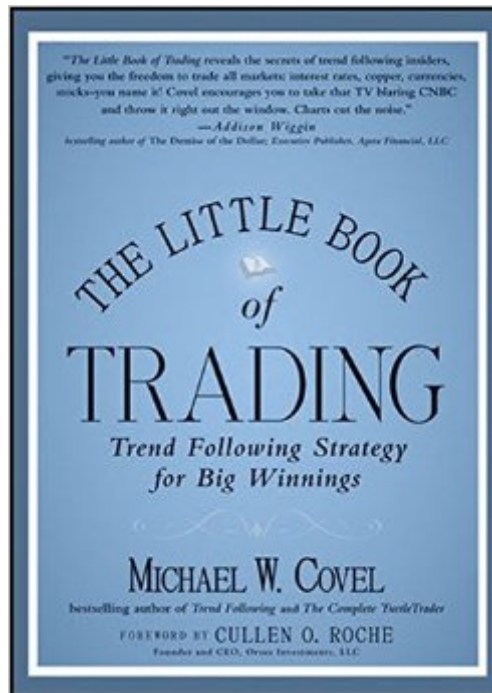


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# The Little Book Of Trading: Trend Following Strategy For Big Winnings



## Synopsis

How to get past the crisis and make the market work for you again  
The last decade has left people terrified of even the safest investment opportunities. This fear is not helping would-be investors who could be making money if they had a solid plan. The Little Book of Trading teaches the average person rules and philosophies that winners use to beat the market, regardless of the financial climate. The market has always fluctuated, but savvy traders know how to make money in good times and bad. Drawing on author Michael Covel's own trading experience, as well as insights from legendary traders, the book offers sound, practical advice in an easy to understand, readily digestible way. The Little Book of Trading: Identifies tools, concepts, psychologies, and philosophies that keep people protected and making money when the next market bubble or surprise crisis occurs. Features top traders in each chapter that have beaten the market for decades, providing readers with their moneymaking knowledge. Shows how traders who beat mutual fund performance make money at different times, not just from stocks alone. Most importantly, The Little Book of Trading explains why mutual funds should not be the investment vehicle of choice for people looking to secure retirement, a radical realization highlighting the changed face of investing today.

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Chapter One -- Stick to Your Knitting (Gary Davis, Jack Forrest, and Rick Slaughter). Chapter Two -- Someone's Gotta Lose for You to Win (David Druz). Chapter Three -- No Guts, No Glory (Paul Mulvaney). Chapter Four -- In a Land Far, Far Away from Wall Street (Kevin Bruce). Chapter Five -- Think Like a Poker Player and Play the Odds (Larry Hite). Chapter Six -- Stand Up, Dust Yourself Off, and Keep Going (David Harding). Chapter Seven -- Throw Away the Fundamentals and Stick to Your Charts (Bernard Drury). Chapter Eight -- Study Hard and Get an A+ (Justin Vandergrift). Chapter Nine -- You Can't Know Everything (Eric Crittenden and Cole Wilcox). Chapter Ten -- Make It Work Across All Markets (Michael Clarke). Chapter Eleven -- Stay in the Moment of Right Now (Charles Faulkner). Chapter Twelve -- Sing the Whipsaw Song.

Q&A with Author Michael Covel

Author Michael Covel What is trend trading? Trend following is a very straightforward trading strategy that ignores fundamental information to buy and sell in all markets. For example, pretend you have no idea what way a market will go or for how long. Trend followers simply say that if Apple is trading at price level 300 and it starts to go higher -- buy Apple. Why would you do this? If Apple is going up you want to be on board. Period. No one knows how high or low Apple may go, but if it goes from 300 to 400 you do not want to miss out -- even if 300 feels like too high of a price to buy in at. Buying low or cheap is not the goal. After you buy, if it goes the other way and you start to lose money -- you get out. How do you know to get out? Trend followers abide by certain universal and timeless rules that go back 100 years. If you lose a small amount of

money due to the trend not going your way, you get out. The key to keeping that loss as small as possible is admitting defeat. That is how you preserve capital while waiting for the next big unpredictable trend to arrive to make you money. Why do you recommend a trend following strategy over a more traditional form of trading? Here is the great thing about trend following: you do not need to be knowledgeable of the fundamentals that a stock or a commodity consists of to make money from them. You do not need to know how great the demand will be for the next iPad. You do not need to know how far gold will go up, or down, or why. That information is irrelevant. The only variable necessary to understand, so you can make money, is which way the market is trending and if you are on board, up or down, in that direction. This puts you on a much more even playing field with banks and hedge funds, who clearly have more fundamental insight than you could even dream of amassing. Also, unlike mutual funds, trading trends for wealth building means you can make money when the market goes up or the market goes down. This is a huge advantageous distinction from most other strategies being used in the markets. Who can benefit from reading *The Little Book of Trading*? Any individual, regardless of whether they are currently trading or not. *The Little Book of Trading* is for those who are open and willing to learn a different, less conventional way of making money. It is for those who are curious how some of the top traders are profitably thriving during these uncertain times. It is a road map for an uncertain future. During the course of writing the book, you spoke to a lot of different traders. Is there one piece of information that stands out to you from your conversations? If you learn anything from my *Little Book*, let it be the simple lesson: stick with it. There will always be distractions; breaking news banners, surprises and unpredictable chaotic events, but you cannot be fazed. The biggest lesson these top traders pounded into my head, and wanted me to pass onto the readers, was that they do not pay attention to any of that stuff. They have found through hard work, diligent study, and perhaps putting a little luck on their side “ that their ability to stick with a trading plan is far more important than knowing or worrying what their neighbor is doing, what the Fed will do next, or if it is raining or snowing on some obscure rice plantation, in some random country. What one piece of advice would you give to someone looking into trend following? Do your homework. This is not buy and hold “where you buy and forget it. You have to have a set strategy going in that gets you and gets you out, otherwise you will get taken for all your worth (i.e. 2008). If this means that you have to practice trade for a period of time to wrap your arms around all of the details, then so be it. You cannot stick to a strategy that you do not have, so lay a smart foundation. What is so wrong with mutual funds, anyway? The investing world has become seduced by the idea that you can buy and hold a mutual fund for a lifetime, rewarding you with a huge nest egg when retirement sets in. Just

buy and hope and forget about it they tell us. That pipe dream has been sold by a mutual fund marketing-machine and they hire serious lobbyists in Washington, DC. to keep you in line. However, mutual funds have gone over a decade with no returns, while simultaneously mutual funds owners have made billions on fees. How smart does that sound for you? More importantly, what happens when the next bubble pops? What happens if the government cannot blow the bubble back up? That is the million-dollar question and the question that decides how much money you will earn over your lifetime.

## Book Information

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## Customer Reviews

As I read through some of the negative reviews of this book I'm enjoying a good chuckle. To those of you who think that "The Little Book of Trading" is somehow remiss because it doesn't give you exact information regarding entering and exiting trades or a step by step plan on how to size your positions and manage your risk, you are missing the point. Any type of trading system is extremely personal, and you need to put in the time discovering the detailed trading rules that work best for you. The reason for this is simple; you have to believe in your method so deeply that you are willing to stick with it when times are bad (you're temporarily losing money). This can only be accomplished by developing a trading plan on your own, not by using something that someone else gives to you. No one is going to give you the "Holy Grail"; developing your own trading system using the concept of trend following is as close as you're ever going to get. Becoming a trading success is like getting an education to practice any other profession. Would you let someone perform brain surgery on you after they read a book about it, or would you expect them to have completed years upon years of

college and medical school, followed by interning with some of the leaders in their field? Trading isn't any different. You're not going to buy this book and get "the step by step secret" to becoming a successful trader; however you will get the information necessary to give you an excellent foundation to begin your journey of self-discovery as a trend follower, and as a bonus all of Michael Covel's books include wisdom from experienced trend followers that will help you to have those "a-ha" moments as you learn.

Just when you may have started to believe it was safe to fade or dollar average a losing position, Mike Covel provides big reasons not to in his latest must read trading book "The Little Book of Trading: Trend Following Strategy for Big Winnings" by Wiley publishing. If I am truly honest, I have to admit I opened this book up with high expectations. I own other books written by Mike Covel including "The Complete Turtle Trader" and "Trend Following". After all, I have read "turtle" and "trend" cover to cover more than once and most trading books I don't even complete once. Covel is able to articulate the emotions, trials, triumphs and most importantly the land minds waiting to blow up trading accounts. Covel's rare genius of the pen is undoubtedly what many other authors hope to achieve when developing trading improvement books. In the little book, Covel brings the wisdom of many great traders and in a way that doesn't require three solid days of reading. I picked up and read a chapter here and there and before I knew it, the book was done and I was finding myself reading again the pages I dog-eared (and I have a lot of pages marked). It's hard to miss when you have names like Ed Seykota (one of the greatest traders ever on many levels), Larry Hite, Kevin Bruce, and many others. The biggest downside of The Little Book Of Trading is it ends near the 200 page mark. I would have been more than happy to keep reading upon reaching the last page. As someone who reads stock articles for hours a day, I really connected with the chapter titled "Stories Don't Make You Money", and I have to fully agree. Most of what I read is simply worthless at best, but at least normally transparent in their motivation. Covel writes "...And the demand is there.

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