

Independent Trader

Congratulations! As an Independent Trader, you already have two of the top three core qualities of successful traders: you are able to grasp the big picture and you have strong analytical skills. With possession of two of the three core qualities, you have potential to do well in the markets—if you are willing to work on being more decisive and a few other things.

First, are you willing to take complete responsibility for your trading results? There is no room to blame the market, your broker, your education, or anything else. Second, can you change your thinking so that you treat your trading as a business? Initially, this means writing a thorough business plan. Third, could you develop a trading system that fits you? Most people want to start here, at the technical side and back end of trading; however, I recommend saving this until you have completed the other tasks first. My studies have revealed that your psychological biases and issues will affect your trading system development if you have not taken the time to work on yourself first as the core of your trading.

All those things just mentioned are what you can read about in our weekly newsletter. Thank you for signing up for it. Should you find it less than useful, you can click on the unsubscribe link at the bottom of the newsletter anytime you desire.

Helping traders become their best is our mission at the Van Tharp Institute and we've helped thousands of traders do that for over 25 years. We offer excellent educational and training programs designed for both beginning and advanced traders/investors. If you have questions or would just like more information, please visit our website at www.vantharp.com.

Top Three Core Trader Qualities:

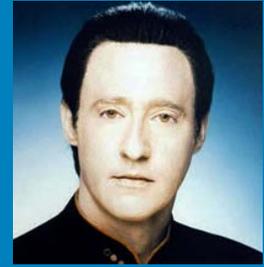
1. The ability to see the big picture, new possibilities and connections between things.
2. Making decisions based on logic and analysis.
3. Being decisive, orderly and doing things sequentially.

So let's get to your report. The next page describes your trader type based on your answers. Look for what rings true for you and keep in mind that no individual will match up exactly with a profile. Next, you'll discover how to leverage your strengths and challenges to become a better and more profitable trader. And finally, we list the trader types and their potential for success in the markets.



Independent Trader Type

As a Trader... if the markets interest you, you'll probably endeavor to develop a logical explanation for how they work. This is because you love theoretical ideas and abstract concepts (in fact, much more so than people interactions). This can be great for trading success, if you don't get too theoretical.



Example Trader: Data

SUMMARY

YOU will probably endeavor to develop a logical explanation for how the markets work. This is because you love theoretical ideas and abstract concepts (in fact, much more so than people interactions). This can be great for trading success, if you don't get too theoretical. This type of trader profile suggests that you value knowledge above all else. As a result, you'll be generating new ideas about the market or trying to disprove the ideas that you learn from others constantly. This can be a blessing, as a trader, if you transform this skill into developing a business plan for your trading. On the other hand, it could also be a challenge if you cannot translate it into a sound plan.

You probably are quiet, contained, and adaptable. In addition, I suspect that you can focus in depth on solving a problem in whatever areas interest you. As a result, you can probably excel in the trading arena, if you don't get too focused on concepts that do not work.

You tend to be skeptical, analytical, and sometimes critical. These are also good qualities for a trader. In addition, you probably are very independent, unconventional, and original. These qualities are perfect for traders/investors because they will drive you to develop a system or methodology that FITS YOU rather than attempt to use something that someone else has developed.

Because you have simple day to day needs you are easy to get along with; personal conflict doesn't really threaten you.

You have two of the three qualities that we find in the best traders/investors. Thus, if you apply yourself, you have the potential to do very well as a trader/investor.

Independent Traders like their privacy and prefer anonymity. They don't stand out, in fact, they are hard to find. Those who have achieved any level of recognition such as William Eckhardt, the mathematician of *Market Wizard's* fame, avoid interviews and photographers.

Independent Traders tend to be flawlessly logical and a storehouse of knowledge. A great (public) example is Data from *Star Trek, The Next Generation*.

Data, after kissing a woman, was asked for his thoughts. He responded, "I was reconfiguring the warp field parameters, analyzing the collected works of Charles Dickens, calculating the maximum pressure I could safely apply to your lips, and considering a new food supplement for Spot . . ." You can also understand Data from this quote, "I am programmed to evolve—to better myself."

If you don't like Data as a prototype, then perhaps these historical figures with Independent Trader types might appeal to you: Albert Einstein, Socrates, or Abraham Lincoln?

TRADING STRENGTHS

- You can quickly determine if a new style of trading or system will fit well with your personality.
- You can rapidly evaluate when something is working for you.
- You like the challenge of sorting out market conditions and the intellectual stimulation of developing and planning low-risk trading ideas.

TRADING CHALLENGES

- Your trading could dominate your time and you could become socially isolated, which in turn could upset others, particularly if you have a spouse.
- You may reject or abandon workable systems if the logic isn't clear because you don't understand the systems boundaries ahead of time.
- You are a human being not an android, and you do have emotions. You just don't pay much attention to them.



LEVERAGING YOUR
STRENGTHS AND
ADDRESSING YOUR
CHALLENGES AS AN
INDEPENDENT TRADER

LEVERAGING YOUR STRENGTHS AND ADDRESSING YOUR CHALLENGES AS AN INDEPENDENT TRADER

As an Independent Trader you can see the big picture and being able to do so helps you take your trading ideas and implement them almost immediately. If these trading ideas fail, you are also capable of quickly determining and analyzing why.

LEVERAGING YOUR STRENGTHS

Strength #1 – Ability to Trade in New Ways Quickly

You find it easy to see trading ideas that you like and can trade them quickly. How do you define a full system though and avoid partial ones that get you into trades but then don't tell you how to get out? Read the following article to help you understand what a whole system has—before you start trading good ideas. [Read the Article “What Is a Trading System?”](#)

Strength #2 – Ability to Rapidly Assess What's Working

Your mind can assess quickly whether things are working. This is a valuable trait for traders. You can use this skill to consider effectively which of your beliefs about trading the markets are helping you and which are costing you money. If you don't quite understand how that might be incredibly useful to a trader, read the following article. [Read the Article “Your Beliefs About Trading”](#)

Strength #3 – Working through Conceptual Challenges

You enjoy figuring things out more than most. There are a few key concepts you will need to grasp to become a successful trader. The following article goes into detail in each of these areas.

[Read the Article “Tharp Think”](#)

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ADDRESSING YOUR CHALLENGES

Challenge #1 – Social Isolation

Although this may not seem like a particularly bothersome challenge because you prefer to work alone, trading could come to dominate your life. This in turn could unbalance your life as well as upset others, particularly if you have a spouse. The good news is that you don't have to allow trading to overtake your life to be successful at it. Read the following article to understand how making some paradigm shifts in your thinking can help lead to trading success.

[Read the Article “Paradigm Shifts for Trading Success”](#)

(Another suggestion especially for you: get away from your screens in the evenings and periodically take real vacations with no trading.)

Challenge #2 – Rejecting Workable Systems

Independent Traders tend to have a working theory about how things are. Therefore, you may reject or abandon workable systems if the logic isn't clear, especially if you don't understand the systems boundaries ahead of time.

[Read the Article “Being Right and Making Money are Not Equivalent”](#)

Challenge #3 – Accessing Your Feelings

Unlike the android Data from the *Star Trek* TV series, you are a human being so you already have emotions. You just do not pay that much attention to them. Ignoring your emotions can have damaging consequences on your trading; however, understanding your feelings can help you take more money out of the markets. This probably seems illogical to you but the following article may help you make more sense of this idea.

[Read the Article “Feeling and Trading”](#)



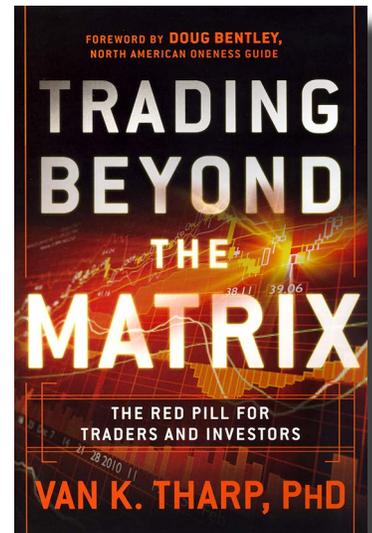
Read on for Additional Resources....

ADDITIONAL RESOURCES

In addition to the articles mentioned above, the Van Tharp Institute has numerous books, courses, and aids to help the Independent Trader become better.

Keeping balance in your life is very important and it may be an area that is going underserved in your life. My book, *Trading Beyond the Matrix*, will help you add perspective about why I believe you don't trade the markets, you trade your beliefs in the market. In this book, I provide you with thorough material to better examine your own personal inner-workings. You will relate to the chapters in the written by other real-life traders who share their breakthroughs in personal transformation. Also your orderly side will seek great excitement by examining the checklists for addressing some of the most critical areas of trading.

As an Independent Trader, you like clarity in your information. I have provided a lot of information on successful trading plainly organized in my book *Super Trader: Make Consistent Profits in Good and Bad Markets*. The five sections of the book delve into the key areas for every trader to focus on for success: working on yourself, business planning, trading systems, position sizing, and monitoring your psychology. Whether these terms are familiar or brand new to you, *Super Trader's* fifty chapters are all short and each has one or two actionable ideas to help you improve your trading.



The second edition of my book *Trade your Way to Financial Freedom* book contains a number of chapters that Independent Traders would find especially useful. The book has a lot of material on trading systems. Most companies that offer trading systems sell a setup and an entry as the whole system but that is only a part (and a relatively unimportant part) of what I view as a trading system. The book includes discussions of several full trading systems and a number of ideas that can be easily turned into systems. Independent Traders have a natural inclination to put this kind of information to great use.

As an Independent Trader, you love new ideas. If you are ready to discover and generate ideas about yourself and have a strong commitment to being a top trader, then I recommend the *Peak Performance Home Study Course*. It has five volumes and four CDs of readings and exercises.

Independent Traders will find value in the concepts in all five volumes but I'd like to point out two of them in particular. Volume 2 covers the topic of stress—an important area for an Independent Trader to understand because you most likely are not attuned to detecting it. Stress can have damaging effects on your trading but the biggest danger comes from not recognizing it in the first place. This manual not only helps you understand the sources and effects of stress on your trading but also how to manage it effectively.

The other volume you would find interesting is on attitudes. Independent Traders tend to be great logical thinkers but not particularly conscious of how the non-logical parts of themselves affect their choices and their actions. These include goals, emotions, values, and memories among others. These factors have a tremendous effect on your trading whether you realize it or not. The attitudes volume will help you become more aware of the forces at work within you and get them to help you be successful in your trading.

Learn how to use your analytical skills to understand risk and how to put risk to work for you. Along with Peak Performance Home Study, you can also take *Investment Psychology Inventory Profile* to examine in even further detail your strengths and weaknesses.

To view and learn more about our entire line of products, please visit www.vantharp.com/products.asp.

LIST OF THARP TRADER TYPES AND THEIR POTENTIAL FOR SUCCESS IN THE MARKETS

HIGH POTENTIAL FOR MARKET SUCCESS:

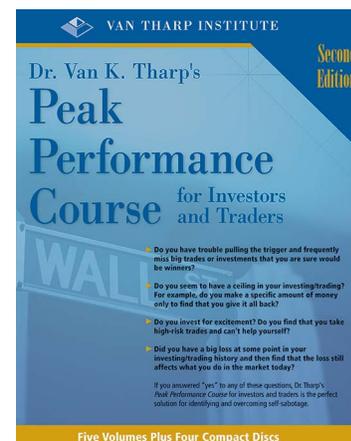
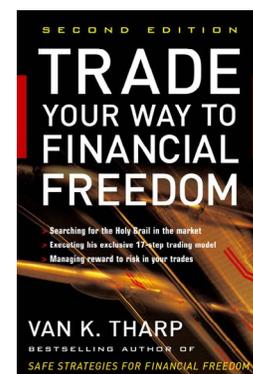
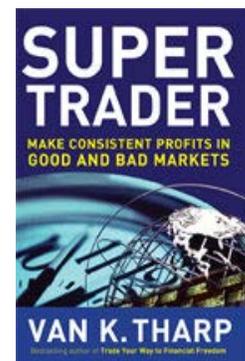
Strategic Trader
Planning Trader

GOOD POTENTIAL FOR TRADING SUCCESS WITH SOME WORK:

Detailed Trader
Facilitative Trader
Innovative Trader
Spontaneous Trader
Independent Trader
Administrative Trader
Values Driven Trader
Socially Responsible Trader
Accurate Trader
Adventurous Trader

POTENTIAL FOR TRADING SUCCESS WITH LOTS OF WORK OR HAVE OTHERS MANAGE THEIR MONEY:

Supportive Trader
Artistic Trader
Fun Loving Trader





THANK YOU for taking the Tharp Trader Test, which evaluates psychological tendencies relating to how you gather, store, comprehend and act upon information and input. After modeling and studying thousands of traders, I'm able to help you understand a little about yourself with just a few questions, based on a much lengthier profile that we use to evaluate traders. This test was designed simply to introduce you to some of the issues that affect your trading.

After all, YOU are the single most important factor in your trading performance but how well do you understand that? How well do you know yourself, and what kind of internal forces are at work when you trade? The Tharp Trader Test helps you identify strengths that should help you trade and challenges that may interfere with your trading. It also helps evaluate your possession of the three core qualities of top traders:

1. The ability to see the big picture, new possibilities and connections between things.
2. Making decisions based on logic and analysis.
3. Being decisive, orderly and doing things sequentially.

For more information, click on the links in this report or visit our website at www.vantharp.com.

You will start receiving your newsletter sometime in the next month (or sooner). Until then you can find issues (current and for many years back) on our website under the Newsletter link at the top of the home page.

Also, be sure to read each section of the [Tharp Think Concepts](#) if you have not already. These concepts take the mystery out of trading by helping you understand who you are as a trader, how your personal psychology can work for you instead of against you, how to think about and manage risk, and how to develop winning trading systems.

Again, thank you very much for taking the Tharp Trader Test and good luck to you.

Sincerely,

Van K. Tharp
Trading Coach
Founder and President,
The Van Tharp Institute
www.vantharp.com



What if you have read this report and only some of it or even very little of it seems to apply to you? That's possible. To make this test fast to take (and very low cost!), I kept the sampling questions to a minimum; the resulting trader profile is merely a rough estimate of who you are. If it seems off-base, you could consider taking the test again or simply just be aware that the results in this profile are not you; they are an extremely simple model of you. In most cases, however, I have found it to be fairly accurate. If a more scientifically rigorous psychological profile interests you, we offer that on our website in the products section.