FOREWORD BY PETER BRANDT

THE LITTLE BOOK of MARKET WIZARDS

Lessons from the Greatest Traders

JACK D. SCHWAGER

THE LITTLE BOOK OF MARKET WIZARDS

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Cover design: Paul McCarthy

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Published by John Wiley & Sons, Inc., Hoboken, New Jersey.
Published simultaneously in Canada.

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Library in Congress Cataloging-in-Publication Data:

Schwager, Jack D., 1948–
The little book of market wizards : lessons from the greatest traders / Jack D. Schwager.
pages cm. — (Little books big profits series)
ISBN 978-1-118-85869-1 (hardback) — ISBN 978-1-118-85862-2 (ePDF) —
ISBN 978-1-118-85864-6 (ePub) 1. Investments. 2. Investment analysis.
I. Title.
HG4521.S35782547 2014
332.6—dc23

2013045083

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1

To Jo Ann
The most important person in my life
With love

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Foreword

As a long-standing tradition each year during the Christmas to New Year's break, I watch *The Bourne Trilogy* and read Jack Schwager's *Market Wizards* series—*The Bourne Trilogy* for pure entertainment, the *Market Wizards* series to prepare me emotionally and mentally for the coming year of market combat.

No author—living or deceased—has created such a rich archive of printed material on the profession of market speculation as has Jack Schwager. An entire generation of traders owes a debt to the *Market Wizards* series and to Jack for at least some portion of its success. There is no doubt in my mind that the *Market Wizards* series will remain just as timely 80 years from now as Edwin Lefèvre's *Reminiscences of a Stock Operator* remains today.

What novice and aspiring market participant would not want to spend time with and pick the brains of 59 of the world's most successful and accomplished market traders? That is exactly what Jack Schwager's *Market Wizards* books offer, bringing to us all the insights, processes of market operations, risk management principles, and key lessons from "Hall of Fame" stock, interest rate, foreign exchange, and futures market speculators.

As someone who has lived off trading profits since 1981, I am not a fan of the how-to trading books that provide the step-by-step details of another trader's "secret sauce." I am a staunch believer that all consistently profitable traders have two things in common: an approach to the markets reflecting one's unique personality and aggressive risk management. At each reading of the *Market Wizards* books, these two components of profitable trading emerge in fresh new ways, challenging me to reflect on my own method of market speculation—past, present, and future.

The Little Book of Market Wizards brings new life to the *Market Wizards* series. In one sense, it is a CliffsNotes version—a quick reminder of all the interviews that have come before. Yet, in a different sense, the book brings remarkably new dimensions that only Jack Schwager could tease out of his extensive interviews with the trading greats.

The Little Book of Market Wizards is the thematic interpretation of Jack's five dozen interviews over four books in which he boils down all the *Market Wizards* content into buckets or categories vital for trading success.

In addition to the themes of aggressive risk management and the need for a unique personalized trading approach, which I have already mentioned, *The Little Book of Market Wizards* identifies many other common denominators shared by successful traders, with extremely useful real-life examples for each. These themes range from patience to a need for an edge, from hard work to discipline, from losing as part of the game to dealing with emotions, and from handling losing streaks to making mistakes.

Most novice and aspiring traders errantly believe that the secret to profitable trading resides in identifying trade entry signals. Clever marketers, most of whom are not successful traders, feed this false belief, offering trading systems with a 70 percent to 80 percent win rate.

All market participants—newbies or veterans, those struggling to succeed or those with a long history of profitability, discretionary or systematic traders, and private speculators or hedge fund managers—will soon add *The Little Book of Market Wizards* to their list of favorite books on trading and the markets.