

Special Report

Investors Personality Profile

By
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[Investing for monthly cash flow](#)

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[The 10 Minute Trader](#)

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As an Addendum. I would like you all to know the links found throughout this book are for informational and educational purposes only. I receive no compensation from recommending or even commenting on them to you. I simply find them to be the best at giving out information in an easy to read and follow format.

Some topics to discuss

What type of trader are you?

What are you expecting?

What is your current experience?

How much time every day do you have to devote to learning this?

How much time every week do you have to maintain your positions?

What is your learning curve expectations?

What do you want to do?

What are your financial goals?



What type of trader are you?

Most people starting out in the investment game have no idea how to answer this question or what it even means.

What type of trader are you?

Well let's look at a few different types...

Professional traders work 8-5, 40-50 hours a week sometime more, looking at everything under the sun. When they find what they like they stick to it. They work on one or two trading strategies and only trade a few select stocks. They know everything there is to know about the companies they choose. That is all fine and dandy for them, but it is not for me.

There is the “**Day Trader**”... someone who stares at the trading screen or screens for hours, looking for that quick move that they know is coming any moment. Trying to recognize multiple chart patterns and decipher the headline news and guess where the market is going in relation to the news.

I once watched a friend sit for 26 hours and punch at the keyboard relentlessly only to finish with a very small profit in exchange for his 26 hours. I was later told that his 3 day vacation to Florida consisted of his girlfriend having a great time while he spent most of his time off in front of a computer screen paying for the vacation that she had.

I'm not putting day trading down, many people make loads of money at it. Staring at a screen for hours works for them, it just doesn't do anything for me. I have better things to do.

There are the **Swing Traders**, they also stare at screens waiting for patterns in the charts to tell them something is going to happen.

There are the **Tuesday Morning Quarterback Traders** who only buy what the talking heads on TV spew out... after everyone else has made a profit, by then most of the time they end up losing.

System traders... These dedicated people find a plan and stick to it. $A + B = C$ and then do it again. These traders are more of the slow and steady wins the race kind of people. For the most part this works, sometimes it doesn't but more often than not it works well.

Fundamental Traders... These people read the fine print and pay attention to reports and quarterly earning statements. They want to know what is actually happening in the companies before they buy them. This is a solid time tested method.

Technical Traders mostly just look at charts and patterns to make their buying decisions. This also is time tested solid plan.

All and all there are plenty of “Stereotype Traders”, just as there are plenty of ways to trade. So which one is right for you?



What are you expecting?

Are you expecting to win every trade? Lose every time you select a stock? Expect someone else to pick your winners for you?

Are you expecting to work 10-15 minutes a week and retire in 2 years?

Why do I ask these questions?

I ask, to make you see that there are trade offs. The more you put in - the more you get out. Some of you will be learning new terms and a new language. The stock market language. At times it is complex and never ending it seems. Some of it is not needed once you figure out what direction you want to head in.

Another complexity in this trading game will be learning how to read a stock chart.

Learning to read simple charts and how to use a trading platform will take some time depending on your personal learning curve and how well you retain new information.

Reading through and understanding whatever trading strategy you decide to pick will take some getting used to also. It is making the decision of what kind of trader you want to be and focusing on just that strategy and nothing else. I'm not sure how to re-say that to make it sink in.... Making money in the stock market is easy if you pick a strategy and stick to it.

I suggest that you work your way backwards. What I mean by this is to write down all your numbers:

How much money you have to start.

How much time you have to learn something new.

How much time, daily, weekly or monthly you can devote to this.

How long til you want to retire or have a certain amount of money accumulated.

What type of risk you can live with comfortably.

Finding these numbers and having a goal of how much money you want to make along with the other answers. Then finding the strategy that will help you get there realistically.

What is your current experience?

When it comes to the stock market almost everyone has some type of knowledge about the topic. It may be very limited or it may be very extensive. Whatever knowledge you have can be considered as a starting point to begin trading. The stock market is a place where men and women (stock brokers) come to exchange one small piece (a share) of one company for either money or for a small piece of another company.

The stock market as we know it has been around since 1602 and there are plenty of books written on every topic. Anything and everything to do with the stock market is in a book somewhere.

The simplicities of the stock market are... It is a place for investors to come together and exchange one companies stock for another or just purchase and sell corporate shares of publicly owned companies.



How much time will you devote to learning this?

As with any new venture it is going to take some time as stated previously to learn new words, terms and processes of trading. Learning how to use a trading platform and how to properly set up your account for tax optimization is another important factor to keep in mind.

Estate planning, retirement growth and tax planning are a few things to take into consideration when planning a timetable on learning new materials.

How to maintain your positions?

Buying and selling stock is one aspect to this venture, maintaining your positions during the hold time (weeks or months) is something we need to keep our eyes on as well.

Not all trades are going to be winners and not all losers are really losers in the long run (you only lose when you sell for less than what you paid).

As stated before, we are looking for dividend payers when it comes to stocks. We want to buy, make our profit and then resell.

Whether we take just the dividend, the run up before the ex-date or both. There will be, at times, some type of maintenance to your position. The dividend paying stock has what is called a yield, that is the return on your investment if you just buy the stock and hold on to it.

Most dividend paying stock have a tendency to stay within a certain channel. Never going over a certain price (aka. Resistance) and never going below a certain price (aka. Support). If you happen to buy in between the two prices and still miss your target profit point... you have a decision to make. Take the small loss and move to the next stock or wait for the stock to make it's annual move, collect the yield (dividend checks) and sell when it recovers.

What are your learning curve expectations?

We all have personal experience with how long we take to absorb new information... what is your learning curve? I strongly suggest that everyone open a virtual trading account. A virtual trading account is nothing more than just paper money, kind of like Monopoly money. Buying and selling real estate, but in this case you are buying and selling stocks.

What do you want to do?

We all have ideas on what it is we see ourselves doing with this new venture and why we are doing it in the first place. We all have goals and dreams that we want to fulfill and strive for. I cannot stress enough the importance of writing down what it is you want to do and more importantly, why you want to do it. Writing things down like this and re-reading what we write cements things into our minds, making it more possible to believe that we can do what we set out to do. Try it, you may be surprised at what happens.



What are your financial goals?

Many people are making loads of money trading in the stock market. Knowing what your financial goals are before you jump in will give you better ideas on what trades to make and which ones to pass on by.

Make a few realistic goals to shoot for, slowly increase your goals as you progress with your trading skills. Always keep in mind that no two traders are alike, we all have different things going on in our lives and we all have different goals and dreams. Make your goals and strive to achieve them wisely.

Opening your account

When opening your trading account, make sure that you have spoken to your partner, lawyer, your accountant or your financial adviser on how to hold your account. Opening your account as an Individual and you will have some pro's and con's to deal with.

A joint account will set you up with some different rules.

A limited liability corporation will cut some of your taxes but also limit some access to your money and limit some types of trading that you are allowed to do.

Trusts do avoid probate and they can be passed on to your heir with just one piece of paper, but they also have their own rules to play the game too.



Then comes a good question “TO IRA OR NOT TO IRA” your account. What is your plan for this money and what is the best way of achieving that goal?

This is why it is important to set up your trading account the correct way for what ever your long term financial goals are.

A brief rundown on the points in this book.

#1 Understand what you are doing.

#2 Understand why you are doing it.

#3 How are you going to set up your account?

#4 What is the best trading platform for you?

#5 What is the best strategy for you?

#6 Who do you call for help?

#7 Can you really do this?

#8 Do you really want to?



After all it is your life and it is your money, spend it wisely and live it fully.

Wishing you all the best.

James A Gaudino Sr.

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