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TRADER'S STORY



# TRADER'S STORY

**Dan Jeppesen** is in the process of a total career change. After working within a large retail organisation for the past 12 years, where he spent the majority of his time as a warehouse manager, he recently decided to follow a different career path and is currently studying full time as he transitions into a new profession as a para-planner/financial advisor. His trading business is currently a part time venture. Dan has been trading for two years and trades a selection of quality stocks from the ASX 200 over a short to medium-term timeframe. He finds there are plenty of opportunities here that fit his trading plan. Dan holds a Science Degree, so as a qualified scientist he feels his education has assisted him greatly to develop a good understanding of the technical side of trading.

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

**Dan Jeppesen:** I have been interested in the share market for many years; I was always fascinated as to how the markets operated, learning bits and pieces whenever I could. However I mostly watched from the sidelines as I had no idea what I was doing. I really wanted to have a certain level of knowledge about the markets before I began seriously trading.

## **And then what happened?**

I remember following the ASX from 2005 to 2007 thinking about how much money I could have made. So I spent some time learning about the market and the more I learnt, the more I became interested. There is an endless supply of information about the markets and trading out there, whether you search on the internet or read books. Unfortunately with so much information I was overwhelmed and unsure of where to start, what was important and what was not, and how all the pieces of the puzzle fit together. In 2009 I decided it was time to take my interest in the markets more seriously and seek some quality education so I could get off the sidelines and begin trading.

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

Initially I learnt as much as I could from the ASX website. The ASX produce a lot of really

good, quality information but it's generally pointed towards those with a very basic understanding of the market. I read a couple of books but I wanted to learn about all aspects of trading the markets in an easy to follow/structured way, and it was important for me to have some practical hands-on experience too as I had never really traded previously. I began researching courses and came across a company called Wealth Within offering share market education. The course I was most interested in and eventually enrolled in was the Diploma of Share Trading and Investment, as it met all my initial goals for what I believe I needed. After enrolling and working through the course I knew I made the right decision. I enjoyed learning the tools, techniques and strategies required to be successful in the markets. I was so impressed with the Diploma course at Wealth Within that I eventually moved on to complete the Advanced Diploma.

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

Yes of course. Fortunately I had enough knowledge under my belt to minimise my mistakes. This is something I'm very thankful for. It's one thing to learn to trade and to develop a trading plan, but it is another thing to always follow your trading plan and not to chase trades, particularly in a volatile market such as what we have experienced over the last few years. I am happy to say that I recognised my mistakes early on and learnt

from them. It's imperative that you trust your trading plan and follow it. I would say that early on I also over-analysed everything; now I have learnt to keep things simple and always keep focus on the big picture.

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

I'm a mechanical trader as I believe it is important to have a mechanical trading system, especially early on in your trading journey. The benefit of this approach is that it will help eliminate your emotions from the decision-making process. However I understand that trading is both a science and an art form, so over the years as I gain experience in trading the markets, I will continue to develop my art form.

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

Basically I trade select shares from the ASX 200 over the medium-term in a growth style portfolio. The shares I select to trade are screened using certain fundamental criteria that fit in with my trading plan and objectives of my portfolio. Then I will narrow the list down further by looking at each stock from a big picture technical perspective. Once I have narrowed down the list to a handful of stocks I will complete further technical analysis. My analysis consists of price, pattern and time. Finally I will run through a back testing process on each stock to



determine the best trading strategy that provides high probability opportunities. Then the stocks will just sit on my watch list until my entry rules are met.

**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?**

I don't think I could narrow it down to one trade in particular. For me personally I remember a series of trades where I really made a point of adhering to my trading plan. It was at this point I began achieving far more consistent results. It can be tempting to jump into a trade early before all your entry rules are met, or exit a trade that is in profit before your exit rules are triggered. I learnt quickly that by sticking to my rules I would be far more successful.

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

I take the view that my best trades are the ones where I follow my plan regardless of whether it results in a profit or loss. Sometimes in trading you can do everything right and stock just doesn't unfold as first expected – and this is OK. Losses are simply part of the trading 'business'. For me, as long as I am consistently trading well in my journey then I know I will be profitable. In saying this, my worst trades are those where I have jumped into a trade before all my entry rules are met, or I have not exited a trade when I should have. Thankfully I have kept such trades to a minimum and quickly learnt from such mistakes.

**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 would classify myself as a medium-term trader. The purpose of my share trading is to build up my portfolio over several years, focusing on growth stocks. This sits very well with my psychology, because although I love trading and have a genuine interest in it, I could never be a day trader. If you are starting out as a trader you firstly need to identify why you are trading, what the goal

and objectives are of your portfolio, and what fits in best with your psychology and lifestyle. The more short-term you trade, the more time, knowledge and experience you will require. It is also higher risk. Once you consider these factors you will be able to decide what suits you best because everyone will be different.

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

At the moment I only trade stocks in the ASX 200 as there are more than enough opportunities here that fit my trading plan. Once I have gained more experience I plan on trading CFDs to leverage my funds and knowledge and take my trading to the next level.

**What makes your trading style different from others? What sets you apart from other traders?**

It is often said that trading is 20% technical knowledge and 80% attitude (psychology). Therefore, since I began my trading journey I have always tried to spend time on both of these components. In my opinion, focusing more on my psychology and having the right attitude is what makes a great trader. It's important to have in place a mechanical trading system with smart money management rules, and of course the discipline to follow it. However it's also important to be able to understand and manage your psychology as this plays a major part in your success. I also believe it is important to approach your trading as a business and put in the hard work as this will pay off in spades in the long run.

**Do you have a favourite trading rule?**

I don't have one single favourite rule as I prefer to use a combination of trading rules depending on what stock I am trading.

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

I really enjoy learning new things and the challenges that trading presents. Trading certainly isn't for everyone, but it's something



I will do for the rest of my life. I get a huge amount of satisfaction when my trading plan works and the hard work has certainly paid off. It's a skill I'm pleased I took the time to learn as I know it will improve over time. I feel much more in control of my financial future.

**How has trading affected your lifestyle?**

Not only have I found something I love doing, trading also provides me with a part time business and another way to build wealth. This allows my wife and I to work towards our financial goals and eventually live the lifestyle we choose.

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

Although I believe I am only starting out on my trading journey (I have been seriously trading for just over two years), I see myself trading for many, many years to come. I have a clear vision of what I want to achieve in the future. Trading will provide me with the ability to build my portfolio over time. This will in turn provide us with the freedom to choose our lifestyle later on in life. This is really exciting and something that drives me to succeed. Apart from trading I am about to commence a new career, and we are expecting our first child later this year, so there are plenty of exciting times to come. I am really looking forward to the journey ahead. 