

Trade For Experience and Scale

To become a master trader – or even just a solidly successful trader, in terms of providing a lifestyle and a nest egg wholly funded by trading – you can't start out trading for income. You start out by trading for experience and scale. Your skill and capital base then grow simultaneously.

There is no profession on earth where it is easy to make large amounts of money quickly, without training or experience, except through large amounts of luck.

You can win a lottery... win a major poker tournament... take out a mortgage on your house and buy dotcom stocks in the middle of a boom or go on a blackjack heater... but all of those pathways to wealth involve non-replicable random luck as a substitute for reliable skill.

This makes perfect sense when getting down to the basics of competition. Capital is a form of stored productivity, which means capital is a scarce resource, which means you can't get your hands on it easily.

The only seven ways to get capital (i.e. amass substantial amounts of money) are to win a lucky gamble... marry it... inherit it... steal it... convince others to give it to you, by providing something they want or need... invest and wait... or earn it through direct competitive efforts.

To earn large sums of capital through trading, it is necessary to trade at scale. You have to take goodly-sized positions with meaningful sums.

For example: The way to have a \$150K a year income is not to take \$50,000 and daytrade the hell out of it and try to generate more than \$12K in profits every month. That is the equivalent of high intensity farming on a single acre of land.

No, the more realistic way is to start with a modest trading balance... learn to trade for experience and scale... and then build that modest balance into the seven figure range, as such that it grows large enough to pull \$12,000 a month out where each withdrawal represents something like 0.5% of assets. (You could get there with two or three million.)

Is it realistic to build a small stake up to a couple million dollars? With regular cash infusions and a lot of focus and dedication and some major hits, of course it is. But the path to achieving this is not through the super-grind of "high intensity farming," i.e. trying to till your single acre of land and get food out of it right away. Instead the pathway is trading for experience and scale.

Trading for experience means you are more focused on learning and growing as a trader – learning your methodology and allowing yourself to make mistakes – than you are on making a profit at first. This is akin to spending a few thousand hours at the poker table before expecting to make a total living from poker – doing a gradual transition toward that goal.

Trading for scale means you are thinking, from the very beginning, about a methodology and mindset that will let you trade millions, tens of millions, or hundreds of millions. Your whole program must be oriented toward the ability to handle mid-level millions at minimum – psychologically, logistically, temperamentally. The scale is insufficient otherwise.

Trading for experience and scale means having a goal and a time trajectory that includes patience. You are in this to learn a craft, and build a stake simultaneously.