

THE SECRET STRATEGIES OF THE MASTER TRADERS THE MISSING KEYS TO SUCCESSFUL TRADING

Most people who develop the desire to become a trader do so with the dream of producing 100's of percent returns and making millions of dollars in profits from their trading. This is particularly true of those who pursue Gann theory, since they were inspired by Gann's reputation, beginning in 1909 with his Ticker interview in which he produced 1000% return in one month, leading to the legendary millions in profits that he made during his career. These kinds of results are what every trader truly seeks, and yet, even many relatively successful traders lack a realistic strategy to produce these kinds of percentages let alone to build up their trading accounts to \$1,000,000. So what are these missing strategic elements possessed by the Master Traders but lacking in the arsenal of the struggling trader? The KEY elements are a proper trading psychology, the ideal trading vehicle and a style of money management which allows one to compound smaller amounts of money into a larger fortune.

First let's discuss trading psychology. What most aspiring traders do is study a few simple courses or go to a few seminars which seem to give them tools they can use. They begin trading with these tools and very quickly generate a string of losses, possibly even blowing through their entire trading accounts. This immediately develops a negative trading psychology which causes them to become fearful and hesitant in their trading, something they may not be able to shake for many years. They often begin to hold on too tight, meaning their stops are too close, so that even when they are right, they miss the move they had correctly anticipated, or they take their profits too soon, only to sit on the sidelines and watch the move continue on to produce large profits without them. Alternatively, they will get into the wrong move and watch it go against them, without the proper protection, so their account burns away in losses. The real problem is they have just not obtained the quality and depth of education they need to even be trading at all, leaving them without a working strategy that is capable making the profits they so desire. Gann spent 10 years studying the markets before he found the tools and style of trading that he became famous for, and many other of the great traders took many years to develop their professional expertise. So you must be very careful to not begin trading the markets until you are very clear about the right way to do so, and have a clear working strategy that will accomplish the results you desire.

A fundamental element of this process that most traders completely lack a clear understanding of is the idea of money management. The money management strategies that the Masters used were very different from those used by most traders today, yet it is exactly this point that causes them to produce only marginal returns in their trading, even if they are able to accurately time turning points, and have a good understanding of market structure and action. The difference between money management strategies is the difference between growing your account by 30% a year, vs. compounding at rates of 100's of percent each month. This is the great difference between the wannabes and the Masters. The Masters understand how to use only a very small percentage of their trading capital, invested into the proper trading vehicle which possesses the least risk and the greatest potential return, and then use money management to compound those profits over and over again into huge returns.

Now let's examine the idea of the proper trading vehicle referred to above. Whether a trader is interested in the stock, futures or Forex markets, they often assume that the best approach is to trade the underlying stock or commodity, which is the greatest misconception held by unsuccessful traders. With the current volatility of the markets, there is nothing more dangerous to play than the underlying entity. So, you may ask, what is one to trade if not the underlying stock or commodity? The answer to this question is: OPTIONS! There is a prevailing myth amongst traders that trading options is more risky and dangerous than trading stocks or futures, but this couldn't be further from the truth. Particularly in trading futures, one is continually confronted with the problem of the markets running stops, gapping open, or worst case, moving lock limit against them for a number of days, leaving one with losses even greater than one's entire trading account.

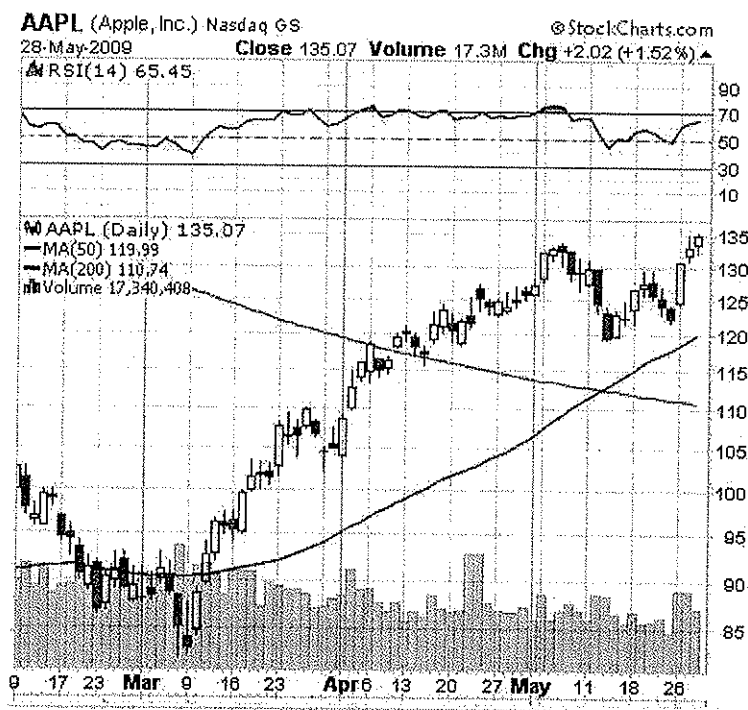
Options, on the other hand, remove all of this danger by always limiting one's risk to ONLY the amount invested in the premium and commission costs of the any options position. Yes, one can very easily lose this entire investment if a position goes against you, or if the market moves sideways while the time value of your position decays into the options expiration. However, the market can gap against you, swing way past what would be your futures stop position, or even move lock limit against you, and you will NEVER lose more than this core cost of your options position. In these days of great market uncertainty and volatility, many traders are afraid to even hold positions overnight, forcing them to become day traders, rather than swing traders, against their personal inclination. But trading options solves this fundamental dilemma.

Not only that, but many traders do not realize that the potential returns generated by the leverage of options positions can produce returns much greater than the returns that would have been produced had one successfully traded the underlying commodity or stock. A move in the underlying entity which would have produced 20-30% returns will often produce 300-1000% returns in the options, when you know which ones to select for your trading strategy. This insight alone is the first step in converting from a trader who makes regular 30% profits to one who makes 100's of percent trading the exact same swings in the market. Yet, surprisingly, the majority of traders out there simply do not realize this, so are missing the greatest opportunity to become highly successful traders.

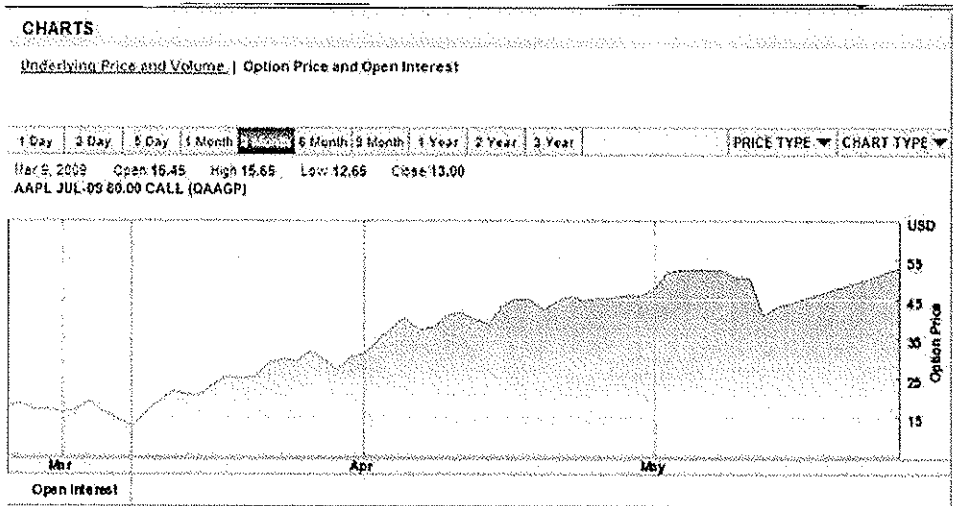
There are many people who have read options books or who have taken some of the many options trading courses available on the market. But unfortunately, most of these courses do not teach the effective options trading strategies used by the master options traders. So many educators out there and courses on the market were written by theorists or those who have not actually traded profitably, that you can practically count the number of successfully trading educators on one hand. This is why people go from one course to another without ever producing any positive results. The problem with most options books and courses is that they quickly confuse people by exposing them to a barrage of complicated concepts, like delta, gamma, vega and theta, though most of these details are totally unnecessary in trading options the way successful traders use them. In order to justify their cost, they teach every bit of technical minutia about options, but it is not this minutia that shows you how to make large profits trading options. They show you all kinds of complex strategies like spreads, straddles, strangles, Iron Butterflies, and on and on, leaving you lost in complexities that you can never figure out how to make any money with. And the most important thing that they all lack is a clear trigger mechanism which tells you WHEN to enter your trades, leaving you dependent upon some further expensive service or software to tell you when to use all of these complex strategies.

So, let's look at an example of trading options from a different and much simpler perspective. If we think the market is going up we are simply going to purchase Calls, and if the market is going down we will purchase Puts. Nothing complex, we are just going to go long or short using options rather than the underlying future or stock, but take our position in the same way, without complex options strategies. The first thing that you will notice is that it is much cheaper to place an options position than a position in the underlying entity. Take Apple Computer for example. On May 28, 2009, Apple is trading at \$135.46. The cost of buying 100 shares of Apple stock would be \$13,546.00, plus commissions. The cost of a Call or Put option to control the same number of shares is only \$510.00. If you owned the actual stock, it is very likely that you could experience volatility swings that would quickly move more than \$510 against you, so that it would be difficult to even place stops with less risk than you would have in taking an equivalent options position. However with the option, the market could move against you significantly before moving in your anticipated direction and still keep you in your position, without ever risking any more than the cost of that option, \$510 plus commissions. The cost of your options position is less than a reasonable stop loss, and still protects you against gap opens, lock limit days, or even market closures due to some kind of disaster.

Now let's do a quick comparison of the difference in potential returns generated by an options position vs. a position in the underlying stock. Following is a chart of Apple showing a nice bull move from March 9 to the beginning of May, from 83 to around 130.



This is a bit over a 50% move in the stock, so if you had owned it, you would have made a 50% return in about 2 months. But let's take a look at what kind of return you could have produced with options on the same move. Had you purchased the "at the money" July 80 Call options in March, they would have cost \$12.65 each, or \$1,265 plus commissions for your position. The next chart of the July 80 Calls shows that over the next 2 months those *at the money* options increased in price to \$54.00, a 326% gain in the options value for the same swing in the same period of time.



With the options, your \$1,265 investment would have returned \$4,135. That's over 6 times the percentage gain than the position in underlying stock produced in the same period. This gives a very quick and dirty example of the difference between trading options vs. trading the underlying, but these same results can be seen in any market. Knowing this, you have to wonder why anyone would trade the underlying stock or future over the options. You must ask yourself which you would rather have traded in this scenario. If you give the obvious answer of the options position that produced 6 times the return, then you must ask yourself why you are NOT trading options? You can clearly see that the difference of taking the same trade but using a different trading vehicle not only reduces your risk, but produces much greater returns from the exact same swings in the market. This is the essential difference between what the experts understand and take advantage of and what the amateurs completely miss.

Now let's quickly take a look at the idea of the money management and how the Masters used it to compound profits in a way that the wannabe traders only dream of. While this was a very strong move in Apple, many markets regularly produce equivalent swings, so let's look at how the Masters would have traded a sequence of such swings. After a first successful trade like that above, many normal traders would trade the next swing in the same way, with only a small investment. The great traders, however, took a completely different approach, and would reinvest the accumulated trading profits in each of their next trades. Their reasoning behind this is that they only began with around \$1000 investment, and they look at their continued trades as just an extension of that initial \$1000, their psychology being that if they are wrong, and lost it all, they would only really have lost \$1000 of their initial trading capital. Often, after the first trade, they would even return the initial risk capital to their trading account so that their initial trading capital never deteriorated. Then they would invest the balance of those profits in each next swing. Let's say that we found a sequence of similar swings producing the same return as this initial trade:

$$\$1,265 \times 326\% = \$4,135.00$$

Return the initial \$1265 to your account so as to never deteriorate your initial capital, leaving:

$$\$2,870 \times 326\% = \$9,356.20$$

$$\$9,356.20 \times 326\% = \$30,501.12$$

$$\$30,501.12 \times 326\% = \$99,433.95$$

$$\$99,433.95 \times 326\% = \$324,154.68$$

$$\$324,154.68 \times 326\% = \$1,056,744.26$$

Here we have just compounded a small \$1000 investment into a million dollars in only 5 trades! This is the method of compounding profits through strategic money management that the Great Market Masters used to generate the millions that they became famous for. If you have not worked out a strategy of this kind, it should be no great surprise that you are not having the kind of success that the Masters demonstrated. It is surprising that no one really tends to bring out these points, though it is clear that this is the difference between the men and the boys.

Now some of you may think that this is just an ideal case and that you could never find a consistent string of 300% trades, but actually these trades occur much more regularly than most people realize, when you understand the insider secrets to such options trading strategies. Actually, there are even better trades that regularly present even 1000+% returns, when you know where to look, and how to find them. Only part of the game is in knowing the right vehicle to trade and the proper money management system to compound the returns. The other Key is in having the right trading triggers to determine how to find and when to enter these kinds of trades which produce the huge returns that the old masters used to produce.

This kind of trading knowledge has always been kept very secret, and was only passed on to insiders but rarely shared with the general public, until now. In his new options trading course, *The Secret To Being A Master Options Trader: How To Turn \$1,000 Into \$1,000,000 In Four Trades*, Greg Shrader, a master trader who has pulled millions out of the markets and who has proven his trading results by posting trading records demonstrating returns of over 2400% has, for the first time, made these strategies available to the general public. The example given above demonstrates only a minimal insight into the potentials that can be achieved through understanding the methods used by the Master Traders. His new options trading course goes far beyond these simple ideas developing an entire arsenal of strategies and techniques to identify and profit from these kinds of opportunities in the markets.

William Bradstreet Stewart
Director, Sacred Science Institute

FOR MORE DETAILS ON ALL GREG SHRADER COURSES SEE:

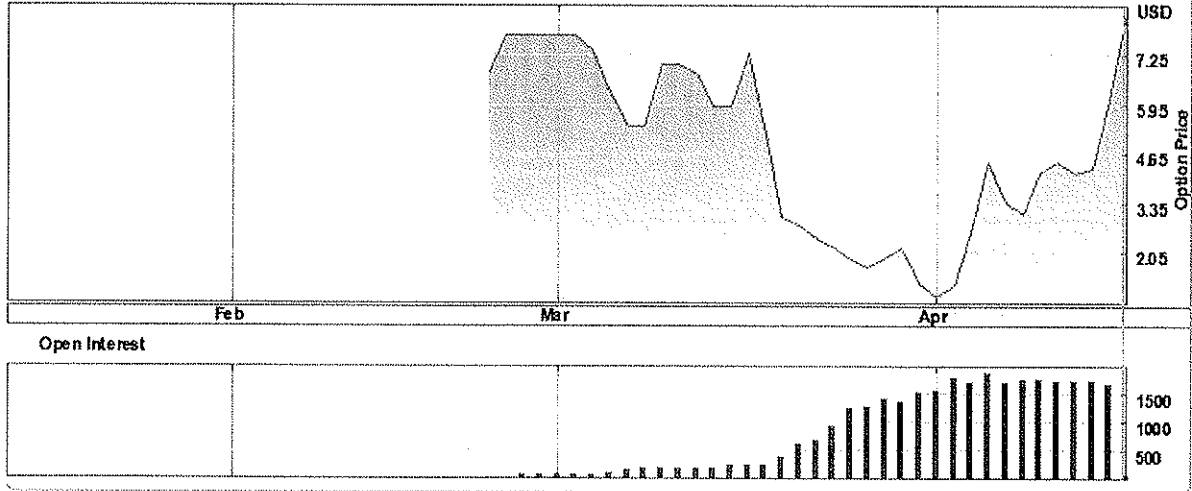
[HTTP://WWW.SACREDSOURCE.COM/SHRADER/](http://www.sacredscience.com/shrader/)

EXAMPLES OF 1000% OPTIONS TRADES

Some of you may not believe that there are regularly occurring 1000% PLUS options trades that occur in the markets. Just to demonstrate that there are, we are posting this small selection of charts so that you can see some of the numbers for yourself. Greg Shrader's new course will teach you how to clearly identify, properly select and successfully trade these kinds of moves in many markets. Wouldn't you rather be making 1000's of percent on your trades rather than the 10's of percent most traders make?

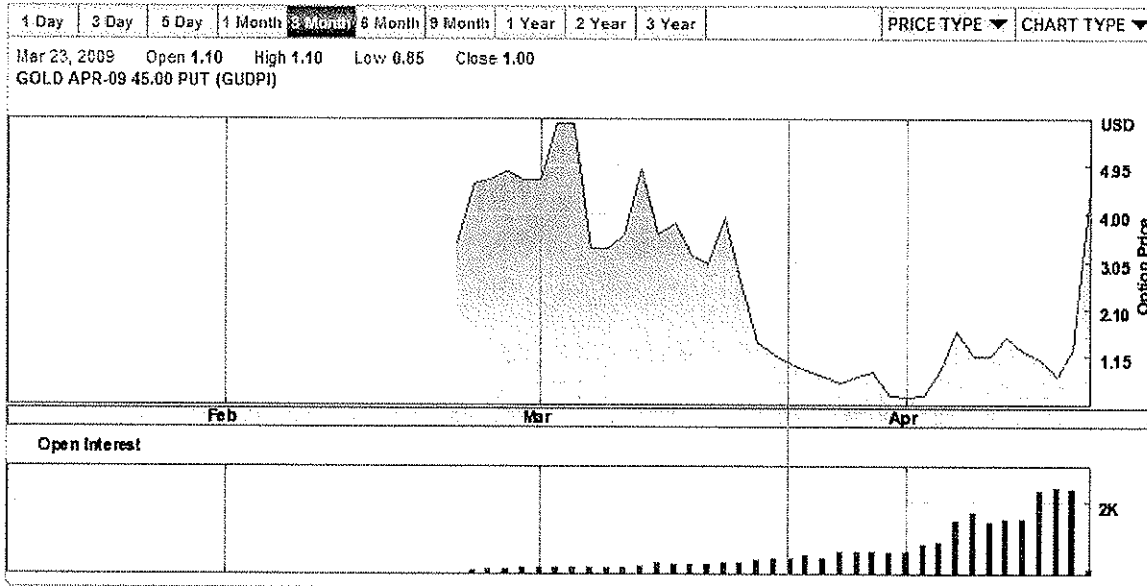
RANDGOLD RESOURCES PUTS 740% INCREASE IN VALUE IN 10 DAYS

Apr 17, 2009 Open 8.10 High 8.40 Low 8.10 Close 8.40
 GOLD APR-09 50.00 PUT (GUDPJ)



Their price at the low was around \$1.00 and closed at \$8.40, a 740% increase in value in 10 days.

RANDGOLD RESOURCES PUTS 1400% GAIN IN JUST 10 DAYS



Their price at the low was 30 cents and closed at \$4.50, for a 1400% gain in 10 days.

RANDGOLD RESOURCES CALLS 1500% GAIN IN LESS THAN A MONTH

Symbol	Last Price	Today's Change	Bid (Size)	Ask (Size)	Day's Range	Volume
GOLD	58.03	+ 4.48 (+8.37%)	0.00 x0	0.00 x0	54.59 - 58.03	1,641,373

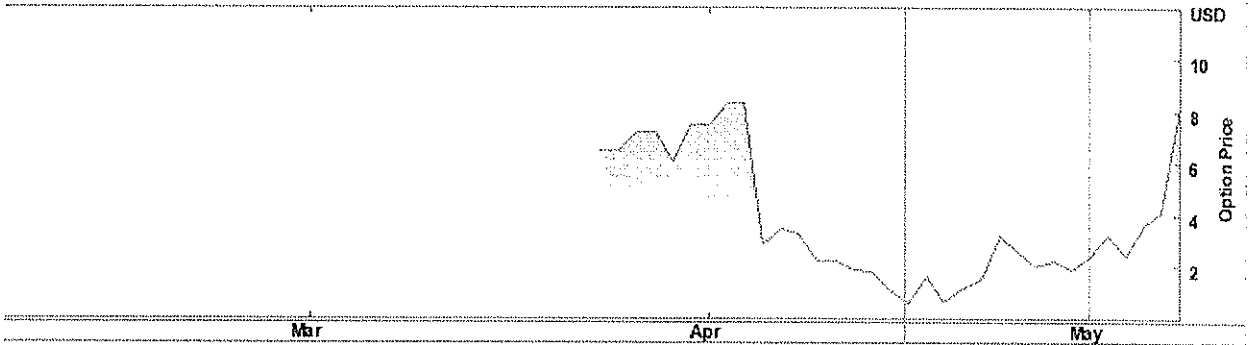
NSEQ Closing Price Last Trade as of 4:00 PM ET 05/09/09

CHARTS

[Underlying Price and Volume](#) | [Option Price and Open Interest](#)

1 Day	3 Day	5 Day	1 Month	3 Month	6 Month	9 Month	1 Year	2 Year	3 Year	PRICE TYPE ▼	CHART TYPE ▼
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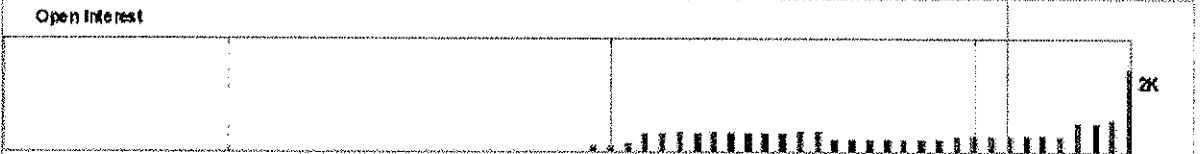
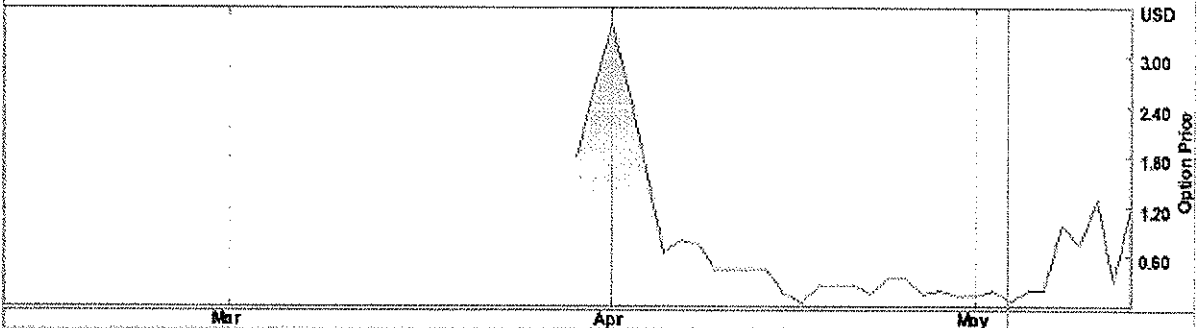
Apr 17, 2009 Open 0.90 High 0.90 Low 0.50 Close 0.58
 GOLD MAY-09 50.00 CALL (GUDEJ)



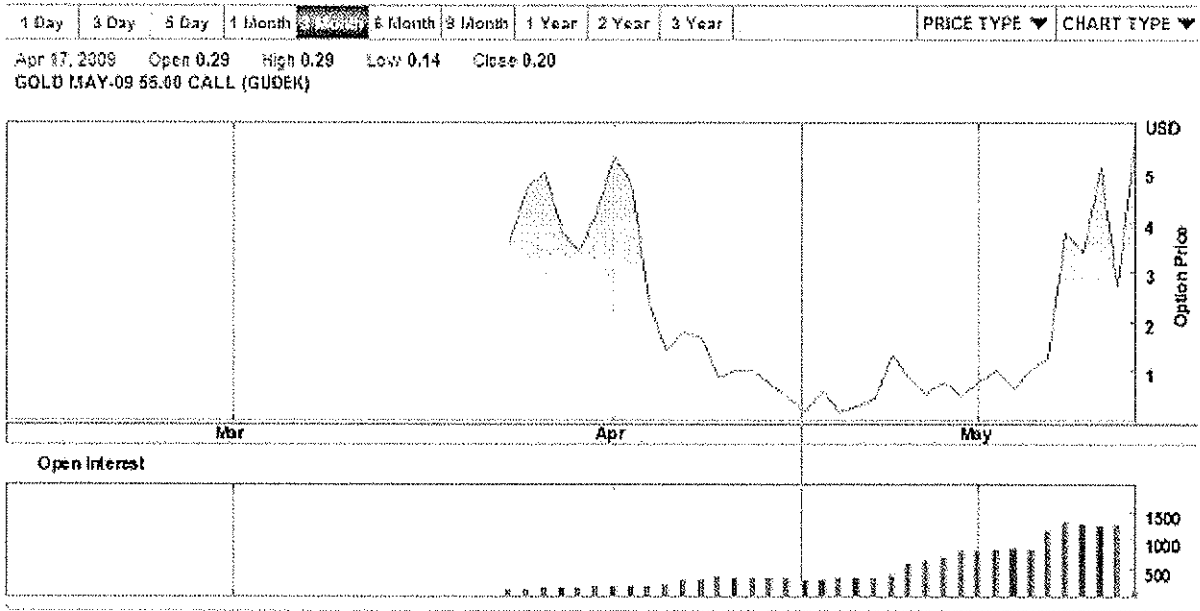
RANDGOLD RESOURCES CALLS 2700% GAIN IN A MONTH

1 Day	3 Day	5 Day	1 Month	3 Month	6 Month	9 Month	1 Year	2 Year	3 Year	PRICE TYPE ▼	CHART TYPE ▼
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May 5, 2009 Open 0.12 High 0.12 Low 0.05 Close 0.05
 GOLD MAY-09 60.00 CALL (GUDEL)



RANDGOLD RESOURCES CALLS 3971% GAIN IN A MONTH



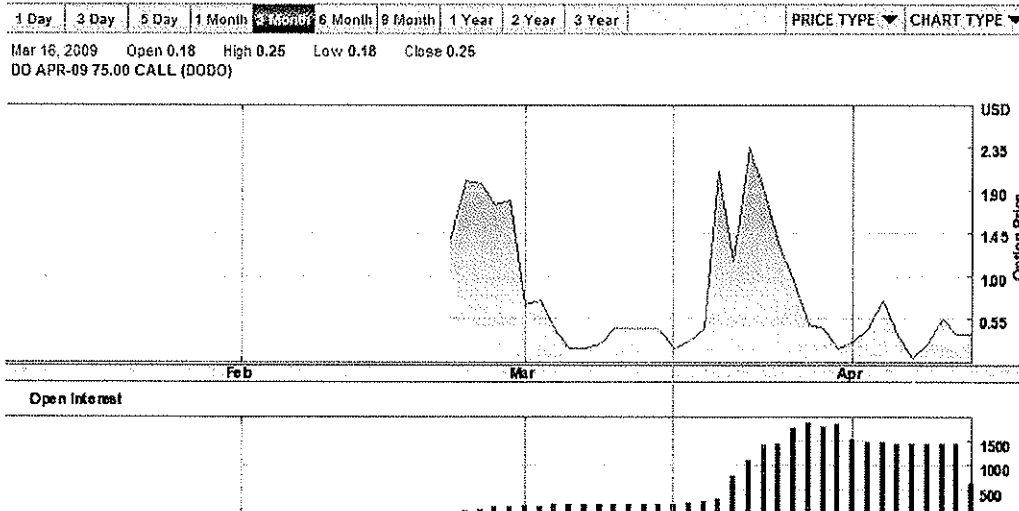
DIAMOND OFFSHORE DRILLING CALLS 1,200% GAIN IN A WEEK

Symbol	Last Price	Today's Change	Bid (Size)	Ask (Size)	Day's Range	Volume
DO	71.74	+ 0.99 (+1.40%)	71.01 x0	73.31 x0	69.57 - 73.46	2,123,340

NYSE Closing Price Last Trade as of 4:00 PM ET 04/14/09

CHARTS

[Underlying Price and Volume](#) | [Option Price and Open Interest](#)



GOOGLE CALLS 900% GAIN IN A MONTH

Symbol	Last Price	Today's Change	Bid (Size)	Ask (Size)	Day's Range	Volume
GOOG	368.91	-9.20 (-2.43%)	365.80 x0	367.48 x0	365.60 - 376.99	3,429,359

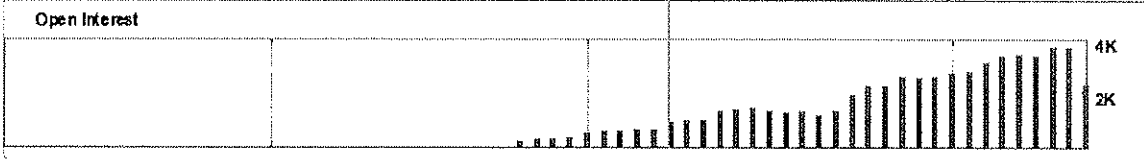
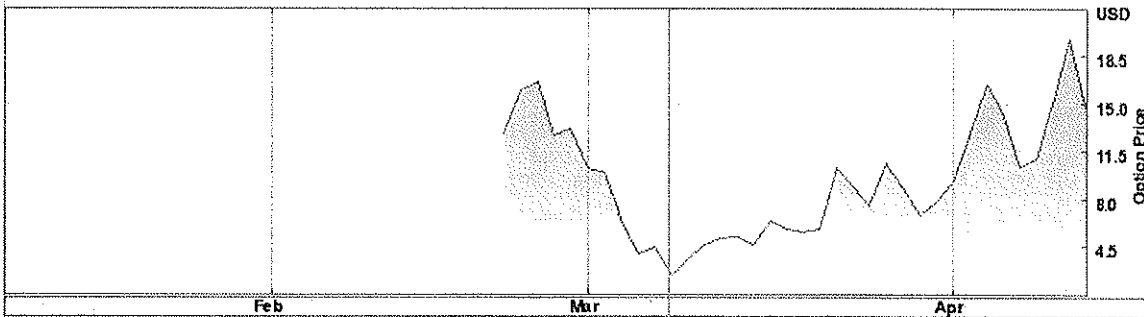
NSDQ Closing Price Last Trade as of 4:00 PM ET 04/14/09

CHARTS

[Underlying Price and Volume](#) | [Option Price and Open Interest](#)

1 Day	3 Day	5 Day	1 Month	3 Month	6 Month	9 Month	1 Year	2 Year	3 Year	PRICE TYPE ▼	CHART TYPE ▼
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Mar 9, 2009 Open 3.20 High 4.00 Low 2.35 Close 2.35
 GOOG APR-09 370.00 CALL (GGDDN)



VNDA CALLS 900% GAIN IN A WEEK

1 Day	3 Day	5 Day	1 Month	3 Month	6 Month	9 Month	1 Year	2 Year	3 Year	PRICE TYPE ▼	CHART TYPE ▼
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May 8, 2009 Open 0.20 High 0.20 Low 0.10 Close 0.10
 VNDA MAY-09 12.50 CALL (QDXEV)

