Wiley whose support, expertise and most importantly extreme patience have encouraged and

enabled me to move from an idea through to this finished book... *TraderMind*.

# **Introduction: The Evolution of *TraderMind***

## **The Challenges of Trading and Investing**

Trading and investing performance occurs at the point where the trader and the market meet, where decisions are made and P&L (profit and loss) is ultimately won or lost. Traders and fund managers must take risk under conditions of uncertainty and be able to manage the outcomes of those decisions and their consequences, as well as coping with the wider pressures and stresses that trading can bring. This is a psychologically challenging environment. Humans favour certainty over uncertainty, and when you take financial risk in such an ambiguous environment, with imperfect information and with high consequences, you are influenced (largely outside your awareness) by a whole number of brain, mind and even body processes that can influence your decision making and behaviour in ways that lead to market returns which are sub-optimal. Emotions, your mood, your thoughts, beliefs and perceptions, your attention, mental shortcuts, your energy levels, the environment you are in, your past and recent performance, your hormones and your patterns and habits of behaviour are all factors that can play a part in your trading and investing decisions.

Furthermore, changes in market conditions, increased competition in the markets, regulatory changes, institutional restructuring, growing automation and the rise of high-frequency trading, information overload and increasing pressures to perform have exacerbated the

demands placed on traders and fund managers over recent years.



Trader meets market.

## **Beyond Skills and Strategy**

Karl is a commodities trader who trades predominantly intraday with some overnights being held where required. Over the last few months he has been trying to run his trades a little further. He has a good belief in the levels that he selects in the markets, and his performance over the last few months has been relatively stable despite some choppy market conditions. When we meet he is keen to look at ways to hold his trades for longer. His profit targets are typically around ten ticks (price movements) and yet he is more often than not getting out at around three ticks as a reaction to noise in the market, or his position moving offside (against him), only to see on many occasions that his original target level eventually gets hit. He knows what he wants to achieve from his trades, and believes in his ability to pick good levels at which to enter and exit the market, yet more often than not he doesn't follow through with his plans.

Take a moment to reflect on your own trading and investing experience. Have you ever:

- Taken profits too early, before your profit level was hit?
- Run losses too far or moved your stop further away to avoid a loss?
- Taken trades that were not part of your strategy or approach?
- Not taken trades that were part of your strategy or approach?
- Taken too much risk; traded too big?
- Taken too little risk; traded too small?
- Chased your losses, or revenge traded?
- Overtraded in a state of euphoria?
- Traded through boredom?

All of these – as I can testify from my experience in working with thousands of traders and fund managers across the globe and across asset classes – are quite common trading behaviours.

As early as 1759 in *The Theory of Moral Sentiments*,<sup>1</sup> Adam Smith described the battle between the “*impartial spectator*” and the “*passions*”, between knowing what is right and best and the challenge of temptation and instant gratification. Not much has changed in all those years – Warren Buffett talks in a similar way about traders and investors needing to avoid the “*temptations and urges*” that get other traders into trouble. We are still fitted with the same mental software, the same brain information-processing systems, and as a result we are still experiencing the same dilemma. The key challenge in trading is not so much “Knowing What To Do” (KWTD) as



“Doing What You Know” (DWYK). This creates the psychological gap that exists between having a strategy with a positive expectancy and actually trading it in such a way that it returns something close to those expected profits. One very experienced trader I worked with in a training session at a leading investment bank remarked how just being able to get better at running his profits and cutting his losses would have a considerable impact on his P&L, and how this was true for other traders in his team and across the trading floor.

To perform well in the markets you need more than just skills, knowledge and a strategy with an edge or some competitive advantage. You need to have a mindset that is resilient, that allows you to take risk, navigate uncertainty, manage the pressures and stresses of the trading environment and its results orientation. You need to have the levels of awareness required to manage your thoughts and emotions and to be able to regulate your own trading behaviour, to be able to sustain focus, resist the temptations to react on impulses and reduce the impact of behavioural tendencies and biological responses. A strong psychological approach is integral to producing consistent and successful trading performance, to maximise the returns on your trading strategy.

## **The Rise of Trading Psychology**

When I began working in sports psychology in the early 2000s it was in its relevant infancy in the UK, although in eastern Europe, the USA and Australia it was far more developed. The mindset of many sports people was that sports psychology was for people who had performance dysfunction, or clinical issues – it was seen as pathological. Very few sports people talked about visiting the sports psychologist and many teams did not at that time fully

utilise or embrace sports psychology. Over the years that mindset has shifted significantly to the point where sports psychologists are available to most athletes and teams; they are used openly and recognised as part of the coaching and performance team. This behavioural shift has largely been down to the evolution of the drive by teams and athletes to seek every possible advantage when they are competing, the rise in the popularity of psychology in general and the move of the sports psychologist's role from being about fixing problems (pathological) to enhancing performance. This pattern is similar in trading, where even since my first involvement in early 2005 I have seen the attitudes of traders towards psychology move from strong scepticism to being much more open and embracing. The global market events of 2008 and the challenges of trading the markets in the years since that time may have helped somewhat in this evolution, alongside the rise in popularity of behavioural finance and the increasing number of academic studies and books that focus on financial decision making and its psychological aspects.

With this rise in interest in trading psychology, more and more traders have realised, or perhaps admitted, that being able to develop their psychological approach would have benefits on their trading decisions, performance and profits. More traders are open to reading about trading psychology, attending workshops or having one-to-one coaching than ever, even though some may still be hesitant or sceptical. This growing trend was identified in an online article published by Reuters in September 2012 entitled “FX traders seek coaching in battle for dominance”<sup>2</sup> and in an article entitled “Finding your inner trader”<sup>3</sup> published in *Bloomberg Markets Magazine* (April 2014):

*In the take-no-prisoners world of foreign exchange dealing, asking traders to look inside themselves and confront their inner demons may seem a forlorn endeavour. Yet some banks are turning to performance coaches to give their traders an edge in the battle to make money in the \$4.5 trillion dollar a day FX market. This soft skills approach contrasts with the popular stereotype of FX traders hurling prices - and abuse - at each other across the dealing room floor. But while some dismiss techniques to develop a 'clear-headed space' in which to trade as touchy-feely gimmickry, many are keen to embrace any tactic to outwit other market participants, whether human or machine.*

“FX traders seek coaching in battle for dominance”, Reuters

If you are reading this then it is pretty likely that you are, at a minimum, slightly curious about how you could improve your trading performance via the use of psychological approaches, or you may be further along the continuum - a convert to trading psychology but looking for a different approach or methodology to help you overcome the challenges you face. Whichever you are, *TraderMind* provides an opportunity for you to develop your mental and emotional skills and to enhance your trading psychology skills, and enhance your decision-making process and market returns.

## **The New Contenders: Neuroscience and Mindfulness**

Over the years, trading psychology has evolved. In its early stages, understanding and approaches were derived primarily from existing cognitive, behavioural and performance-based psychological approaches. Then we saw the introduction and rapid uptake of interest in behavioural

finance, behavioural economics and decision science. More recently, growing interest in the human brain has seen the rise of neuroscience and its trading and investing derivatives, neurofinance and neuroeconomics. Over the years, in my own practice as a coach I have adapted and refined my approaches based on new thinking, research and my own experiences in “real-time” work with traders. Since 2010 I have become more and more interested in the trading brain and how neuroscience can be applied to enhance trading and investing performance. Whilst reading and researching in articles, books and journals I kept coming across one word, *mindfulness*. There is a large volume of neuroscience research that is based on looking at mindfulness and its impact on the brain, and mindfulness was often offered as a practical application or intervention at the end of articles or papers looking at the regulation of emotion or attention, for example. Over time, the frequency of my exposure to mindfulness increased and my interest developed, and then, following a coincidental presentation I attended on mindfulness for coaches at a conference, I started my own practice and training, leading over the years to my training as a mindfulness teacher.

Mindfulness is a way of paying attention, in the present moment, to yourself, others and the world around you. It is a skill that can be learnt and, as you will discover in this book, the research shows that people who practise mindfulness benefit in many ways including improved attention and concentration, enhanced emotional regulation, a greater awareness of their thoughts and emotions, lower levels of impulsivity, lower sensitivity to biases and habitual behaviours, enhanced risk-based decision making and - from a health perspective - improved immune system functioning. Mindfulness can not only be practised through formal meditation-type practices but also by incorporating its key principles and approaches,

and shorter practices, into everyday life, both in and out of the markets.

*TraderMind* provides an evolved, very practical and applied approach to trading psychology, focused upon the use of mindfulness-based approaches.

## ***TraderMind***

*TraderMind* has been written as a result of the evolution of my own approaches to working with traders and fund managers, both in individual and group sessions, which, over recent years, has seen me incorporate mindfulness-based approaches into my repertoire in an attempt to increase my effectiveness with clients and the results that they achieve. As you will discover later in the book, the use of mindfulness-based approaches is growing in many performance-orientated areas including sports, the military, law enforcement, trauma medicine and in corporate leadership programmes. The use of such approaches is slowly growing in trading, with early adopters including Ray Dalio, founder of \$130 billion hedge fund firm Bridgewater Associates: “Meditation more than anything in my life was the biggest ingredient for whatever success I've had”, he said in an interview at Georgetown University in the USA in October 2011. As reported in Reuters: “Meditation gives me a centeredness, it gives me an ability to look at things without the emotional hijacking, without the ego, in a way that gives me a certain clarity.”<sup>4</sup> Dalio says that the practice has been useful for him, both for generating creative thought and evaluating and responding to the huge overload of stimulus which presses upon a money manager every day. Bill Gross, the bond giant of Pimco, says that he leaves the trading floor every day for yoga and meditation. Importantly, meditation is being seen more and more as an edge for traders, a theme that was

reported in “How to make a killing on Wall Street, start meditating”,<sup>5</sup> which gave examples of billionaire hedge fund trader Paul Tudor-Jones as a convert to meditation, the introduction of mindfulness programmes at Goldman Sachs and a key quote from Jeff Walker, former head of JPMorgan Chase & Co.’s private equity unit and a long-time meditator who stated about traders: “These guys are saying, ‘There's an edge here that I need.’”

It is important to stress here that mindfulness-based approaches can incorporate meditation-type practices but also offer more informal and non-typical meditation-based methods that can be utilised as well, and importantly that the word *meditation* could be substituted with equal meaning for “mind training” or even “mind fitness training” as used in military and law-enforcement settings, and often in my own work with traders and investors.

*TraderMind* makes the case for the use of mindfulness-based approaches to enhance trader performance, based upon research and practical applications in the real world of the markets. It seeks to teach you specific approaches, practices and techniques that will help you to build the skills of awareness and attention, which will enable you to manage your thoughts and emotions more effectively, overcome habitual or impulsive trading behaviours that are not useful, manage your feelings of energy, develop your market feel and intuition, become more responsive to the market, become more situationally aware and build patterns of effective trading behaviour, as well as overcoming behavioural biases and ultimately enhancing your trading decisions.

The approaches that you will learn from *TraderMind* can be utilised on their own as a core approach to trading psychology or they can sit alongside other approaches and methods as a complementary strategy.