



## The Millionaire Trader Code - Self Evaluation Worksheet

	Reactionary Trader	Semi-Systematic Trader	Curious System Trader	Focused System Trader	Elegant System Trader	Diversified System Trader	Portfolio System Trader	Millionaire System Trader
Thoughts & Actions	You make decisions based on tips, broker recommendations, news articles and other sources. You are not clear on what strategies really work and how to manage money profitably.	You have discovered charts and technical analysis, use a combination of indicators plus personal judgement to make trading decisions.	You have discovered backtesting and spend significant time trying different system ideas. Many partly formed systems. Regularly change systems.	You have one trading system which suits you. Focus primarily on trying to improve that system with filters, rules and optimization. Mostly follow your rules but override systems occasionally.	You realized elegantly simple trading systems perform best, you have removed complexity to create a simple and robust trading system that they you have confidence in and follow consistently.	You combine several elegantly simple trading systems to improve returns and reduce risk. You diversify their systems in terms of parameters and timeframes.	You deploy a suite of trading systems which complement each other using multiple timeframes, profit drivers, parameter sets, directions and markets. Skilled at developing systems to smooth / improve returns	You consistently apply your portfolio of systems to maintain a 7 figure account in the stock market. Your systems allow you to thrive in all markets over a lifetime of trading.
Available Capital	\$0-\$15k	\$15-30k	\$30-75k	\$75-150k	\$150-\$250k	\$250-\$500k	\$500k-\$1m	\$1m+
Time & Priorities	Time spent talking to friends and peers about trades, searching for tips, reading trading newsletters and advisory reports.	Time spent looking at charts, analyzing indicators, drawing trend lines and finding patterns on charts as well as with reading books on technical analysis. Trading signals are found manually or using basic scanners.	Time spent back testing many different system ideas, optimizing parameters and testing new filters / rules / indicators in a search for the perfect trading system.	Time spent tweaking and optimizing your favorite trading system to find slight improvements. The focus is on optimization and adding new filters and rules to eliminate bad trades from the backtest	Time spent tweaking and simplifying your existing system to make it more robust. Begin to explore variations of your current system to diversify based on different parameter sets / timeframes	Time spent developing variations of existing trading systems and new systems to smooth returns and reduce risk. Reducing slippage becomes a focus as the account grows	Time spent analyzing the strengths and weaknesses of your existing systems and designing elegantly simple systems to fill the gaps in your portfolio to smooth returns and lower risk.	Time is spent executing portfolio of systems and streamlining / improving your processes to make your trading more efficient. System Development is a true passion and never really stops. Substantial freedom!
Result Profile	Erratic and loss making. You get encouraged by occasional winners but overall results are volatile and negative.	You are starting to see profitability however results are inconsistent and drawdowns are large compared to annual returns.	You are profitable but are not achieving the maximum returns from your systems. Mistakes and switching between systems limits returns results in large drawdowns.	You are profitable and beginning to be consistent, however real time system performance is worse than backtested results due to curve fitting	Your results have improved dramatically. Real time results are consistent with backtested results but are limited by whether the system is suited to current market conditions.	You consistently outperform the market indices with both higher returns and lower drawdowns. Still suffer from occasional large drawdowns when systems are out of sync with the market.	You consistently outperform market indices with both higher returns and maintain lower than market drawdowns.	You achieve significant outperformance of market indices over the long term with substantially higher returns and much lower drawdowns regardless of market type.
Driving Questions	What stock should I buy?	Which is the best indicator?	What is the best trading system?	How can I make my trading system better?	How can I simplify and improve my trading system?	What variations of my trading system can I add?	How can I diversify my existing trading systems?	How can I take my portfolio of trading systems to the next level? How can I turn this into a legacy which lives beyond me?
Major Risk Areas	There are two major risks traders at this stage of evolution face: 1. Too much risk per trade 2. Negative expectancy approach  Basically everything is a mistake in this level - reduce your risk to survive or stop trading with real money until you progress up The Millionaire Trader Code stages of evolution.	The major risk areas for Semi-Systematic traders is making emotional / inconsistent trading decisions and inconsistent & aggressive position sizing.  Your expectancy is uncertain because your trading decisions are not 100% repeatable.	The major risk area Curious System Traders is switching systems and methods. Constant switching and changing methods destroys the expectancy of your systems and causes drawdown.  Many Curious System Traders also use inconsistent or aggressive position sizing.	The major risk area Curious System Traders face is from mistakes implementing / overriding trading systems.  Switching trading systems and lack of willingness to add capital to account limits growth can still hold you back from your goals.  Position sizing is often still too aggressive at this stage of evolution.	The major risk area Elegant System Traders face is a dogmatic focus on a single system or strategy. There is potential for an extreme event to cause a large drawdown.  There is a huge temptation to harvest your trading account too early. This would prevent you from reaching higher stages of evolution and limit your ability to achieve true financial freedom'.	The major risk area Portfolio System Traders face are large drawdowns from unexpected adverse events and unexpected correlation between positions or systems.  There is a huge temptation to harvest your trading account as your capital grows. Resisting this for as long as possible will allow you to break through to the final two stages of trader evolution.	The major risks are incomplete diversification leaving you exposed during an extreme event.  Also harvesting account too heavily could prevent your account from growing to the 'point of no return' when it grows faster than you can spend your returns.	The major risk that Millionaire System Traders face is complacency. You have "made it" but you can't relax your focus too much. Careful execution and monitoring remain a must, as at all stages of trader evolution.
Biggest Need	The biggest need for you to improve your trading at this stage of evolution is to take complete personal responsibility for all aspects of your trading.	The biggest need for you to improve your trading at this stage of evolution is to eliminate subjectivity and implement consistent, low risk position sizing.	The biggest need for you to improve your trading at this stage of evolution is to focus on one style of trading system and implement it well.	The biggest need for you to improve your trading at this level is to keep things simple, execute your systems well and continue to add capital to your account.	The biggest need for you to improve your trading at this level is to learn how to gain absolute confidence in a trading system by backtesting and optimizing correctly.	The biggest need for you is to learn how to diversify trading systems more broadly while still keeping the elegant simplicity in each system.	The biggest need for you is to learn how to best combine multiple systems and markets into a portfolio to consciously diversify your portfolio	The biggest need for you is to maintain the passion to sustain high performance and pursue continuous improvement in your trading portfolio.
To Graduate This Level	To move beyond 'The Reactionary Trader' you need to accept that tips and recommendations disempower you...and take personal responsibility for every single trading and investment decision.  A positive place to start is by using charts and eliminating external sources such as tips.	To move beyond 'The Semi-Systematic Trader' you need to eliminate the subjectivity in your trading decisions. You can do this by shifting from chart/indicator interpretation to purely objective systematic (rules based) decision making.	To move beyond 'The Curious System Trader', you need to shift focus from finding the best system to creating a single system that suits your personality, objectives and lifestyle.	To move beyond 'The Focused System Trader', you need to transition from adding complexity to improve your system to simplifying to improve your system.	To move beyond 'The Elegant System Trader', you need to shift focus from tweaking existing systems to designing new, more heavily diversified trading systems.	To move beyond 'The Diversified System Trader', you need to learn to develop and trade styles of systems that are outside your natural trading personality, and build a portfolio of systems.	To move beyond 'The Portfolio System Trader' you need to build and implement a suite of systems which perform well in all market conditions.	You never really graduate from this level - just continuous improvement from here