

## WORLD CUP TRADING CHAMPIONSHIPS



# The Disciplined Trader Wins Again

## Charles Hughes

Charles Hughes, shown here in the cockpit of an Airbus A-300 widebody aircraft in 1993, previously flew commercial planes.

By Heather Larson-Blakestad

For someone who had to learn discipline upon entering the Air Force as a young man, Charles Hughes has fully embraced that characteristic and run with it to earn significant profits in the stock market.

Hughes, 59 of Moorestown, N.J., is now a seven-time winner of the World Cup Trading Championships,

securing the top spot in 2009's stock division competition.

Hughes' military and airline pilot careers helped him develop a trading discipline. He says, "I was flying a supersonic jet by myself when I was 23 years old. ... Then when I was 26, I was an aircraft commander. I flew a transport jet with a 10-man crew. You

get responsibility quickly. I was able to utilize the leadership and discipline that I learned in the military into my trading."

In fact, that discipline has given him the fortitude to follow essentially the same strategy since he started trading in 1984. He got into trading as a hobby to fill his 15 days off a month while he was an airline pilot. He started learning about trading and developing his own trend-following system.

### **LONGER-TERM FOCUS**

Once developed, Hughes became strictly disciplined in following his trading plan. And with that comes the wherewithal to hold positions for a longer timeframe. Hughes typically keeps positions open for three to four months, depending on market conditions.

He says, "I find it easier to make money with longer-term trades than with shorter-term trades because the shorter a timeframe is, the more difficult it is to profit. If you're a short-term trader and the market turns against you, you have to get out. It's easier to give it more time and allow the trend to develop. ... When you sell [call] options, you get a lot more downside protection ... and it allows you to hold on to a position longer."

### **MAKING ADJUSTMENTS**

Although his system has basically stayed the same over the years, he has

made some important adjustments. Along the way, Hughes began using strict money-management rules to cut his losing trades short and let his winners run. Later he added options to his portfolio. He uses these as a way to make money regardless of a stock's price action.

Understanding the importance of changing one's approach comes from his experience as a pilot. He says, "Like a pilot has to adjust a flight plan based on weather conditions and runway conditions, I learned to adjust my game plan for current [market] conditions.

"The last several years, the markets in general have been very volatile. I had to adjust my trading plan to deal with that volatility. Part of success is adjusting. One thing I've done is to sell option premium during volatile markets. ... It's an important part of my overall trading success now."

It certainly is. According to Hughes, he has collected more than \$5 million in option income during the past three years from selling option premium, which is approximately \$100,000 per month. What he particularly likes about selling options is that the cash goes directly into one's brokerage account, and the trader gets to keep it no matter what happens.