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GO GLOBAL: KNOW YOUR FUTURES | TRADER'S STORY



# TRADER'S STORY

Get to know your fellow traders. YTE speaks to ASX trader and snowboarder, **David Makila**.

**D**avid Makila was born and raised in Sydney, Australia and after leaving school completed his trade as a cabinet maker. For the last 10 years he has been operating heavy plant (excavators) equipment on Sydney's major construction sites including tunnels, roads and rail. He enjoys travelling, snowboarding and hanging out with his daughter. He lives with his partner Barbara on the central coast with one daughter and a baby boy on the way. His ultimate plan and goal is to become a full-time trader. He has been trading ASX shares for six years, seriously for three of those.

## **YTE David: How and when did you become interested in the markets?**

Back in 2006 I had some cash to invest and decided to invest it in ABC Learning Centres on a tip. To be honest I have no idea why I chose ABC Learning Centres, apart from at the time they were popping up everywhere. I used no fundamentals and had no idea what a technical analyst even was.

## **And then what happened?**

I watched my investment grow by 40% over the next four months reaching a high of \$8.80 (bought for \$6.40) and thought to myself, how great are shares!

I stopped watching the shares assuming they would just keep on rising, and in late 2006 I decided I had had enough of work and so went travelling which became an amazing life-changing experience. I was working by night and snowboarding by day for a season as a Snow Cat operator at Whistler in Canada, and travelled the west coast of the USA. After the season in Canada, my partner Barbara and I travelled to Ireland, Europe and the UK and had an interesting trip into the top of Africa.

After returning from our trip I was pumped up about life, and decided there had to be more to life than working 60 hours a week. It was then I discovered I had a fascination for shares and so began buying more of them, and again I did so with very little knowledge or sound reasoning. I then went on a trip snowboarding in Japan, and found after I returned that ABC Learning had all but

fallen over and my initial investment was worth nothing.

Whilst this may have deterred some people, all of sudden my interest in the markets grew and my passion for trading was born.

## **How have you been able to learn and to educate yourself about the markets?**

At first I bought a few books, read the papers and spoke to a few people and discovered there is a mountain of information out there, most of it I'm pretty sure is designed to confuse you and for me it did exactly that. In 2010 after doing some research not really knowing how to move forward, I read an article in Your Trading Edge magazine about a lady who had a young family and a baby on the way, who had done The Diploma of Share Trading and Investment at Wealth Within. At the time I had my first baby on the way and my situation was very similar to hers.

The decision was simple: I figured I could either do a weekend seminar and get some software and hope for the best or, for the same amount of money, get a year's worth of accredited education with Wealth Within. I also needed the flexibility of studying from home as I was working around 60 hours plus, six to seven days a week, with a baby on the way. I took the plunge, signed up and it was a pivotal turning point in my trading career and I have never looked back. I now consider myself lucky that I found the course when I did.

## **Did you make mistakes when first starting out?**

Yes, absolutely! And I still do, however the mistakes are now far less common due to the knowledge that I have gained, and I can now look back on the mistakes I have made and learn something from them and just move on.

## **Would you define yourself as a discretionary trader, a mechanical trader or a combination of both?**

I am a combination of both, but at this stage I am still leaning towards mechanical, especially when entering trades. As my education and experience moves forward I am beginning to allow myself to use my discretionary side a bit more. Depending on how a trade is unfolding, I may tweak my exit rules but most importantly I will always have a stop loss set in case the market moves against me and to keep my psychology or emotions from getting in the way.

## **Who are some of your mentors and role models? What impact have these people made on you personally as well as on your trading style?**

My mentors and role models are all the team at Wealth Within including the coaches who guided and mentored me through the Diploma Of Share Trading and Investment.

My mentor is Janine Cox who I have a huge amount of respect for and she has motivated and helped guide me through my trading journey







to get to where I want to be. She has taught me to be disciplined in my approach to trading and decision-making and still does today. One of my role models would be Dale Gillham, who keeps it simple and speaks so clearly. I really like the way he approaches the market and he has provided me with priceless knowledge and inspiration. Personally they have both motivated me to set a goal and go for it.

### Can you give us a brief overview of your trading style?

I like to treat my trading like a business with a systematic approach and well-rounded trading system, refining it all the time. This is so important for me, as I am very time poor and need to make time for a full time job, family and lifestyle.

I like to trade medium term timeframes (three months to 18 months) for my main wealth building. I am currently working on a strategy for short-term trading (weeks to three months) for cash flow, reduce risk and to help adapt to market conditions when the time is right.

**Is there any one trade (win or loss) that had a profound effect on your development as a trader?** If so, what did you learn from the trade?

It's the losses that have a profound effect on my development as a trader and remind me to work on minimising the losses and letting the profits run. However a trade that comes to mind is one I took back in 2010 on Aurora Oil and Gas (AUT); with a little bit of luck and some knowledge gained, I took a 70% profit and this really allowed me to realise the power of the markets.

### Can you tell us about your best and worst trades?

ABC Learning Centres was obviously my worst trade as I bought it with no knowledge and lost everything. While the 70% profit on AUT has been a highlight, a recent trade on Silver Lake Resources (SLR) was very rewarding as I spent a lot of time analysing the stock, executed my trading plan flawlessly and took a nice 30% profit, to then watch the stock fall away after my exit.

### Would you classify yourself as a short-term or a long-term trader?

What advice would you offer to people getting started as traders on the relative merits or otherwise of each?

I'm a short to medium term trader focusing on anywhere from weeks to months, out to a year. First thing I would say is to get the right education as this will shorten your journey and give it clear direction.

When getting started I advise trading medium term using the monthly chart to see the bigger picture of what the market or stock is doing and using the weekly chart for entries and exits. It's an easier timeframe to trade and requires less work and is more forgiving. I also found that the daily ups and downs of the market are less stressful as they are just

noise and irrelevant to what I am looking to achieve.

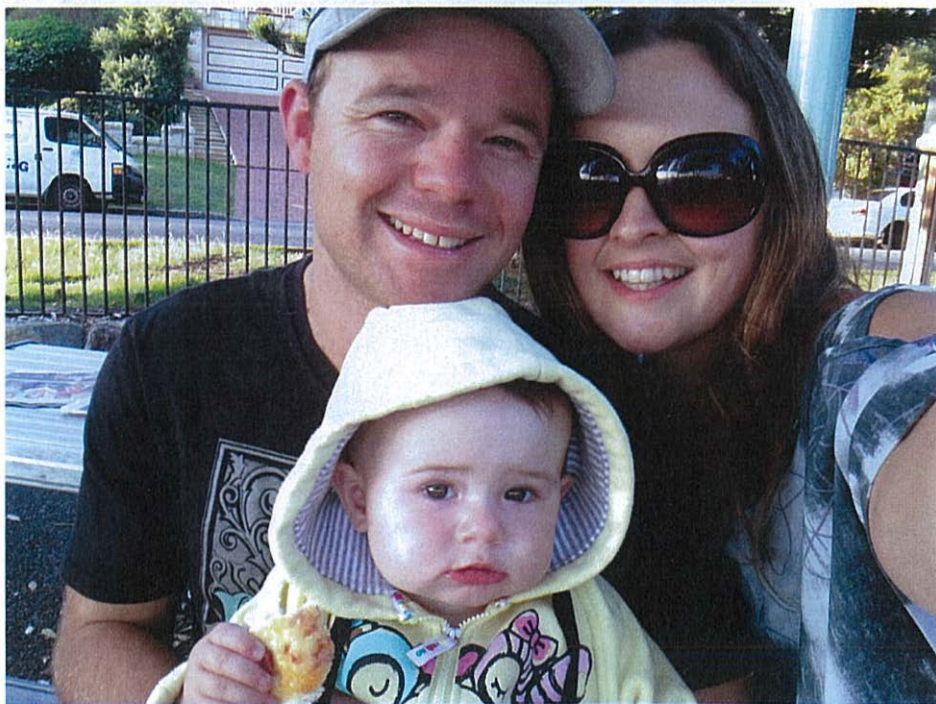
### What markets do you trade and which markets do you prefer? Do you have a favourite, and why?

I trade equities on the ASX as there is plenty of opportunity and I feel no need to branch out to international markets, not to mention the currency risk. It's much easier to follow and research a market that I live in, am familiar with and take an interest in. I am currently studying a CFD course and after completing that hope to move into actively trading the CFD market.

### What makes your trading style different from others?

What sets you apart from other traders?

I'm not sure what sets me apart from other traders, however I'm extremely time poor (like most of us) right now so I like to have everything back tested, systematic and organised as my time to watch the markets and make decisions is limited. I do my best to stay disciplined and always have a trading plan with a stop loss in place.

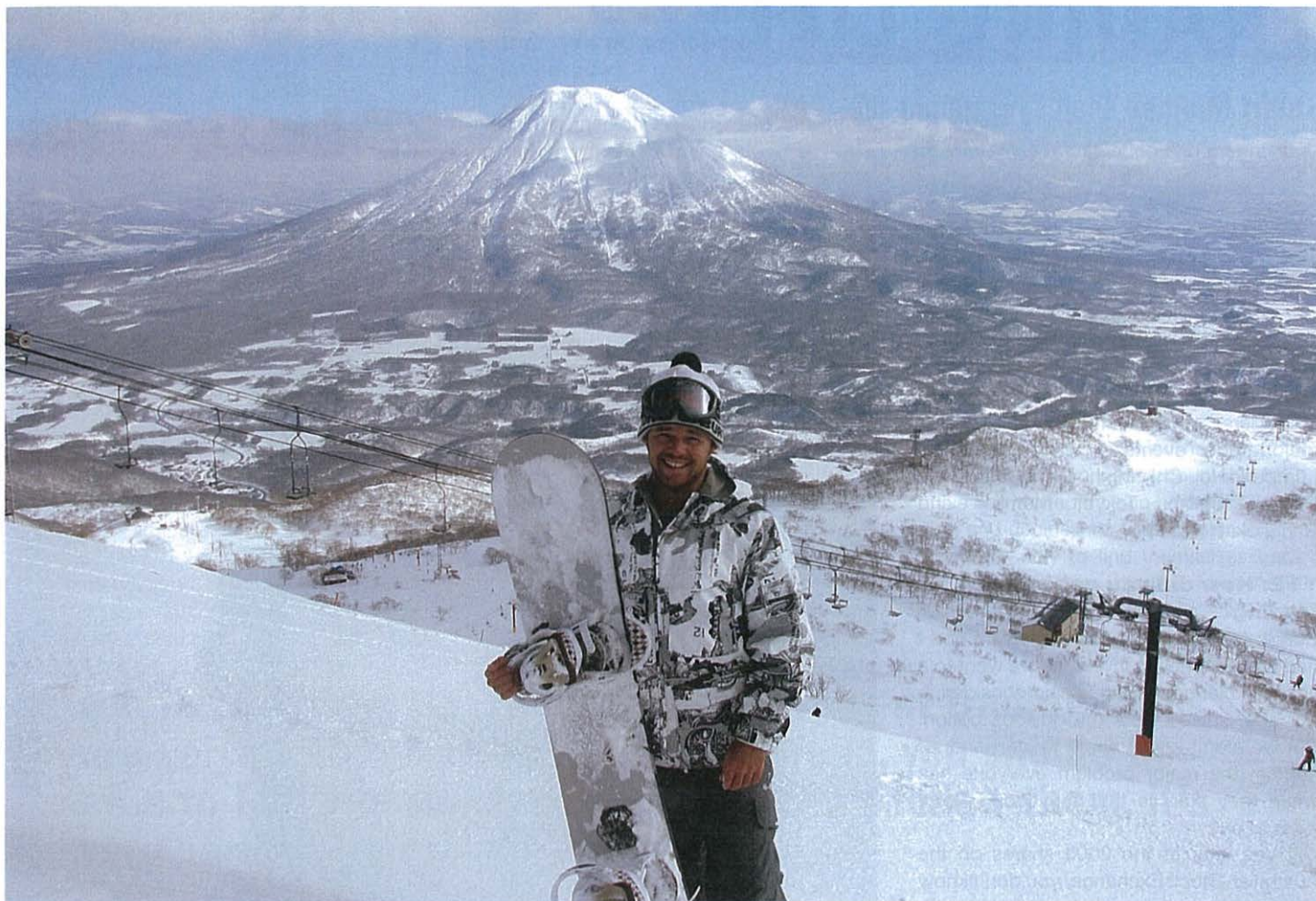


Another handy idea is to keep a trading log when you start out (which I still do today) where I put my thoughts down about how the trade is unfolding and what I am seeing on the chart. This helps to keep things clear and simple and I can refer to it at any time. I have also learnt to hope for the best but plan for the worst.

### Do you have a favourite trading rule?

I especially like using Dow Theory, however my favourite rule will be whatever works with each individual stock whether it be Dow Theory, trend lines or Gann. I have recently begun using Counter Trend Theory,





which is a tight exit and can be very handy to capturing a profit.

**Ed Seykota says, "Everybody gets what they want from the markets." What do you 'get' from the markets?**

Opportunity flow! The markets are full of opportunity and are always interesting and a challenge. Providing you put in the work to begin with, trading doesn't take that much time, and hopefully into the future I will be able to make more lifestyle choices. I see a way to take my financial future into my own hands and relying only on myself. I find this concept really satisfying.

**How has trading affected your lifestyle?**

Over the last few years it has made life extra busy, possibly giving me a few grey hairs as I have juggled work with study while still making time for family and life! However looking at where I am now, I can see that it's only getting better; I'm well into my journey as a trader and it's very exciting and rewarding.

**What books, seminars and courses have you read or attended and which would you recommend?**

For me personally the Diploma at Wealth Within I highly recommend as you can get as little or as much as you want to take out of it and it will

give you structure and a clear path to follow.

Last year I read 'Trading in the Zone' by Mark Douglas. That was really interesting as it focuses on your psychology as a trader - which the more I trade the more I have become aware of - and how important it is to keep your emotions in check.

I also attended the Art Of Trading workshop with my mentors in Melbourne last year, which was great as I don't know many traders and it was great to catch up with like-minded people and hear what others are doing.

**What does the future hold for you?**

I am not looking to take over the financial world, my near-term goal is to begin supplementing my income to reduce my working hours so I can focus on my studies and development as a trader. This includes the Advanced Diploma of Share Trading and Investment, which will help take me to my ultimate goal of becoming a full time trader down the track. I'm looking forward to more flexibility, time for family, lifestyle and time for my kids...

Oh yeah, and hopefully a little more time to throw myself out of helicopters with a snowboard strapped to my feet! 🇏🇐