



BOOSTING YOUR COGNITIVE DEVELOPMENT: BEST PRACTICES


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Why Cognitive Development?

- Trading as Pattern Recognition
 - Importance of Fast vs. Deep Thinking
 - Importance of Focus and Breadth of Thought
 - Importance of Quiet and Access to Intuition
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Characteristics of Successful Traders

- Conscientiousness
- Emotional Stability
- Openness
- Distinctive Info Processing Style
- Creativity and Breadth of Processing
- Process Orientation



Two Ways to Build Bandwidth: Team and Hybrid Trading

Building a Team: Adding layers of expertise and collaboration

Hybrid Trading: Modeling markets for pattern recognition

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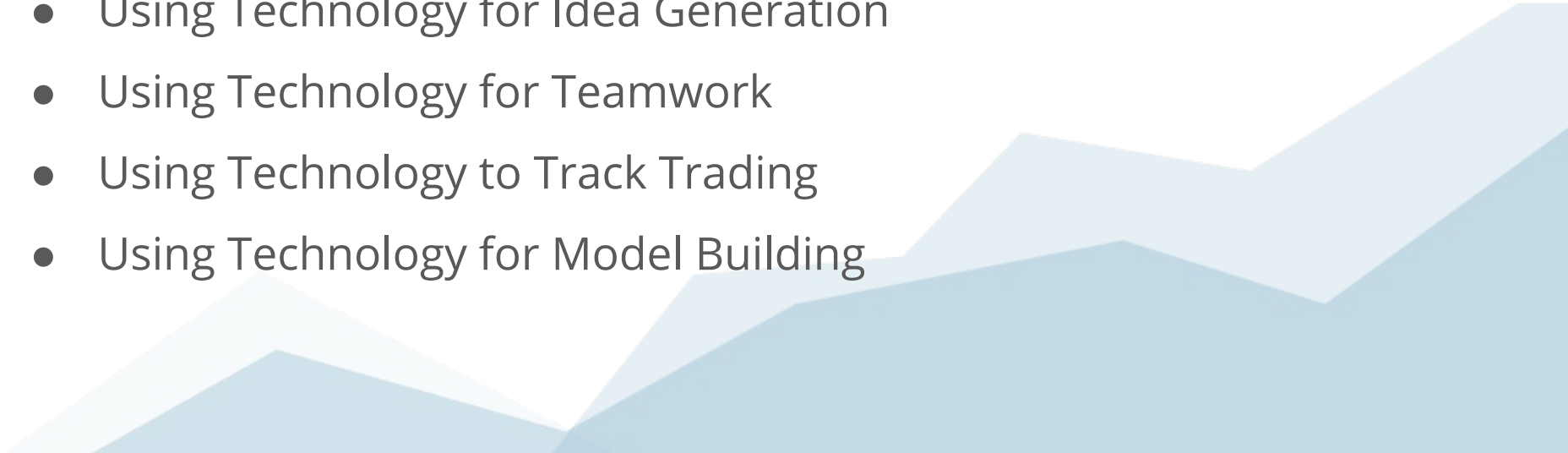
Speed of processing and adaptation, diversification

Greatest Reasons for Trader Failure:

- Correlation
- Inability to Adapt
- Lack of Strategy Diversification



The Power of Hybrid Teams

- Using Technology for Filtering
 - Using Technology for Automated Trading
 - Using Technology for Idea Generation
 - Using Technology for Teamwork
 - Using Technology to Track Trading
 - Using Technology for Model Building
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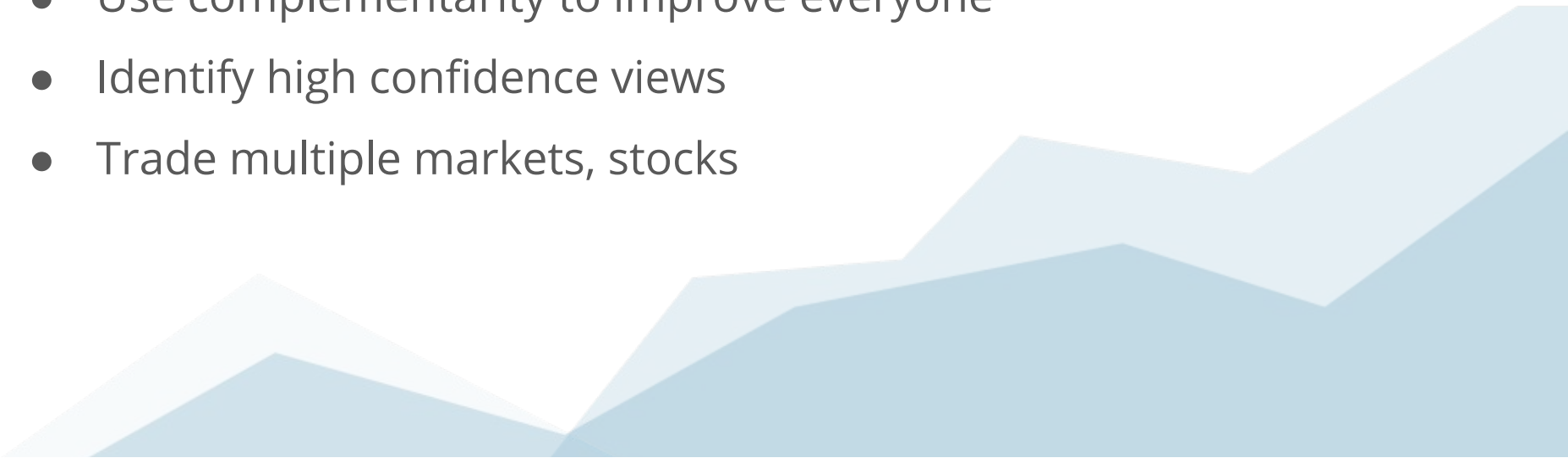


Boosting the Technology: Machine Learning

- Modeling as a continuous process
- Models and metamodels
- Ensemble modeling
- Using the machine's learning to adapt



Best Practice in Hybrid Trading: Radical Diversification

- Discretionary + Quant Trader
 - Use complementarity to improve everyone
 - Identify high confidence views
 - Trade multiple markets, stocks
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Best Practice in Hybrid Trading: Dashboards

- Find key variables for outcomes
- Create models for each variable
- Create display for each model
- Aggregate models for decision support




Best Practice in Hybrid Trading: Boosting Creativity

- Creativity as analysis/synthesis process
- Using models to generate more inputs for creative thought
- Using models to improve understanding, not just prediction



Challenges to Implementing Hybrid Trading

- Lack of resources
 - Lack of math/programming talent
 - Challenges in hiring new talent
 - Learning new platforms
 - Creating new processes
 - Ego
- 

Steps Toward Becoming Hybrid



**OLD WAYS
WON'T OPEN NEW
DOORS**

- Join Trading Firm
- Home Grow Models
- Use Platforms With User-Friendly Interfaces

Advantages To Hybrid Trading

- Team comradery
- Curiosity
- Sense of mastery
- Smoother returns
- Business building
- Process improvement



**Sometimes you
WIN Sometimes
You *LEARN***