

The Talking Trading Podcast

Did you know that Louise Bedford and Chris Tate run their own Talking Trading podcast? It features expert trading information and interviews to fuel your profits, squash your fears and drive you towards exceptional trading habits. Get an edge in the markets to propel you towards the success you deserve.



This transcript is from the following episode of Talking Trading:

<https://talkingtrading.com.au/focus-and-skill-in-the-face-of-adversity/>

Focus and Skill in the Face of Adversity

Interview with Gillian Bowen and Louise Bedford

on <https://www.talkingtrading.com.au/>

[00:00:02]

Hi. It's Louise Bedford from the Talking Trading Podcast. Each week we strive to give you interviews and information about the share market to fuel your profits and squash wash your fears so that you can really excel in the markets. Now, I want to kick off this week with a bit of a story about my daughter, Ash. So Ash has just started work.

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I'm so proud of her. I'm such a big fan of getting our kids to work super early. And the thing that I found with Ash is that she's quite a nervous one. She actually came home from work the other day and she says, mom, it's good news. I suck less today than I did yesterday.

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So I love that. Because comparing this to the stock market, we know that if we avoid those worst days in the stock market, that actually has a greater impact on our equity curve than actually capitalizing on those best days. This is the importance of using stop loss. When the

markets are volatile, especially when things are going haywire, your stop loss will be the thing that protects you so that you suck less and that you can achieve more. So I do like that little story, and I hope that gives you something to think about this week.

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Now, I think the continual progress goal is so important, and one of the things that I want to do today is to give you a behind the scenes look at a conversation that I'm about to have with Gill Bowen. Now, Gil runs her own podcast. I love it. I've been bingeing. It's called making money easy.

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Now, doesn't that sound like where we all want to be? So at this point, I'll just remind you that even though I have an AFSL, an Australian Financial Services license, we know that all of this is general advice rather than specific advice. So it's really important that you take that into account because often we'll say the word simple rather than easy. And I've just mentioned the name of that podcast, which is Making Money Easy. So do, before acting on any of this information, consider its appropriateness in relation to your own specific objectives, your financial situation and your needs.

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Now, a bit more about Gill. Gill is a finance reporter. She has had an extensive background in finance. She's been the supervising producer at Ten News First, and she's had nearly a decade there, multiple years. She's also worked in many varied roles in that particular organization.

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But she's worked also on Sky News, which I've been a guest on two GB, which I've also been a guest on in Sydney. So there have been a lot of ways that our paths could cross. Now, in a very interesting little bit of a coincidence, we are both married to somebody called Chris. And as you know, my business partner is also called Chris, but luckily they are three different Chris's. Otherwise it would get very confusing so I would love to hand you over to Gil.

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Gil is going to take you through some essential areas about my background. We'll have a conversation and I know you're going to love it. So you need to listen to every word that we have to say today. I'll hand it over to Gilsey. Thanks very much and thanks, everyone who is listening along or watching along with us today.

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Now, when we do my podcast, I like to keep a timer going so we don't get carried away. It's always good to try and fit it in within 30 minutes so that it's wrapped up in a nice little bow just for everybody in order to be able to perhaps listen on your way to work or as you're commuting home from work or you're on the train or out for a walk. And 30 minutes is what I like to do. I also am going to do a bit of an opening, couple of sentences and then we'll get cracking it and it'll be a great chinwag conversation. So thanks for coming along.

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Sounds like a good plan. Here we go. Hello. Welcome to making money easy. How much do you know about the share market?

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Are you an old hand or someone who has always wanted to get involved but didn't know where to start? Are you trading but would love to have support or guide someone to bounce ideas off while you're doing it? Well, the aim, as always, is making money easy. That is the topic of money. Easy.

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So to help me help you, I'm joined by Louise Bedford, a share market guru and author of five books, a behavioral finance expert, a trade trainer and mentor. Hello and welcome to the podcast. So good to be here. Let's start with a bit about you, about your expertise. Talk me through it.

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Sure. Look, I've been trading since 1990, which just seems like it was the Dark Ages when dinosaurs roamed the earth, doesn't it? And you're right, I do have five best selling books on the share market. Probably my lead book is Trading Secrets. But one of the things that I'm most proud about in terms of my passion project is my podcast, Talkingtrading.com Au.

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I love having people on Talking trading, hearing about their backgrounds and helping people really strive to be better people, but also better traders. So having such a long time in the share market, I feel like I have made every single mistake there is to make. And I do want to help people not step on those landmines and avoid those hot holes, because I have walked that path before. Gill well, I'm looking forward to picking your brain and part of that just comes from having a conversation. So, look, on share trading, let's talk first.

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As if someone hasn't started getting into the share market. What's holding them back? Often it's fear. I find that people think this area is such a jargon ridden, complicated technical area. And it's almost like people land in two different camps.

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One, you've got to shoot from the hip. They jump on in there without a trading plan, they don't know what the hell they're doing, and they think they're going to be God's gift to the stock market. And then you've got the other type of person, often much more conservative and not really familiar with what it takes to get ahead. And for both camps, I always suggest they start with a written trading plan. Okay, all right, we'll come back to that.

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Don't let me forget that a trading plan. I do like a plan and a list of bits and pieces, but what are your first couple of steps? Actually, this might then fall into that. What are your first couple of steps, then, when it comes to getting involved? Look, one of the things I think you have to start out with is to work out why you want to be a trader in the first place.

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So many people start with these airy fairy ideas that they're going to start trading in the markets next week and in two weeks time they'll own New Zealand.

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It doesn't work that way. It happened so quickly. We really do. We just don't have that delayed gratification these days. So working out why you want to be a trader, and for a lot of people, myself included, it revolves around the word no.

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Being able to say no to the unreasonable demands of a boss, being able to say no to that overtime, no to that promotion that would take you overseas, away from your friends and family. So for me, that was a really big component of wanting to be a trader and being effective as a trader when the chips were down. So that kept me going. It kept me wanting to be that fulltime mum that I am now, and also bringing my husband Chris home from his job as well so we could parent together. So, number one, work out your why.

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And number two, I really do feel finding somebody who can help you that has been down that path before you so that you can work out how to enter, how to exit and position sizing. They are the three big areas in the stock market. 99% of traders don't follow anything to do with that. And that is why we hear so many people losing money, which is just a crying shame. It doesn't have to be that way.

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What's position sizing? It's how much money you put into each single position. So, for example, we have seen people put 99% of their money into bitcoin, into the digital currencies. And of course, once things get rocky in that situation, they are in deep trouble. So we need to think about this as being a very big, broad, macro picture.

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How much money do you have in real estate? How much money do you have in your own business. How much money do you get up your sleeve for the stuff you money so that you can walk away from your job and still have money just in case things get rough there. And also, of course, how much money they have in stocks. So this is a really important asset allocation decision.

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It's going to lead me on to the path I want to go down there about how you teach it and what you teach. But in regards to finding the right person, what qualifications do you have in order to be able to talk on this, to guide people on this? Yeah, it is important in terms of trying to find somebody to guide you that you are getting involved with the right people because you do want them to have the skill set. But you also I know it's a soft skill and we don't talk about it that much, but you want them to care. You want them to care about where you're at and to see that brighter future and to shine that spotlight into your blind spots.

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So in terms of my qualifications, I've got two degrees, one in business and one in psychology and I'm also an AFSL holder, Australian Financial Services license holder. So that is a big fat deal and the continuous professional development is filthy. So that is an important aspect, it's a big barrier to entry. A lot of people who are out there in the community training others to make money don't have that qualification. And especially when they're teaching.

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That does concern me about are they really the right person for you? So then if people listening along, of course what we're talking about is general advice about the issue and the topic of trading, of getting into the share market. We're not giving you individual advice, but it's the tips and tricks and the discussion and getting yourself familiar with the topic that is the point of this podcast. So then you can go off and do your own research and find out what it is that's going to be relevant to you. But in this instance, perhaps the lesson to learn is to look into the background of whoever you choose to help you, whoever you choose to be your mentor.

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That's basically what we're saying. I totally agree. And I also think there's a role of longevity in this arena. Some people can be just two minute wonders, can't they? If they've only been making money for five years, they won't have seen those peaks and troughs.

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And I think that is a real key. You want somebody who has traded their own money during boom times, but also times when they've had to be very defensive and protect themselves because that teaches you a lot as well. You know, we can all be heroes if the markets just going straight up like a right. What do we do when the market is rocky and what actions do we take then. Okay, that's all really good information.

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So then pivoting down that path of someone who kind of wants a lesson in trading in the share market or trying to work out where they should go first or what they should look at and what are the sorts of key things to understand. How do you teach this topic? Yeah, it's such a big area. I mean, luckily it capitalizes on my love of psychology, too. People just fascinate me and I know stories fascinate you as well, which is great to see.

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We've got that in common. I think one of the first steps is to work out the specifics about what you feel like you need to do. So my book, Trading Secrets is a fantastic start, but probably if you're after a free resource. My other website is Tradinggame.com Au and I actually give away my free trading plan template and my free course called Trading Made Simple. So that will give you the five part course when you register to be able to give you that rounded information that you need.

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You've got to pull on that thread, don't you? With things like this, with big areas, you have to break it down into little bite sized chunks. So starting out with something very sort of, I would say easy to access level is really important. And of course, listening to your podcast skill. This is where we're at.

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Yeah. So good education. That is just I'm all about education, learning, financial literacy. I just figured the more we talk about if we're sitting around the kitchen table because people don't talk about their finances enough. And in fact, I was reading in the paper and I mean, I got email the research myself talk, I can't remember the start, I think it was a quarter.

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I could be making this up. But the message is the same. People are lying about their financial situation. I don't want to admit, I guess, what's actually really going on under the covers because it's meant to be this taboo topic and I don't want it to be taboo because the more you know, the better decisions that you make, the better actions you take, and you're the one that wins it, you win. That's one of the things with equity amongst people's pay packets as well, because there is so much secrecy around that and some companies even have it signed into their contracts that you're not supposed to discuss your salary.

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Oh, for goodness sake. So if that is your situation, I really do feel it's a good idea if you ask your boss or whoever you're being interviewed by for your annual review. Where on the percentile do I lie with people at my level? Because if they're going to say you're at the 50th percentile so your average, then you can ask the question, what do I need to do to get myself into the top end of that percentile? And hopefully they will give you specific scaffolded instructions so that you can build your wealth through your own income and.

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Hopefully your boss actually knows where you sit. Hopefully they he or she understands where everyone is in regards to their pay because I'm not sure that that would be a guarantee. I agree. And if they don't, then perhaps you could do some research together. Indeed.

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Well that sounds like a fun task and a fun adventure to go down together. On your website, under your profile picture there's a couple of buzzwords focus and skill and I wanted to ask you why they are there and what do they mean in this context? Yeah, look, I'm a big believer that skills need to be built over time. So having skill set blocks, if you like, that you can use

one after another to prepare yourself when the opportunity is right. So I believe skill is so important and that it is possible to learn.

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It is definitely the gross mindset that we need to adopt here. It is not beyond us to actually learn these skills and focus. Yeah, look, it's probably more to do with my own personal background here. So I'm sure if you're a listener of my podcasttalkingtrading.com Au, you'll know this story. But for Gill's podcast listeners, I lost the use of my arms for three years.

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I had to learn how to overcome that disability with loads of physiotherapy and I traded with a pen in my mouth, tapping the keyboard to enter in my orders for many years and I still am afflicted and more recently I've only just regained the ability to speak. It afflicted my voice as well. So to be able to speak with you Gill, is such a relief. It's a beautiful thing and I love it. So that focus that I've been able to apply to overcoming my own health issues, I feel the way we want to do one thing is the way we do everything.

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I feel I've been able to apply to the stock market as well and to earn money in a nontraditional way. I love the idea of having to really put your it's almost like you to reorganize what your priorities were in order to get through something that was clearly really traumatic and at the same time have something that wasn't your arms to focus on. It was and look, I do think there are a lot of people facing worse situations, there is no doubt. So I'm not meaning to compare my situation with others in the environment either because everybody has their own challenge. But I really do urge you to consider the words of ovid I live by, this is one day this pain will be useful to you.

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So if you're going down a dark alley, if you're finding that things are difficult for you and that things may seem even insurmountable, you never know where you're paying currently will be used to help another person by having my own situations with my body. I have met people who have got 2% vision, who are now full time traders, people with amputations, people dealing with cystic fibrosis that are trading. And I never would have been introduced to those areas with people with disabilities and dealing with issues that I'm not dealing with if I hadn't spoken out about my own personal health situation. This is so interesting. I would never have thought we would gone down this path while talking about the share market.

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I love it. Let's take a quick break. When we come back, we're going to look at the money habits holding you back. Speak to you in a dick.

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Okay, that is 15 minutes on the dot. Look at us go. Perfect. Love it. Perfect.

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Are you comfortable with where we're going? Yeah. Great. All right, are you ready? Okay.

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My guess, this episode is Louise Bedford, her expertise, the share market. And remember, we're talking about the topic in general. We don't know your individual circumstances, and we're not giving you individual financial advice. You should always get your own advice and do what is best for you. Okay, so I want to list off your key areas of focus and then explore some.

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So these are key areas of focus that I've gotten from you, so hopefully they're topics you're

familiar with candlestick charts, trading psychology, pattern detection, the impact of neuropsychology on trading decision, and trading crisis management. There's a lot in there, but let's see if we can break some of them down. What are candlestick charts? Well, look, I was crowned many years ago the candlestick queen, so this is definitely a topic that is close to my heart. Candlestick charts are the red and green building blocks of a share price action chart.

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So a lot of us will have seen them in the news. Now, when I first wrote my book about the secret of candlestick charting, nobody use candlesticks. In fact, my editor at the time said you can't write that book first. You just can't because nobody's going to read it. So it's so funny now because it's all around the world and hey, look at us go.

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So candlestick charts give us a really good graphic depiction about fear and greed. So green being the color of growth. If there are a lot of green candles, you have an uptrend. Red being the color of blood. So if there are a lot of red candles, there's usually a downtrend.

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So being able to capitalize on those, those inputs there can actually make you money. So I just I love candles. I can't get enough of them. Some of the next few might all work together. Trading psychology, pattern detection, and the impact of neuropsychology on trading decisions.

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Can you explain those? Sure. Look, I think there's a few things that can make a successful trader or break them. One of them is your system. So your system is entry, exit, and position sizing.

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That is whether what you've got is actually going to make you money, then the next area that can impact your success is psychology. So can you trade that system where you shoot yourself in the foot when you've made a fortune? Because so many people have that lottery view where they give the money back as fast as they've made it. So we need to make sure that our mindset is growing and that is continual input in terms of podcasts, in terms of courses, in terms of being exposed to these types of ideas so that we don't self sabotage. And probably the other area that is very important with this is maintenance.

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So being able to, once you are trading course correct, work out the areas you need to improve on, have a continual review so that you make sure that you're making the most of the money that you have in the market and that you're not perhaps going down a tangent that you shouldn't follow. So those really, really work well together because that is a very rounded view about who will make it and who won't. The people that will make it put equal focus into each of those three areas, but maybe even a little bit more into psychology. I've got a couple of follow up questions then. The first one from what you said, how do you know if what you've got will make money?

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Isn't that a beautiful question? We have to consider a few different things here because some courses really give you those equity curves. Look like they start at the bottom left hand side and they go straight up without any drawdown, without any backward step in terms of equity. I guarantee you that's a fake equity curve. So I really do suggest that not only do you ask for Monte Carlo back tested results yes, I've just used a lot of jargon there, which I'll explain.

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But you ask for an equity curve of that trading system. So you're after a Monte Carlo back tested result which shows that there's statistical input into this system and it tests each order of the trade. There is that order so that there's no order variable that is going to foul up your system. And then also the other part is you want to have actually seen somebody who's traded that system or used your own money to trade that system. There's nothing like getting involved in the market actually for yourself.

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So then that then I guess might also flow into the review, which is what I wanted to then ask you about.

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Are people getting help for the review? Are they reviewing it themselves? I would like to think that. So I'm only trading through my super. So I'm not doing it, someone else is doing it.

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If I was doing it for myself and then I was meant to review, I would have no idea what I'm looking for or to tell if it was, I guess the only way I'd know it'd be going good is if there was more money dividends being paid into my bank account. How do you know if what you've got going on is good or bad? Yes, that's a beautiful question. I love it that you're focusing on the maintenance party, gil too, because a lot of people just ignore that. If you've got somebody managing your money, you do need to hold them accountable.

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So have a look to see what your returns are and do a review and diarize it. Every six to twelve months will do it. Have a look to see that they're actually making you money because the stats say that fund managers underperform the average brought in by the Australian market. If you're in Australia and you're trading the Australian market, that is terrifying. Why can't they even keep up with the minimum benchmark?

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So it needs to be discussed and to bring that out in an annual review session at least if you're trading your own money, I always suggest that you do some sort of review with a mentor. I look after my traders in terms of this and I can tell you that they make the same mistakes again and again because everybody does seem to they do things that are not going to complement their future view. For example, I had a person tell me once, look, it's really important that I'm involved in the FX market because I have to be involved for 24 hours every day because my goal is to spend time with my family.

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Yeah, I know. It's so easy to get that disjoint between what our goals are and what we are actually doing in terms of actions. So to have somebody step back, look at it with that macro view and to be able to point out the areas that are your blind spots is invaluable. Well, that might then lead into the final part of all the key areas of folks that are listed off, which is trading crisis management. I'm assuming this is for.

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When you screw up. Okay. And what are some of the things you can do to avoid that screw up in the future? So that we learn from our past errors. But the other, which is something that people don't often consider is when you've made a complete windfall profit, there are some strange things that happen to people.

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Oh my goodness. It surprises me how this brings out the inner demons to people if they've got money coming in. I'm surprised that you're surprised. I feel like it would be more expected that when you have a massive amount of money coming, that a part of you that you've been

hiding that does bubble up to the surface. And family members bubble up to the surface as well.

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I bet they do. Remember me? Third cousin Gertrude. Exactly. Yes.

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So I do think to have that overview where you are pre examining what the potential is for downfall, but also for massive profit and to do a premortem. Have you heard of that term before, Guild? No, I haven't. No. It's such a winner.

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This is one of my favorite techniques before I started my podcast. For example, the people that I started the podcast with is what we did is we got together and we said, it sounds negative, okay, so just bear with me because it's got a good result in the end. We said, look, imagine it's one year in the future and the podcast has been an abject failure. We all hate each other's guts and we lost money. So let's work out why that could be an eventuality.

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So we worked backward and worked out all of the possibilities as to what could have gone wrong. And then we created contingency plans around those potential areas for downfall. That was fantastic because you got an idea. Yeah, it's a winner, isn't it? It's such a winner.

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So I would really suggest any big project that you have that you really focus on what are the possible things that could go wrong, and pre consider in advance how you'll handle those areas. It will set you up for success because you won't be shocked, you won't be so surprised when those eventualities occur. That then perhaps is not a bad pivot to talk about. Perhaps some habits that you might have, some money habits that are getting in the way or holding you back. What do you think is on this list?

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Look, there's so many different things, aren't there, that people are doing wrong? I think the number one thing would be complacency. People think others will be better at handling their money than they will. But I can guarantee that nobody is going to care as much about your money as you. You're going to be the one who will really focus on the minutiae of where your money is because it hits you.

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It hits you directly. So that would be number one, and then probably number two would be laziness. Because even if we do understand, okay, we need to do this, this and this to achieve success, sometimes we forget that we need to put that into our diary. Those maintenance conversations that I have with my traders, they are diarrhosed. They use me as an accountability buddy where if they're working on a big goal, I say, what are the dates that you're looking to achieve this by?

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I put it in my calendar and then I can remind them about it. Because accountability is often glossed over and before you know it, we're five years down the track and we haven't achieved what we wanted to achieve. Two very good points there. Hopefully those listing along are now wondering whether they apply to them. Look, you also like talking about money scripts.

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Can you explain that? Yeah, look, I love money scripts because there's two ways to get a money script into your head. One is because it. Is blatant. And often it's what your parents

taught you.

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The people around you, they're telling you, save your pocket money. They're the ones that are imprinting at that very early age where that very young mind is very impressionable directly. And then the other way we develop money scripts, which is very common, is using that subconscious input. It's the conversations you heard when you're listening to your parents talking to each other about money when you were sitting at the top of the stairs. It's the thoughts that get implanted when you drive past somebody in a wonderfully, beautiful car and your dad turns to you and says, well, they're probably a drug dealer, because how could they afford that?

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That's what my dad used to tell me about the good cars. And it's surprising how some of these things can really come forward into your future and bite you. You joke about that drug dealer thing. Clearly I'm not a drug dealer, but neither is my husband. But this story is about him.

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He is a motoring, journalist, car reviewer as well. And so every week we have a different car on our driveway, sometimes multiple cars. And the neighbors, when we first moved in, said to us a few weeks later, we thought you were a drug dealer. Oh, my gosh, I love that. So much expensive cars.

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And two, they were changing all the time, so it was like people were coming to pick up, I don't know, products to then sell on the street. And so, yes, we ended up posting on the page, on the group page, saying, if anyone's wondering, we're not drug dealers, we're just car reviewers. And that's part of his website, Bowen's Garage. And that's why there's two or three different cars in our driveway every week. So you joke, but literally, that's what people are thinking.

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It is, goodness me. And it can tell you up, because if you achieve a certain level of income, and that is your upper level that you have been implanted with, subconsciously, you will do everything to drop that level back down to an area that is more psychologically comfortable for you. How interesting. Look, we're about to run out of time. I just had two final questions.

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So you have a list of 30,000 Australian traders and investors who follow you and want your information. Why? What do they get from following along and having this journey with you? Look, I do think the value of a support team is totally underestimated in terms of achieving success, having people around you that can provide inspiration, that have perhaps achieved what you haven't yet achieved, so that you can see that it's possible, but also to normalize the entire experience. When I started trading, I didn't know any traders.

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To me, it felt very foreign. I didn't have anybody to look up, to, want to be like. So to trailblaze is actually probably going to add ten years to your learning curve. To shortcut that learning curve, we do need to look at our success environment and part of that is hanging out with like minded people and I guess. Similar sort of thing to your podcast as well, in that people, I guess, are using that as a way to stay up to date and to stay across bits and pieces.

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Is that right? Absolutely. And I think that continual input can help override those early money scripts because we do have to make as adults a conscious effort to shift from some of those

preconceived beliefs. And if we don't do it, we're always going to be subject to somebody else's dreams and goals. We won't be achieving ours because we'll just be going along with the flow.

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So to shake yourself up, to commit to your own education, to have that continual input from like minded people and people who have perhaps achieved just that little bit more than you is invaluable. I love that. Commit to your own education. Look, I'll put the details to Louise's website in the show notes so that you can make sure you can go there if you'd like to find some more information about what we're talking about. That's all we have time for.

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Don't forget if you're listening to Making Money Easy for the first time to follow the podcast in your favorite podcast so that you're ready for next time. And there's also plenty of other great episodes to catch up on this stories and episodes about food prices, gas prices, energy prices, the latest rate rises, what happens when you die, how to get dead. Right, that's in regards to Wills, I know that was one of your favorite episodes recently. And there's also a recent one on one I did with the CEO of the Commonwealth Bank Rate and Review as well. That always helps.

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You can find me on Instagram and Twitter at Gillian HBO. And so say hello. Thank you, Louise Bedford, for being the smartest person in my room this week. An absolute pleasure. Bye.