

What Super Traders Don't Want You To Know

Azeez Mustapha

SAMPLE

CHAPTER 1

Steven Cohen: An Enigmatic Market Speculator

“What you do not believe, you can never become.” – Anonymous



Born on 11 June 1956, Steven A Cohen is an American funds manager. He grew up in New York, where his parents worked. He began to play poker while still in high school – something that could have groomed him to develop a liking for the vagaries of the markets. When in school, he opened a brokerage account with some of his tuition fee. He got a degree in economics in 1978. After that, he was hired at Gruntal & Co in 1978 (a Wall Street firm). On his first day as a trader, he made a profit of eight thousand dollars. Later, he was making at least one hundred thousand dollars per day. In 1984, he was managing his own trading group at Gruntal. He founded his own firm, SAC Capital Advisors, in 1992 (with about twenty million dollars of his own money).

Steven has been very successful in his career. In 2005 he was paid one billion dollars as salary. In 2011, he was paid a salary of six hundred million dollars. As of March 2013, he was ranked as the one hundred and sixth richest individual on earth (number thirty-five in the States), being worth far above nine billion dollars. A Wall Street Journal article called him a hedge fund king. Time Magazine and Bloomberg Markets Magazine once ranked him among one of the most influential people. He has been married twice and has seven children. Unlike some billionaire funds managers who have donated huge amounts of money to charities, Steven is an avid lover of arts and has spent huge amounts of money on collecting artworks. Since 2000, he has spent hundreds of millions of dollars on his collection. He is constantly ranked among the top ten biggest-spending art collectors. That's how he prefers to spend his money.

Lessons

Here are some of the helpful things to learn from Steven:

1. There are some who can talk lots about trading and also trade successfully, while some can talk a lot about trading, but can't trade successfully. Steven rarely grants interviews. There are many people out there who don't talk, write or grant interview about trading, yet they constantly make killings in the markets.
2. It's been observed that at the beginning of one's trading career, one tends to favour short-term trades. However, as one gains more experience, one tends to hold one's trades longer than when one first started. This is exactly what happened to Steven, who at first didn't hold open trades for long periods of time. Later, he began to trade for the longer term.
3. Teach your children the art of trading (as I explained my previous book, *Learn From the Generals of the Markets*). When they start having market-like experience while still a teenager, they usually grow up to become highly profitable traders. As far as the markets are concerned, there may be a seed of greatness in you and your children. Those who start trading when they are still young have the chance to become market wizards more easily than those who start when they are older. Steven began to experience the unpredictability of the markets while in high school. You can see what he later became...

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